

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Financial Report

December 31, 2024 and 2023

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

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Independent Auditors' Report

Board of Trustees
Power Authority of the State of New York:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and the fiduciary activities of the Power Authority of the State of New York (the Authority), a component unit of the State of New York, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the fiduciary activities of the Authority, as of December 31, 2024 and 2023, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Philadelphia, Pennsylvania
March 27, 2025

March 27, 2025

Management Report (Unaudited)

Management is responsible for the preparation, integrity, and objectivity of the consolidated financial statements of the Authority, as well as all other information contained in the Annual Report. The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) and, in some cases, reflect amounts based on the best estimates and judgments of management, giving due consideration to materiality. Financial information contained in the Annual Report is consistent with the financial statements.

The Authority maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management’s authorization, that financial statements are prepared in accordance with U.S. generally accepted accounting principles, and that the assets of the Authority are properly safeguarded. The system of internal controls is documented, evaluated, and tested on a continuing basis. No internal control system can provide absolute assurance that errors and irregularities will not occur due to the inherent limitations of the effectiveness of internal controls; however, management strives to maintain a balance, recognizing that the cost of such a system should not exceed the benefits derived.

The Authority maintains an internal auditing program to independently assess the effectiveness of internal controls and to report findings and recommend possible improvements to management. This program includes a comprehensive assessment of internal controls to ensure that the system is functioning as intended. Additionally, as part of its audit of the Authority’s consolidated financial statements, KPMG LLP, the Authority’s independent auditors, considers internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal controls over financial reporting. Management has considered the recommendations of its internal auditors, the Office of the State Comptroller (“OSC”), and the independent auditors concerning the system of internal controls and has taken actions that it believed to be cost-effective in the circumstances to respond appropriately to these recommendations. Based on its structure and related processes, management believes that, as of December 31, 2024 and 2023, the Authority’s system of internal controls provides reasonable assurance related to material items, as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition and the prevention and detection of fraudulent financial reporting.

The members of the Authority’s Board of Trustees (the “Authority’s Trustees”) are appointed by the Governor, by and with the advice and consent of the Senate. The Authority’s Trustees’ Audit Committee meets with the Authority’s management, its Senior Vice President of Internal Audit, and its independent auditors periodically, throughout the year, to discuss internal controls and accounting matters, the Authority’s financial statements, the scope and results of the audit by the independent auditors and the periodic audits by the OSC, and the audit programs of the Authority’s internal auditing department. The independent auditors and the Senior Vice President of Internal Audit have direct access to the Audit Committee.



Executive Vice President and Chief Financial Officer

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(A Component Unit of the State of New York)
Management's Discussion and Analysis
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(Unaudited)

Management's Discussion and Analysis (Unaudited)

Overview of the Consolidated Financial Statements

The Power Authority of the State of New York ("NYPA") is considered a special-purpose government entity engaged in business-type activities. Effective January 1, 2017, the New York State Canal Corporation ("Canal Corporation") became a subsidiary of NYPA, and NYPA assumed certain powers and duties relating to the Canal System to be exercised through the Canal Corporation. In May 2023, NYPA Captive Insurance Company ("Captive") was established as a wholly owned subsidiary of NYPA. In November 2024, New York Renewable Energy Development Holdings Corporation ("NYREDHC") was established as a wholly owned subsidiary of NYPA to pursue projects under the Expanded Authority (defined in "Expanded Authority" section in MD&A). Refer to Note 18 of notes to the consolidated financial statements for more information on NYREDHC. NYPA and its subsidiaries, the Canal Corporation, the Captive and NYREDHC are referred to collectively as the "Authority" in the consolidated financial statements, except where noted. NYPA and its subsidiaries follow financial reporting for enterprise funds. The consolidated financial statements of the Authority are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). Under the criteria outlined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus--an amendment of GASB Statements No. 14 and No. 34*, the Authority considers its relationship to New York State (the "State") to be that of a related component unit.

This consolidated report consists of three parts: Management's discussion and analysis ("MD&A"), the consolidated financial statements, and the notes to the Consolidated Financial Statements. Following the consolidated report is the Authority's Required Supplementary Information.

Management's discussion and analysis provide an overview of the Authority's financial information for the year ended December 31, 2024, with comparative information as of and for the year ended December 31, 2023 and 2022. GASB Statements No. 99, 100, and 101 were evaluated and adopted in 2024, and have been reflected in the financial statements as applicable.

The consolidated financial statements provide summary information about the Authority's overall financial condition. The notes provide an explanation and more details about the contents of the consolidated financial statements. The required supplementary information includes unaudited information required by GASB related to the Authority's other post-employment benefits other than pension ("OPEB") and pension plans and standalone financial disclosures for NYPA including Canal Corporation, SFP (Refer to section SFP in MD&A), Captive and NYREDHC.

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Governance

The governing board of NYPA consists of seven Trustees (the "Board of Trustees") appointed by the Governor of the State (the "Governor"), with the advice and consent of the State Senate. A Trustee whose term has expired continues to serve on a holdover basis until confirmed for an additional term or a new Trustee is appointed and confirmed. As stated in Section 2824 under Title 2 of Article 9 of the Public Authorities Law, Trustees shall perform their fiduciary duties, including but not limited to those imposed by such section, in good faith and with that degree of diligence, care and skill which an ordinarily prudent person in like position would use under similar circumstances, and may take into consideration the views and policies of any elected official or body, or other person and ultimately apply independent judgment in the best interest of the Authority, its mission and the public.

The members of NYPA Board of Trustees also serve as board members of Canal Corporation, Captive and NYREDHC with the addition of NYPA's CEO and CFO serving ex-officio on the NYREDHC Board. Trustee members cannot be removed except for cause and their terms are as follows:

<u>Trustee Member</u>	<u>Term Expiration</u>
Chair, John Koelmel	5/6/21
Trustee, Michael J. Cusick	5/6/25
Trustee, Bethaida González	5/6/24
Trustee, Cecily L. Morris	6/22/27
Trustee, Dennis G. Trainor	5/6/22
Trustee, Lewis M. Warren, Jr.	5/6/28
Trustee, Laurie Wheelock	6/22/28

Forward-Looking Statements

The statements in MD&A, that are not historical facts, are forward-looking based on current expectations of future events. Forward-looking statements are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, possible invalidity of the underlying assumptions and estimates and possible changes to or development in various important factors. Accordingly, actual results may vary from those we presently expect, and such variations may be material. We therefore caution against placing undue reliance on the forward-looking statements contained in the MD&A. All forward-looking statements included in the MD&A are made only as of the date of the MD&A and we assume no obligation to update any such forward-looking statements as a result of new information, future events, or other factors.

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Summary of Consolidated Revenues, Expenses and Changes in Net Position

The following is a summary of the Authority's consolidated financial information for 2024, 2023 and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024 vs. 2023</u> <u>favorable</u> <u>(unfavorable)</u>	<u>2023 vs. 2022</u> <u>favorable</u> <u>(unfavorable)</u>
		(\$ In millions)			(\$ in millions)
Operating revenues	\$3,436	\$3,034	\$4,007	\$402	(\$973)
Operating expenses:					
Purchased power	678	605	839	(73)	234
Fuel oil and gas	214	176	470	(38)	294
Transportation and delivery	1,174	1,107	1,304	(67)	197
Operations and maintenance	771	723	756	(48)	33
Depreciation and amortization	353	307	411	(46)	104
Total operating expenses	<u>3,190</u>	<u>2,918</u>	<u>3,780</u>	(272)	862
Operating income	<u>246</u>	<u>116</u>	<u>227</u>	130	(111)
Nonoperating revenues and gains	85	94	(11)	(9)	105
Nonoperating expenses	172	80	86	(92)	6
Total nonoperating income (expense)	<u>(87)</u>	<u>14</u>	<u>(97)</u>	(101)	111
Net income and change in net position	159	130	130	29	-
Net position - beginning	<u>5,075</u>	<u>4,945</u>	<u>4,815</u>		
Net position - ending	<u>\$5,234</u>	<u>\$5,075</u>	<u>\$4,945</u>		

In April 2022, NYPA issued \$608 million of Green Transmission Project Revenue Bonds, Series 2022A (the "2022A Bonds") to fund the Smart Path and Central East Energy Connect ("CEEC") transmission construction projects. In November 2023, NYPA issued \$734 million of Green Transmission Project Revenue Bonds, Series 2023A to fund the Smart Path Connect ("SPC") Project (the "2023A Bonds", together with the "2022A Bonds", are referred to as "Transmission Resolution Revenue Bonds"). Proceeds of the bonds are being used to fund capital and other expenditures, including reimbursing expenses related to Transmission Resolution Revenue Bond project costs; and to pay financing and other costs relating to the issuance of the Transmission Resolution Revenue Bonds.

Transmission Resolution Revenue Bonds are secured and payable separate and apart from NYPA's General Bond Resolution (Refer to Note 5 of notes to the consolidated financial statements for more information on Bond Resolutions and Related Matters). The CEEC, Smart Path, and SPC Projects are collectively referred to as "Separately Financed Projects" or "SFP".

In October 2024, the Authority issued \$450 million in Revenue Bonds, Series 2024 A (Green Bonds) ("2024 A Bonds"), marking its second green bond issuance under the General Bond Resolution. These bonds are referred to as Green Bonds as the proceeds are intended to be used to support environmentally beneficial projects. This issuance underscores the Authority's commitment to strong governance practices by supporting its capital plan, maintaining asset integrity, and investing in infrastructure projects. The Authority entered the market with positive momentum, bolstered by two ratings upgrades and attracted significant investor interest. 2024 A Bonds achieved one of the lowest All-In True Interest Costs compared to other bond transactions priced in the same time frame.

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Consolidated Financial Statements, as presented above, represent the Authority's consolidated results. Financial information relating to the SFP, Captive and NYREDHC has been disclosed separately in relevant notes to the Consolidated Financial Statements and such notes should be read together with other financial information disclosed in the notes. Refer to section SFP in MD&A and Notes 2, 3, 17 and 18 in Notes to the Consolidated Financial Statements and Required Supplementary Information for detailed disclosures on SFP, Captive and NYREDHC. For the year ended 2024, financial information relating to the SFP shows operating revenue of \$192 million and net income of \$107 million. For the year ended 2023, Captive had operating revenue of \$7 million and net income of \$11 million. NYREDHC had no revenue and net income in 2023 (refer note 18 in Notes to the Consolidated Financial Statements). Refer to Required Supplementary Information for detailed Financials.

The Authority had a net income and change in net position of \$159 million for the year ended December 31, 2024, compared to \$130 million net income in 2023, resulting in a \$29 million increase year over year. Operating income increased by \$130 million due to higher prices on market-based sales of energy and capacity. Operating expenses were \$272 million higher, primarily due to the \$111 million increase in purchased power and fuel and oil and gas costs related to higher prices. The transportation and delivery expenses were \$67 million higher primarily due to higher prices. Depreciation and amortization expenses were \$46 million higher due to an increase in assets placed into service during the year.

The Authority had a net income and change in net position of \$130 million for the year ended December 31, 2023, compared to \$130 million net income in 2022, remaining unchanged year over year. Operating income decreased by \$111 million due to lower prices on market-based sales of energy and capacity. Operating expenses were \$862 million lower, primarily due to the \$528 million decrease in purchased power and fuel and oil and gas costs related to lower prices. The transportation and delivery expenses were \$197 million lower primarily due to lower prices. Depreciation and amortization expenses were \$104 million lower as the arrangement with Astoria Energy II ("AEII") (Refer Note 15 of notes to the consolidated financial statements for more information on AEII) no longer met the definition of a lease with the adoption of GASB Statement No. 87("GASB No. 87") in 2022.

Operating Revenues

Operating revenues were \$402 million higher in 2024 vs 2023, primarily due to higher market energy prices, and higher capacity prices.

Operating revenues were \$973 million lower in 2023 vs 2022, primarily due to lower market energy prices, and lower pass-through transmission revenues partially offset by higher hydro production.

Purchased Power and Fuel and Oil and Gas

Purchased power and fuel/oil/gas costs increased by \$73 million and \$38 million, respectively in 2024 vs 2023. The increase was primarily due to higher pricing throughout the year.

Purchased power and fuel/oil/gas costs decreased by \$234 million and \$294 million, respectively in 2023 vs 2022. The decrease was primarily due to lower fuel costs resulting from lower gas prices partially offset by higher volumes.

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Operations and Maintenance (O&M)

O&M expenses increased by \$48 million in 2024 vs 2023, primarily driven by higher Compensated Absences due to the adoption of a new accounting standard (GASB Statement No. 101) \$24 million and the balance due to increase in repairs and maintenance.

O&M expenses decreased by \$33 million in 2023 vs 2022 primarily driven by lower employee benefit cost.

Nonoperating Revenues, Gains and (Losses)

Nonoperating revenues decreased by \$9 million in 2024 vs 2023 primarily due to a decrease in the market value of the investment portfolio resulting in unrealized mark to market losses.

Nonoperating revenues increased by \$105 million in 2023 vs 2022 primarily due to higher investment income and an increase in the market value of the investment portfolio.

Nonoperating Expenses

Nonoperating expenses increased by \$92 million, 2024 vs 2023, primarily due to the expense related to the settlement of the St. Regis Litigation of \$26 million (Refer to Note 19 (d) of notes), full year impact of interest expense of \$32 million on 2023A Bonds and provision related to workforce training initiatives pursuant to NYPA's Expanded Authority, \$21 million per Memorandum of Understanding between NYPA and the Department of New York State Labor.

Nonoperating expenses decreased by \$6 million in 2023 vs 2022 primarily due to the Astoria Energy II ("AEII") arrangement not meeting the definition of a lease per GASB No. 87 adopted in 2022.

EBIDA

Reconciliation of Net Income to EBIDA

	<u>2024</u>	<u>2023</u>	<u>2022</u>
		(\$ In millions)	
Net Income	\$ 159	\$ 130	\$ 130
Add:			
Interest (w/o AEII)	111	80	57
Interest (AEII)	-	-	29
Depreciation & amortization (w/o AEII)	353	307	257
Depreciation & amortization (AEII)	-	-	154
EBIDA (w/ AEII)	<u>\$ 623</u>	<u>\$ 517</u>	<u>\$ 627</u>
EBIDA (w/o AEII)	<u>\$ 623</u>	<u>\$ 517</u>	<u>\$ 444</u>

Note: AEII represents the arrangement with Astoria Energy II (Refer Note 15 of notes to the consolidated financial statements).

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EBIDA represents net income before interest expense, depreciation, and amortization and is a non-U.S. GAAP financial measure. EBIDA does not represent net income, as that term is defined under U.S. GAAP and should not be considered as an alternative to net income as an indicator of the Authority's operating performance or any other measure of performance derived in accordance with U.S. GAAP. EBIDA is not intended to be a measure of cash flows, as depicted on the statement of cash flows, available for management or discretionary use as such measures do not consider certain cash requirements such as capital expenditures and debt service requirements.

In 2022, with the adoption of GASB No. 87, the arrangement with Astoria Energy II ("AEII") no longer met the definition of a lease under the accounting rule. Year over year EBIDA without AEII impact increased from \$444 million to \$517 million in 2023 and \$623 million in 2024.

Net Generation

Authority's generation and power purchases for 2024 was 40.6 million megawatt-hours ("MWhs") with corresponding revenues from power and energy sales of \$3.4 billion (this includes power sales, transmission, transportation & delivery charges, excludes non-utility revenue of \$57 million). For 2023, on a comparative basis, it was 39.8 million MWhs with revenue of \$2.9 billion (this includes power sales, transmission, transportation & delivery charges, excludes non-utility revenue of \$41 million).

Authority's own generation was 27.4 million MWhs in 2024 and 26.9 million MWhs in 2023. Net generation from the Niagara and St. Lawrence hydroelectric plants in 2024 (22.7 million MWhs) was 0.22% higher than in 2023 (22.6 million MWhs) due to the marginally increased hydro flows to the Niagara and St. Lawrence hydroelectric plants. Net hydro generation for 2024 and 2023 were both approximately 106% of the 30-year average of 21.4 million MWhs. The combined net generation of fossil fuel plants for 2024 was 4.8 million MWhs, or 11% higher than in 2023 (4.3 million MWhs).

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Summary of Consolidated Statements of Net Position

The following is a summary of the Authority's consolidated statements of net position for 2024, 2023 and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024 vs.</u>	<u>2023 vs.</u>
		(\$ In millions)		2023	2022
				(\$ In millions)	
Current assets	\$2,703	\$2,549	\$2,223	\$154	\$326
Capital assets	7,298	6,908	6,413	390	495
Other noncurrent assets	1,099	896	962	203	(66)
Deferred outflows of resources	<u>247</u>	<u>327</u>	<u>477</u>	(80)	(150)
Total assets and deferred outflows	<u>11,347</u>	<u>10,680</u>	<u>10,075</u>	667	605
Current liabilities	1,315	1,105	1,091	210	14
Noncurrent liabilities	<u>4,010</u>	<u>3,770</u>	<u>2,975</u>	240	795
Total liabilities	<u>5,325</u>	<u>4,875</u>	<u>4,066</u>	450	809
Deferred inflows of resources	788	730	1,064	58	(334)
Net investment in capital assets	3,463	3,361	3,486	102	(125)
Restricted	453	321	87	132	234
Unrestricted	<u>1,318</u>	<u>1,393</u>	<u>1,372</u>	(75)	21
Net position	<u>5,234</u>	<u>5,075</u>	<u>4,945</u>		
Total liabilities, deferred inflows and net position	<u>\$11,347</u>	<u>\$10,680</u>	<u>\$10,075</u>	\$667	\$605

Investments and Net Position for 2023 and 2022 have been reclassified to align with the 2024 presentation (Refer to Note 4(q) of notes to the consolidated financial statements for more information on reclassification).

The following summarizes the Authority's consolidated statements of net position variances for the year 2024 and 2023:

In 2024, current assets increased by \$154 million to \$2,703 million due to an increase in customers receivables from increase in revenue. Capital assets increased by \$390 million to \$7,298 million, compared to last year, due to increased spending on transmission capital projects. Other noncurrent assets increased by \$203 million, primarily due to an increase in the other post-employment benefits other than pension ("OPEB") assets and an increase to regulatory assets for Allowance for Funds Used During Construction ("AFUDC"). Deferred outflows decreased by \$80 million primarily due to changes in the deferral of OPEB, as well as the decrease in the outflow of accumulated hedging derivatives. Current liabilities increased by \$210 million primarily due to the issuance of commercial paper. Other noncurrent liabilities increased by \$240 million primarily due to the increase in long-term debt of \$450 million due to the issuance of 2024 A Bonds at a premium of \$62 million offset by the defeasance of prior debt, \$260 million and principal payments of \$32 million. Deferred inflows of resources increased by \$58 million primarily due to an increase in pension valuation.

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The following summarizes the net position variances for the year 2023 and 2022:

In 2023, current assets increased by \$326 million to \$2,549 million due to an increase in cash and cash equivalents and investment in securities related to the 2023A Bonds issuance. Capital assets increased by \$495 million to \$6,908 million, compared to 2022, due to increased spending on transmission capital projects. Other noncurrent assets decreased by \$66 million, primarily due to a decrease in the pension assets resulting from lower investment market performance. Deferred outflows decreased by \$150 million primarily due to changes in the deferral of other post-employment benefits other than pension (OPEB"), as well as the decrease in the outflow of accumulated hedging derivatives. Current liabilities increased by \$14 million primarily due to the increase of long-term debt due within one year \$31 million, partially offset by lower accruals for economic development programs, \$25 million and other miscellaneous liabilities. Other noncurrent liabilities increased by \$795 million primarily due to the increase in long-term debt of \$751 million due to the issuance of 2023A Bonds (NYPA issued \$734 million of 2023A bonds at a premium). Deferred inflows of resources decreased by \$334 million primarily due to \$224 million and \$70 million of pension and OPEB valuation, respectively, and the balance due to a decrease in deferred transmission congestion contract ("TCC") auction revenues, \$64 million, partially offset by an increase in the cost of removal obligations, \$34 million.

Capital Assets

The Authority estimates that it will expend approximately \$5.3 billion (\$3.9 billion for various capital improvements, which include \$699 million for renewables development, \$316 million to Revitalize the Canals with a primary focus on maintaining and improving Canal infrastructure), and \$1.4 billion for Energy Efficiency Services projects with a primary objective of helping the State to reduce its energy consumption and cut energy costs over the four-year period of 2025-2028. The Authority anticipates that these expenditures will be funded using existing construction funds, internally generated funds, separately financed project bond issuances, and additional borrowings. Any additional borrowings are expected to be accomplished through the issuance of commercial paper notes and/or the issuance of long-term debt.

The Authority's capital plan includes \$1.4 billion in financing for Energy Efficiency Services projects to be undertaken by the Authority's governmental customers and other public entities in the State which amount will be reimbursed subsequently back to the Authority. All capital expenditures are subject to evaluation and approval of the Authority's Trustees.

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Projected capital requirements during 2025-2028 (in millions):

Renewables Development	\$699
Transmission Business Development	590
Propel NY Energy	316
Revitalize the Canals*	316
White Plains Office Building Facilities	280
IT Programs (Application, Core, Cyber, Data, Other Key Projects)	260
Stewart Avenue - Uniondale Hub Substation Upgrade	241
Key Transmission Projects	164
SFP Related Projects**	140
Next Generation Niagara	137
Transmission Life Extension and Modernization (T-LEM)	99
Niagara and St. Lawrence Crane Replacement Program	75
Project Luminare (Enterprise Resource Planning - ERP)	68
JW Massena Canal Dam	43
Strategic EV Charging Station Installations	42
All Other	467
	<u>\$3,937</u>

* A portion of total amount is contingent upon receiving outside grants/funding.

**Separately Financed Projects - Refer to section on SFP under MD&A and Note 3 in Notes to Consolidated Financial Statements.

See Note 20 in Notes to Consolidated Financial Statements, Other Developments, for details on certain projects listed above.

The above expenditure excludes \$1.4 billion for Energy Efficiency Services projects over 2025-2028.

More detailed information about the Authority's capital assets is presented in Note 4(d) "Summary of Significant Accounting Policies – Capital Assets", Note 7 "Capital Assets" and Note 20 "Other Developments" of the Notes to the Consolidated Financial Statements.

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Long-Term Debt Activity

Capital Structure

	<u>2024</u>	<u>2023</u>	<u>2022</u>
		(\$ In Millions)	
Long-term debt, net of current maturities			
General Resolution:			
Senior:			
Revenue bonds	\$ 1,805	\$ 1,519	\$ 1,624
Subordinated:			
Subordinated Notes, Series 2017 and 2012	-	35	36
Separate Revenue Bond Obligation:			
Transmission Resolution Revenue Bonds (1)	<u>1,367</u>	<u>1,391</u>	<u>659</u>
Total long-term debt, net of current maturities	3,172	2,945	2,319
Net Position	<u>5,234</u>	<u>5,075</u>	<u>4,945</u>
Total capitalization	<u>\$ 8,406</u>	<u>\$ 8,020</u>	<u>\$ 7,264</u>
Long-term debt to equity ratio	0.61	0.58	0.47
Long-term debt to equity ratio (excluding Transmission Resolution Revenue Bonds)	0.37	0.32	0.34

(1) The Transmission Resolution Revenue Bonds are limited obligations of NYPA payable solely from and secured by the trust estate pledged under the Transmission Bond Resolution. See Note 3 of the Notes to the Consolidated Financial Statements.

To maintain the weighted average cost of capital formula rate, as approved by the Federal Energy Regulatory Commission ("FERC") in a 2016 rate filing, long-term debt cannot exceed equity. Long-term debt to equity (long-term debt/net position) ratio was at 0.61-to-1 as of December 31, 2024 (Long-term debt \$3.17 billion and equity \$5.23 billion) vs. 0.58-to-1 as of December 31, 2023 (Long-term debt \$2.94 billion and equity \$5.07 billion).

Under the General Bond Resolution, long-term debt to equity (long-term debt/net position) ratio as of December 31, 2024, and 2023, was at 0.37-to-1 (Long-term debt \$1.81 billion and equity \$4.91 billion) and at 0.32-to-1 (Long-term debt \$1.55 billion and equity \$4.86 billion), respectively. \$438 million, consisting of the Series 1, and Series 2 CP Notes is excluded from the long-term debt-to-equity ratio, as it is used by the Authority to finance the Authority's current and future energy efficiency programs on behalf of its customers.

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	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch</u>	<u>KBRA</u>
NYPA's underlying credit ratings:				
General Resolution Revenue Bonds:				
Senior Long-Term Debt	Aa1	AA	AA	AA+
Separate Revenue Bond Obligation				
Transmission Resolution Revenue Bonds	Aa3	See note (a) below	AA-	AA
Commercial Paper	P-1	A-1+	F1+	N/A

(a) Standard & Poor's Ratings Service assigned an insured rating of AA for the Series 2022A and 2023A bonds based on the policy provided by Assured Guaranty Municipal Corporation.

In 2024, Moody's Investors Service ("Moody's") affirmed NYPA's Commercial Paper rating and upgraded the General Bond Resolution Revenue Bonds Senior Long-Term Rating to 'Aa1' from 'Aa2' with a stable outlook. Moody's also upgraded the Transmission Resolution Revenue Bonds rating to 'Aa3' from 'A1', with a stable outlook. In 2024, Standard & Poor's Ratings Service ("S&P") affirmed NYPA's Commercial Paper rating, General Bond Resolution Revenue Bonds Senior Long-Term Rating, with a stable outlook. In addition, S&P also affirmed the 'AA' insured rating on the Transmission Resolution Revenue Bonds based on the policy provided by Assured Guaranty Municipal Corporation ("AGM"). In 2024, Fitch Ratings ("Fitch") affirmed NYPA's Commercial Paper rating, General Bond Resolution Revenue Bonds Senior Long-Term Rating, with a stable outlook. Fitch also affirmed the 'AA-' rating with a stable outlook to the Transmission Resolution Revenue Bonds. In 2024, Kroll Bond Rating Agency ("KBRA") upgraded the General Resolution Revenue Bonds Senior Long-Term Rating to AA+ from 'AA' with a stable outlook. KBRA also upgraded the Transmission Resolution Revenue Bonds rating to 'AA' from 'AA-'.

Authority's General Resolution Fund Reserves

The Operating Fund, included within the Cash and Cash Equivalents and Investments on the Authority's Statement of Net Position, was created by the General Bond Resolution. A number of internal reserves have been established within the Operating Fund, as follows:

The Operating Reserve, established at \$175 million by the Authority's Trustees, includes a reserve for working capital and emergency repairs to the Authority's projects, and the Authority maintains at least the established amount or higher as necessary.

The Debt Service Reserve is funded at maximum annual debt service (principal and interest payments) to ensure that sufficient amounts are available to pay debt service obligations when due. On December 31, 2024, the Debt Service Reserve balance was \$104 million.

The Energy Hedging Reserve was established to have funds available for use as collateral that may be required to support the Authority's authorized fuel and energy hedging transactions. On December 31, 2024, the Energy Hedging Reserve balance was \$90 million.

The Spent Fuel Reserve was created to maintain funds to match the Department of Energy's obligation to pay for the processing and final disposition of spent nuclear fuel burned by the Authority when it owned the Indian Point #3 and James A. FitzPatrick nuclear plants. On December 31, 2024, the Spent Fuel Reserve balance was \$258 million.

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The Capital Project Reserve is utilized to partially fund major new investments by the Authority in its energy infrastructure. The Authority funds major investments with a portion of debt and a portion of equity. This reserve has been established to provide the equity portion. On December 31, 2024, the Capital Project Reserve balance was \$339 million.

In addition, the Authority holds committed funds in separate portfolios that have been earmarked for economic development and relicensing programs ("Committed Funds", see Note 19). On December 31, 2024, the Authority held \$67 million in Committed Funds in the Operating Fund.

Separately Financed Projects ("SFP")

a) Overview

As referred to in the "Summary of Consolidated Revenues, Expenses and Changes in Net Position" section in the MD&A and further in the Notes to the Consolidated Financial Statements (See Note 3), the proceeds, \$608 million and \$734 million, in 2022 and 2023 respectively, from the issuance of the Transmission Resolution Revenue Bonds are being used to fund capital and other expenditures of SFP, including reimbursing expenses related to Transmission Resolution Revenue Bond project costs and to pay financing and other costs relating to the issuance of the Transmission Resolution Revenue Bonds.

NYPA contributed \$74 million and \$75 million in equity to fund the balance of costs not covered by the 2022A and 2023A Bonds, respectively.

b) Smart Path (Moses Adirondack Smart Path Reliability Project)

NYPA has completed all major construction of the Moses Adirondack line ("Smart Path") project, one of NYPA's backbone transmission facilities. The project covers 78 miles of 230 kV transmission line from Massena to the town of Croghan in Lewis County. In July 2017, NYPA received authorization under the New York Independent System Operator ("NYISO") tariff to include the costs of this project in its NYPA Transmission Adjustment Charge ("NTAC") mechanism for cost recovery of the Authority's transmission system costs, which means that the costs will be allocated to all ratepayers in the State. The project includes the update of obsolete wood pole structures with higher, steel pole structures, as well as the update of failing conductor with new conductor and insulation. The line will operate at its current 230 kV level, but the conductor and insulation design will accommodate future 345 kV operation when Smart Path Connect (as referred in subsection "d" below) is complete. NYPA anticipates that the Moses Adirondack line will support the transmission of growing levels of renewable generation located in upstate New York and Canada, such as wind and hydroelectricity, and assist in meeting the State's renewable energy goals. The rebuilt line, in line with NYISO's initiative, will enhance grid reliability.

As of December 31, 2024, NYPA had a capital spend of \$456 million (excluding capitalized interest) for the Smart Path project, and the remaining amount to close out the project which is not expected to exceed \$484 million will be accounted for as incurred. Construction commenced in 2020 and as of December 31, 2023, all 6 segments for Smart Path have been placed into Electric Plant In Service ("EPIS") and are part of the Authority's Annual Transmission Revenue Requirement ("ATRR"). Project closeout and site restoration are ongoing with expected completion in 2025.

The Smart Path project was funded with proceeds from the 2022A Bonds as mentioned above. See Note 3 on Separately Financed Projects for further information.

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c) Central East Energy Connect ("CEEC") (Marcy to New Scotland Upgrade Project)

NYPA executed a Memorandum of Understanding ("MOU") with North America Transmission ("NAT"). The MOU provided that, if any of NYPA/NAT proposals are accepted, NYPA, at its sole discretion, may elect to purchase an ownership share in the project(s) or operate and maintain the project(s). In December 2016, the Authority's Trustees approved funding in the amount of approximately \$1 million for NYPA's share of expenses pursuant to the MOU.

In June 2018, NYPA and NAT entered into a Participation Agreement that supersedes the MOU, which granted NYPA the option to secure an ownership interest of up to 37.5% in the jointly proposed projects. In April 2019, the NYISO board selected the project proposed by LS Power Grid New York, LLC (formerly known as NAT) and NYPA for Segment A (also known as the Marcy to New Scotland Upgrade Project) to increase transfer capability from central to eastern New York. In July 2020, the Authority's Trustees approved NYPA's request to exercise its 37.5% purchase option. LS Power Grid New York, LLC transferred its project assets and assigned the participation agreement to LS Power Grid New York Corporation I ("LS Corp.") on January 27, 2020. A development agreement relating to Segment A among the NYISO, LS Corp., and NYPA was executed on February 3, 2020, filed with FERC on March 4, 2020, and accepted for filing by the FERC on April 16, 2020.

The NYISO estimated the total cost of the Segment A project to be about \$750 million. In August 2019, LS Power and NYPA submitted an Article VII application to the New York State Public Service Commission ("NYSPSC"), and NYPA filed a petition for incentive rate treatment with FERC pursuant to Section 219 of the Federal Power Act. The petition was approved effective November 21, 2019. This included a 50 basis-point return on equity ("ROE") risk adder (permitting a 9.45% ROE for the project) conditioned upon the FERC's acceptance of a future Authority filing to incorporate the ROE risk adder and a cost containment provision into its transmission formula rate. Upon FERC's acceptance of LS Power's cost containment mechanism in June 2021, the Authority sought to incorporate into its formula rate (a) substantially the same cost containment mechanism and (b) the ROE risk adder, both of which FERC granted in September 2021, thus authorizing the full recovery of NYPA's Segment A project costs inclusive of the requested transmission incentives.

The Commission approved the Article VII Certificate and the first Environmental Management and Construction Plan ("EM&CP") on January 21, 2021. The fourth and final EM&CP was filed and approved by the Department of Public Service ("DPS") in May 2022. The upgraded transmission lines and new substations, as part of the Segment A project, were energized as part of the New York electrical system in December of 2023.

As of December 31, 2024, NYPA had a capital spend of \$235 million for CEEC. The CEEC project was funded with proceeds from the 2022A Bonds as mentioned above. The project is 100% placed in service with minor closeout and restoration items being completed. See Note 3 on Separately Financed Projects for further information.

d) Smart Path Connect

To meet the advancement of the State's energy goals and to support the Authority's VISION2030 goals, in 2020 the NYSPSC approved the Smart Path Connect Project ("SPC Project") as a Priority Transmission Project. The project is expected to be substantially placed in service by the end of 2025 with a small portion to be placed in service in 2026. The SPC Project is being developed in cooperation

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with National Grid. The SPC Project consists of rebuilding approximately 110 linear miles of existing 230 kV transmission lines in northern and central New York to 345 kV, along with associated substation construction and upgrades, to address existing congestion and curtailment issues by establishing, together with other projects currently under development by NYPA, a continuous 345 kV transmission path from areas of planned renewable generation to New York's load centers. The SPC Project includes rebuilding all or parts of the following transmission lines: the remaining section of the Authority's Moses-Adirondack 1&2, the Authority's Moses-Willis 1&2, the Authority's Willis-Patnode and the Authority's Willis-Ryan; and National Grid's Adirondack to Porter (Chases Lake-Porter Line 11, Adirondack-Porter Line 12, and Adirondack-Chases Lake Line 13), as well as connecting to the Authority's Moses-Adirondack 1&2 transmission facilities. The SPC Project will be built primarily within existing rights-of-way. The goal of the SPC Project is to allow for renewable generation from northern New York regions to be transmitted downstate, improving the NYS renewable energy consumption, as well as the efficiency of energy pricing throughout the state. Construction is underway along the right of way and within substations. As of December 31, 2024, 38 miles of transmission line upgrades have been completed and breakers at the Ryan and Patnode substations have been energized.

As of December 31, 2024, NYPA had a capital spend of \$746 million (excluding capitalized interest) for the SPC Project. In 2023, NYPA issued \$734 million of 2023A bonds (net proceeds totaling \$751 million, which includes \$17 million of premium) to support the SPC Project. The project is approved by the Authority's Trustees for \$877 million. Due to inflation and supply chain challenges, NYPA is currently evaluating the total project cost estimate including contingencies.

e) Revenue Recovery

The Authority's total cost of providing electric transmission services throughout the State is expressed in its ATRR. The ATRR is determined by a FERC-regulated formula that calculates the total annual revenue that the Authority may earn for providing transmission service on its system, which is included in the NYISO tariff. The Authority's regulated transmission formula rate year spans from July 1st – June 30th and utilizes prior calendar year actual costs to set its upcoming rate year ATRR.

The Authority recovers its full transmission system costs under its formula rate, but for internal purposes, the Authority recognizes that certain projects are separately financed, i.e. the SFP and the revenue requirements for those projects can be tracked under the formula rate. To determine the revenues pledged to SFP, the Authority annually separates and reports the transmission revenue requirement for each project housed within the SFP (Smart Path, Smart Path Connect, and CEEC). The annual revenue requirements for the SFP projects follow the existing FERC-approved formula rate, which allocates the appropriate share of depreciation and amortization expense, return on rate base, and Operating Expenses (Transmission Operation & Maintenance, Allocated Administrative & General, and Allocated General Plant Depreciation & Amortization) to the SFP.

The financial statements and notes to accounts as reported under Notes to Consolidated Financial Statements (See Note 2 and Note 3) provide the financial information relating to the SFP.

Clean Energy Solutions

The Authority offers energy efficiency services to the State's public and other statutorily eligible entities to reduce energy consumption and cut energy costs. The Authority has been implementing energy efficiency projects since the early 1990s and has invested over \$4.1 billion in energy efficiency projects, yielding over 1,890 GWH estimated annual savings statewide. The Authority offers comprehensive

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energy efficiency services tailored to each participant's needs. Services include but are not limited to energy audits, advisory services, metering, data analytics, lifecycle cost analysis, engineering/design services, procurement, project management, construction management, and project close-out. The Authority manages all aspects of the project for the customer so the customer can focus their attention on their core responsibilities while major projects are being implemented. The Authority recovers all costs incurred on such projects with no material impact on its financial results.

On an annual basis, the Authority implements an average of \$250 million in energy efficiency and clean energy technology projects. As of December 31, 2024, the outstanding balance for energy efficiency and clean energy technologies projects in the Authority's balance sheet was a total of \$580 million, with \$296 million of the loan balance and \$284 million of energy efficiency program cost that will be billed to the customers.

Economic Conditions

In December 2020, the Authority's Trustees approved its strategic plan, VISION2030. VISION2030 provides a roadmap for transforming the State's energy infrastructure to a clean, reliable, resilient, and affordable system over the next decade. VISION2030 focuses on five strategic priorities to achieve the clean energy goals of the Authority's customers and the State; the Authority's intention to preserve the value of hydroelectric generation; facilitate the rapid development of transmission assets; pioneer the path to decarbonization while ensuring reliability, resilience, and affordability of the state's electric grid; partner with customers to deliver clean and affordable energy solutions and adaptively reimagine the New York State canal system. Five foundational pillars: digitalization, best-in-class environmental, social, and governance ("ESG") performance and reporting; leadership in diversity, equity, and inclusion ("DEI") priorities; enterprise resilience; and resource alignment (i.e., process excellence, workforce planning, and knowledge management initiatives) support VISION2030. The costs and revenues with respect to the plan are reflected in the Authority's 2025-2028 financial plan.

The Authority believes, based on evaluations it has performed, that the impact, if any of the current economic conditions related to inflation, supply chain constraints, and geopolitical conflicts are not expected to be material to the Authority's future financial condition or operations.

Further, the Authority cannot predict at this time whether any laws or regulations will be repealed or amended, or whether any additional legislation or rules will be enacted at the state or federal level that will affect or impact the Authority's operations and if such laws are enacted, what the impact of such actions might be in the future.

Climate Leadership and Community Protection Act

New York has among the most ambitious climate and clean energy goals in the nation, calling for an orderly and just transition to clean energy that creates jobs and fosters the nascent green economy in the State. Enshrined into law through the Climate Leadership and Community Protection Act ("CLCPA"), New York is making progress towards its clean energy goals, including the 70 percent by 2030 renewable energy target, the 100% by 2040 zero-emissions electricity target, and the economy-wide carbon neutrality by 2050 target. Achieving the CLCPA's targets for decarbonizing power generation will require a broad range of investments, including developing 45 GW (26 GW of land-based renewables, 9 GW of offshore wind, and 10 GW of distributed solar) of renewables by 2035; accelerating transmission network upgrades to integrate renewables and alleviate load pockets; and ensuring grid reliability and flexibility through an integrated set of solutions including 3 GW of energy

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storage (subsequently increased to 6 GW through Gubernatorial action), dispatchable clean generation, and demand-side solutions. New York's targets for decarbonizing beyond the power sector include the reduction of statewide energy use by 185 trillion British thermal units ("Tbtu"); electrification of transportation; and coordinated electrification of building heating and industrial processes. The Authority's clean energy programs, projects, and initiatives are crucial in supporting the achievement of the CLCPA goals and ensuring an equitable transition to thriving clean energy.

Accelerated Renewable Energy Growth and Community Benefit Act

The Accelerated Renewable Energy Growth and Community Benefit Act (the "Renewable Energy Act") was enacted as part of the 2020-21 Enacted State Budget. The purpose of the enactment is to promote planning and prioritize the development of new and upgraded distribution and transmission infrastructure in the state, accelerate the siting of renewable energy projects, and provide benefits to local communities where renewable generation will be sited. In summary, the Renewable Energy Act:

- Establishes a new Office of Renewable Energy Siting, through which the State will consolidate the environmental review of major renewable energy facilities.
- Provides accelerated timetables for review of applications for major utility transmission facilities.
- Authorizes New York State Energy Research and Development Authority ("NYSERDA") to undertake several "host community benefit" programs to provide benefits to residents of local communities where new renewable general projects are slated for development.
- Directs the DPS, in consultation with NYSERDA, the Authority, the Long Island Power Authority, the NYISO, and the state's regulated utilities, to undertake a comprehensive study of the power delivery system in the state, for the purpose of identifying investor-owned utility distribution and local transmission upgrades, and bulk transmission system investments necessary to help the State meet the environmental goals of the CLCPA.
- Requires the NYSPSC to identify bulk transmission projects that need to be developed expeditiously to meet CLCPA goals ("Priority Transmission Project(s)" or "PTP(s)").
- Declares that it is appropriate for the Authority, by itself or in collaboration with other parties to develop those bulk transmission investments designated as PTPs that are needed expeditiously to achieve CLCPA targets.
- Authorizes the Authority, through a public process, to solicit interest from potential co-participants in each PTP it has agreed to develop and assess whether any joint development would provide for significant additional benefits in achieving the CLCPA targets, and thereafter determine to undertake the development of the PTP on its own, or undertake the PTP jointly with one or more other parties and enter into such agreements and take such other actions the Authority determines to be necessary in order to develop the PTP. For PTPs substantially within the Authority's existing rights of way, the Renewable Energy Act authorizes the Authority to select private sector participants through a competitive bidding process.

Sustainability

The Authority is committed to developing and implementing sustainable business practices that prioritize economic as well as ESG outcomes that are expected to contribute to long-term value creation for the Authority and its stakeholders. To this end, the Authority has identified ESG as a Foundational Pillar of VISION2030. In 2020, guided by the *Global Reporting Initiative Standards* and the *AA1000 Accountability Principles*, the Authority developed and published the NYPA and Canals' 2021-25 Sustainability Plan, which is intended to serve as a roadmap to help bring the Authority's ESG ambition

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to life. The Plan outlines the goals, strategies, and initiatives the Authority is committed to across each of 15 ESG focus areas which align with and support VISION2030 objectives.

The Authority issued 2020 and 2021 Annual Reports and Sustainability Reports and 2022 and 2023 Integrated Reports that describe its progress in achieving VISION2030 and 2021-25 Sustainability Plan goals. NYPA is currently preparing its 2024 Integrated Report. The annual Integrated Reports aim to apply Integrated Reporting Framework principles and bring together environmental, social, and governance data and audited financial information to present a more comprehensive view of the Authority's value creation process. They also strive to align with the Global Reporting Initiative Standards, the Sustainability Accounting Standards Board ("SASB") Electric Utilities and Power Generators Standard, and the Task Force on Climate-Related Financial Disclosures ("TCFD") reporting framework. The 2023 Integrated Report can be accessed at [NYPA 2023 Integrated Report](#). The 2024 Integrated Report will be issued in the third quarter of 2025.

Regional Greenhouse Gas Initiative

The Regional Greenhouse Gas Initiative ("RGGI") is a cooperative effort by Northeastern and Mid-Atlantic states, including New York, to reduce carbon dioxide emission levels. Participating states have established a regional carbon dioxide emissions cap from the power sector (fossil fuel-fired power plants 25MW or greater); for New York State, its Department of Environmental Conservation has set the applicability at 20MW or greater. RGGI States make periodic adjustments to the RGGI cap to account for banked CO2 allowances accumulated through the third control period. The size of the adjustment was last calculated in March 2021 and the adjustment will be made over a five-year period (2021-2025), as specified in the 2017 Model Rule. Central to this initiative is the implementation of a multi-state cap-and-trade program with a market-based emissions trading system. The program requires electricity generators to hold carbon dioxide allowances in a compliance account, in a quantity that matches their total emissions, for the three-year compliance period. The program also provides for (1) an annually replenished cost containment reserve that is used if emission reduction costs are higher than projected, and (2) an emission containment reserve to withhold allowances from circulation if credit prices fall below an established trigger price (i.e., when emission reduction costs are lower than expected). The Authority's Richard M. Flynn Power Plant, the Small Natural Gas Power Plants, and Eugene W. Zeltmann Power Plant are subject to the RGGI requirements. The Authority has participated in program auctions to acquire carbon dioxide allowances and expects to recover RGGI costs through its power sales revenues. The Authority is monitoring proposed federal and state legislation, regulations, and programs (including any changes to RGGI) that would impact carbon dioxide emission levels.

Competitive Environment

The Authority's mission statement ratified by the Authority's Trustees in December 2020, is to "Lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity." The Authority's hydro and transmission assets are foundational to achieving a decarbonized grid and the Authority is committed to enhancing their flexibility and ensuring their continued reliability. Additionally, through its Expanded Authority (per the 2023-2024 State Budget) the Authority is expanding its portfolio of clean energy resources.

The Authority operates in a competitive market environment. Through its participation in the NYISO and commodity markets, the Authority is subject to energy, fuel, capacity, and non-energy commodity price

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uncertainty which impacts revenue and costs passed on to customers. Any market volatility can potentially have adverse effects on the Authority's financial condition.

To mitigate and moderate impacts to the Authority, many of the Authority's customer contracts provide for the complete or partial pass-through of these costs, and at times, the Authority hedges commodity market risks through the use of financial derivative instruments and/or physical forward contracts.

The Authority can give no assurance that, even with these measures, it will retain its competitive status in the future marketplace as a result of the restructuring of the State's electric utility industry, the emergence of new competitors, and increased competition from existing market participants.

Clean Path Transmission Project

On December 23, 2024, as a result of the termination of the Tier 4 contract between Clean Path NY and NYSERDA, the Authority filed a petition with the NYSPSC seeking a Priority Transmission Project ("PTP") designation in Case 20-E-0197 related to the Clean Path Transmission Project. The petition describes the Clean Path Transmission Project as the transmission portion of the Clean Path NY Project that was the subject of the Tier 4 contract between Clean Path New York LLC and NYSERDA. The PTP process was first established by Section 7(5) of the Renewable Energy Act. The Renewable Energy Act contains provisions to facilitate new and upgraded distribution and transmission projects that are necessary for the state to avoid congestion and reach the CLCPA targets. The Legislature found that the Authority owns and operates backbone electric transmission assets in the State, has rights-of-way that can support in whole or in part bulk transmission investment projects, and has the financial stability, access to capital, technical expertise and experience to effectuate expeditious development of bulk transmission investments needed to help the State meet its targets under the CLCPA. As such, the Renewable Energy Act grants the Authority the sole authority to petition the NYSPSC to approve PTPs and the ability to develop PTPs which the NYSPSC determines should be pursued expeditiously to promote the State's public policy goals.

Pursuant to the Renewable Energy Act, the Authority is authorized to solicit interest from potential co-participants in each PTP it agrees to develop and assess whether any joint development would provide for significant additional benefits in achieving the CLCPA targets. The Authority may then undertake the development of PTP on its own or undertake the PTP jointly with one or more other parties. A joint development of PTP may be accomplished through agreements on such terms and conditions as the Authority finds to be appropriate and necessary in order to undertake and complete timely development of PTP. Any such PTP could be designated as an SFP Transmission Project and financed with additional Transmission Resolution Revenue Bonds issued pursuant to the Transmission Bond Resolution.

The Clean Path Transmission Project includes the construction of a new approximately 178-mile High Voltage Direct Current transmission line at an estimated cost of \$5.2 billion. Previously, Forward Power—a joint venture between EnergyRe, LLC and Invenergy, LLC—and the Authority, were collaborating on the transmission line portion of the Clean Path Transmission project. However, Forward Power and the Authority are no longer collaborating on this project at this time. Facilitating the rapid development of transmission assets is one of the Authority's strategic priorities to achieve the clean energy goals of the Authority's customers and the State, and the Authority intends to pursue all opportunities to advance this strategic priority. Refer to the section 'Economic Conditions' above for more information on VISION2030.

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Propel New York Energy Project

On June 20, 2023, the NYISO publicly announced the selection of Propel NY Alternative Solution 5 ("Propel Project") as the project that will meet the identified Long Island Public Policy Transmission need to strengthen the Long Island Extra High Voltage Grid and its connections to rest of the New York State. The Propel Project is being collaboratively developed by NYPA and New York Transco ("NYT") pursuant to the Development Agreement and will meet the transmission need through new electric transmission lines, new substations, and existing substation upgrades. On May 3, 2024, NYT, NYPA and NYISO signed a Development Agreement to deliver the project consistent with the NYISO's Open Access Transmission Tariff. The Development Agreement includes a required in-service date for the project of May 31, 2030. The Propel Project will establish a continuous 345kV path that greatly expands the deliverability of renewable offshore wind. More specifically, the Propel Project consists of the following electric transmission facilities: (i) East Garden City – Tremont 345 kV PAR-controlled line; (ii) Shore Road – Sprain Brook two (2) 345 kV PAR-controlled lines; (iii) Barrett – East Garden City 345 kV PAR-controlled line; (iv) Ruland Road – Shore Road 345 kV line; (v) Ruland Road – East Garden City 345 kV PAR-controlled line; (vi) Shore Road – East Garden City 345 kV line; and (vii) Syosset – Shore Road 138 kV PAR-controlled line. The Propel Project, estimated to cost approximately \$3.3 billion, will be funded by the Propel Project sponsors, NYPA, and NYT. NYPA has a right to limit its investment to \$500 million towards this project, however, also has a right to increase its investment to 30% of the total project cost.

On July 22, 2024, NYPA was conditionally awarded (pending contract negotiation) \$44 million by the U.S. Department of Energy ("USDOE") to support community initiatives in certain disadvantaged communities along the proposed Propel project. These community initiatives would include energy audits and energy efficiency projects with local community-based partners, tied to community education and training opportunities. This grant award was from the Inflation Reduction Act's ("IRA") Transmission Siting and Economic Development Grant Program. On January 20, 2025, the Trump Administration issued Executive Order 14154 *Unleashing American Energy*, which put a 90-day freeze on all pending Infrastructure Investment and Jobs Act ("IIJA") and Inflation Reduction Act ("IRA") grant activity so that the new Administration can review all outstanding items. As a result of that Executive Order, this grant opportunity is currently on hold pending Federal review.

NYPA has requested and been awarded FERC incentives applicable to its investment in the Propel Project. On August 28, 2023, NYPA filed a petition for declaratory order seeking authorization to recover 100% of its prudently incurred costs pertaining to the Propel Project, in the event the Project is cancelled or abandoned for reasons beyond NYPA's control ("Abandonment Incentive"). FERC granted NYPA's Abandonment Incentive request on November 6, 2023. On April 25, 2024, NYPA filed a petition for declaratory order seeking incentive rate treatment in the form of a 75-basis point return on equity adder ("ROE Risk Incentive") to recognize the significant risks and challenges associated with NYPA's investment in the Propel Project. FERC conditionally granted NYPA's ROE Risk Incentive request effective July 11, 2024, subject to a compliance filing implementing NYPA's proposed cost containment mechanism. On December 6, 2024, FERC accepted NYPA's compliance filing for Propel NY in full.

Stewart Avenue-Uniondale Hub Substation Upgrade (formerly known as the East Garden City Substation Upgrade)

While Propel NY is the sponsoring developer of Propel Project, under the Open Access Transmission Tariff, incumbent Transmission Owners retain the right to build, own and recover the costs for upgrades to their facilities.

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As identified in NYISO's final report, upgrades to NYPA's existing Stewart Avenue-Uniondale Hub substation in Nassau County, NY (formerly known as the East Garden City 345kV Substation) was deemed a required Designated Public Policy Project. NYPA, as the incumbent Transmission Owner of this substation, has confirmed to NYISO its intention to move forward with the identified upgrades. To date, NYPA has executed a development agreement with NYISO, has placed orders for long-lead power equipment, and continues work on permitting, environmental site investigations, and overall planning for implementation of the substation upgrades. Further, NYPA is currently amending the development agreement with NYISO for change in the substation from Air insulated substation ("AIS") to Gas insulated substation ("GIS"). The substation upgrade is estimated to cost \$341 million.

The targeted in-service date for the Stewart Avenue-Uniondale Hub upgrade is mid-2029.

Robotics and Drone Program

The Authority's Robotics program has expanded its capabilities beyond Unmanned Aerial Systems ("UAS") to include ground-based robotics and other innovative technologies, all while maintaining its commitment to safety and operational excellence. Today, with more than 140 certified pilots and a growing fleet of drones, the Robotics Program supports long-endurance aircraft, confined space drones, and is currently evaluating ground-based solutions such as Wall climbers & Robotic Dogs. The Robotics program is exploring aquatic based systems i.e., submarines and boats for new applications. The program completed over 1,563 arial missions in 2024, enhancing the safety and reliability of the Authority's operations across its transmission, generation, and Canal's infrastructure. Additionally, the program has obtained all necessary FAA waivers to enable full operational capabilities over these assets.

The next steps for the Robotics Program include continuing to expand its capabilities and integrating advanced technologies into NYPA's infrastructure. These advancements will ensure the program remains a national leader in leveraging robotics for utility operations.

On July 27, 2023, the Authority's Trustees authorized a Capital Expenditure Authorization of \$11 million for the implementation of foundational measures for an UAS Drone and Robotics Program. Additionally, the Authority's Trustees provided concurrence with the five-year implementation plan of the UAS Drone and Robotics Program, which has a total program cost of \$37 million. The remaining balance of \$26 million, after the \$11 million authorization, will be requested to continue the advancement and build out of the program.

As of December 31, 2024, the total spend on the Drone and Robotics Program was \$8 million.

Rate Actions

Power and energy from the St. Lawrence-FDR and Niagara hydroelectric facilities are sold under contract to municipal electric systems, rural electric cooperatives, commercial and industrial and other business customers, non-profit corporations, certain public bodies, investor-owned utilities, and out-of-state customers. The remaining available energy is sold into the NYISO market.

The charges for firm power, firm peaking power and associated energy sold by NYPA, as applicable, to the fifty-one municipal electric utility systems and rural electric cooperatives in New York State, two public transportation agencies, three investor-owned utilities for the benefit of their rural and domestic customers, seven Niagara relicensing "host communities," Tuscarora Nation, and public customers in

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seven neighboring states have been established based on the cost of power produced by those hydroelectric facilities, which is considered NYPA's Preference Power rate.

Niagara's Expansion & Replacement Power, St. Lawrence-FDR's Preservation Power, and ReCharge New York's customers are dedicated 45% and currently allocated over 35% of the average generation capacity of the plants and the allocation varies as additional power is awarded to eligible customers. Their rates are subject to annual adjustment based on the average of three contractually agreed-upon economic indices reflecting changes in industrial energy prices.

In 2019, the Authority's Trustees approved a seven-year extension of an agreement for the sale of firm hydroelectric power and energy from the St. Lawrence-FDR project to the Aluminum Company of America ("Alcoa") at its West Plant facilities. The existing contract with Alcoa, for an aggregate of 240 MW, has been executed effective April 1, 2019, through March 31, 2026, replacing prior long-term contracts. The contract extension provides for monthly Base Energy Rate adjustments based on the price of aluminum on the London Metal Exchange and contains provisions for employment (450 jobs) and capital commitments (\$14 million). Changes from the previous contract include a reduced allocation of 245 MW, with the additional 5 MW being allocated to Arconic, a business independent of Alcoa, sold under a separate Preservation Power sale agreement; a monthly Clean Energy Standard ("CES") charge relating to Zero Emission Credits ("ZEC") and Renewable Energy Credits ("REC") that NYPA purchases which are attributable to Alcoa's load. The contract specifies a sharing mechanism for the CES charges between Alcoa, New York State, and NYPA, whereby Alcoa's share increases as the aluminum price increases. NYPA has entered into aluminum contracts to mitigate potential downside risk in that market, with future activities based upon prevailing economic conditions as appropriate. Contract extension discussions are currently in progress, but the new contract will be subject to the Board of Trustees and Governor approval.

ReCharge New York ("RNY") is the Governor's statewide economic development electric power program, designed to retain and create jobs through the allocation of low-cost preservation power. The RNY program allocates 455 MW of hydropower from NYPA's Niagara and St. Lawrence-FDR projects at Preservation Power rates, which are similar to the Expansion and Replacement power customer rates, with certain adjustments. An additional 455 MW of market power can also be procured for RNY customers upon contractual agreement.

Various New York City ("NYC") governmental agencies are served by NYPA's combined-cycle Eugene W. Zeltmann Power Project ("Zeltmann"), the contracted output of the Astoria Energy II plant ("AEII"), and capacity and energy purchased by NYPA in the NYISO markets. In 2017 and 2018, NYPA executed new supplemental long-term electricity supply agreements ("Supplemental LTAs") with its eleven NYC governmental customers, including the Metropolitan Transportation Authority, the City of New York, the Port Authority of New York and New Jersey (Port Authority), the New York City Housing Authority, the New York State Office of General Services, and remaining six key governmental customers. Under these Supplemental LTAs, the NYC governmental customers agreed to purchase their electricity from NYPA through December 31, 2027, with the NYC governmental customers having the right to terminate at any time upon at least 12 months' notice during the first five years of the agreement (December 31, 2022). Thereafter, both NYPA and the NYC governmental customers may terminate the agreement upon at least six months' notice. Under the Supplemental LTA's fixed costs for NYPA's services as well as Zeltmann plant were contractually set for each customer, and the fixed agreed amounts are recovered from the customers regardless of their load usage. Variable costs, including fuel, purchased power and NYISO related costs, are to be set on a pro-forma cost of service basis and reconciled to actuals as a pass-through to each customer via an energy charge adjustment. For years 2023-2027, to

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provide better price certainty, NYPA is offering an annual fixed price energy purchase option to the NYC governmental customers.

The energy generated by the Zeltmann and AEII plants is sold into the NYISO market and the proceeds are used to offset the cost associated with the production of energy and capacity from the plants. Net costs and benefits to NYPA for both facilities are directly passed through to the NYC governmental customers. The AEII plant is under contract with the customers until June 30, 2031, while the Zeltmann plant contract expires at the end of 2027. The economic value of the Zeltmann and AEII plants helps to support the NYC governmental customers. Additionally, NYPA retains rights to grandfathered and historic fixed priced transmission congestion contracts on behalf of the customers, which helps to hedge against the fluctuating energy purchase power costs. All net costs of NYPA under the power purchase agreement with Astoria Energy are billed monthly to the NYC governmental customers. An equal amount of revenue is recognized during the period related to reimbursements from the NYC governmental customers.

NYPA's other Southeastern New York governmental customers are Westchester County and numerous municipalities, school districts, and other public agencies located in Westchester County (collectively, the "Westchester Governmental Customers"). NYPA has entered into an evergreen supplemental electricity supply agreement with all 103 Westchester Governmental Customers. Among other terms of the agreement, customers can partially terminate service from NYPA with at least two months' notice prior to the start of the NYISO capability periods. Full termination is allowed with at least one year's notice, effective no sooner than January 1 following the one-year notice. Westchester Governmental Customers are partially served by NYPA's four small hydroelectric plants. The remainder of the Westchester Governmental Customers' load requirements are supplied through energy and capacity purchased from the NYISO markets. Sales of energy generated by the small hydroelectric resources into the NYISO markets, as well as grandfathered and historic fixed-priced transmission congestion contracts, all help to offset the cost of the energy purchased, with an energy charge adjustment mechanism in place for cost reconciliation.

Cost recovery for NYPA's provision of transmission service over its facilities has been governed by the NYISO tariff since the formation of the NYISO in November 1999. NYPA receives cost recovery through the NYISO tariff mechanism known as the NYPA Transmission Adjustment Charge ("NTAC"), recovering NYPA's Backbone Transmission System costs on a statewide basis after accounting for NYPA's revenues received from pre-existing customer transmission service contracts, Transmission Service Charge ("TSC") assessed on customers in NYPA's upstate load zone, and other sources. In January 2016, NYPA filed with FERC to convert from a stated rate to a formula rate to ensure recovery of its ATRR based upon operating and maintenance expenses as well as the capital spending necessary to maintain the reliability of its transmission system. FERC accepted the filing and made it effective April 1, 2016, as requested, subject to hearing and settlement judge procedures. NYPA filed an unopposed Offer of Settlement on September 30, 2016, that fully resolved the issues raised by interested parties in settlement negotiations concerning the formula rate. The settlement was approved by FERC on January 19, 2017. The ATRR is updated annually prior to the start of each rate year (July 1st - June 30th).

In November 2022, NYPA filed to amend its Administrative and General ("A&G") expense allocator under the formula rate to no longer use a labor ratio to allocate these expenses but instead adopt a 3-factor allocation method that uses equal parts direct labor, net plant, and net revenue. Per the terms of an uncontested settlement agreement approved by FERC in March 2024, NYPA is permitted to use this A&G expenses allocator effective January 2023.

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In October 2024, NYPA filed to amend its base Return on Equity ("ROE") contained in the formula rate from the existing settled ROE of 8.95% to a proposed ROE of 10.98%. The proposed base ROE rate was determined utilizing FERC Commission methodologies and found to be within their zone of reasonableness. FERC accepted NYPA's filing in December of 2024, made effective November 2024 subject to refund pending hearing and settlement procedures. Settlement discussions between NYPA and its interested parties are currently underway.

Effective July 1, 2024, the Transmission Revenue Requirement is \$527 million, which includes revenue requirements for the NTAC, Marcy South Series Compensation, and AC Transmission (renamed as Central East Energy Connect) projects.

On December 10, 2024, the Authority's Trustees approved the filing of a Notice of Proposed Rulemaking, or NOPR, to increase our Preference Power rates, which initiated a 60-day public comment period as prescribed by State Administrative Procedure Act ("SAPA"). NYPA held two public forums on January 29, 2025, and February 4, 2025, to offer ratepayers the opportunity to comment publicly on the proposed rate action. Based on the comments from the public hearings, various elected officials, including the Governor, the Authority's management has filed a Notice of Withdrawal with the NYS Department of State to officially terminate the NOPR, thus leaving existing Preference Power rates intact for the time being.

Certain New Legislation Affecting the Authority

Bills are periodically introduced or passed in the New York State Legislature that propose to limit, restrict, or expand the powers, rights, and exemptions from regulation that the Authority currently possesses under the Power Authority Act and other laws, or could otherwise affect the Authority's financial condition or its ability to conduct its business, activities, or operations in the manner presently conducted or contemplated hereby. It is not possible to predict whether any such bills or other bills of a similar type that may be introduced or passed in the future, will be enacted.

As more specifically described in the enactment, and subject to limitations described therein, the 2019-20 Enacted State Budget (2019-20 ESB) amended the Power Authority Act to authorize the Authority, subject to feasible and advisable determinations by the Authority's Trustees, to: (1) design, finance, develop, construct, install, lease, operate and maintain electric vehicle charging stations throughout the state for use by the public; (2) plan, finance, construct, acquire, operate, improve and maintain, either alone or jointly with one or more other entities, transmission facilities for the purpose of transmitting power and energy generated by renewable wind energy generation projects that are located in State territorial waters, and/or in waters under the jurisdiction or regulation of the U.S.; (3) supply certain market power and energy and renewable energy products to any Authority customer, public entity, or community choice aggregation ("CCA") community in the State (collectively, "Eligible Entities"); and (4) alone or jointly with one or more other entities, finance the development of renewable energy generating projects that are located in the State, including its territorial waters, and/or on property or in waters under the jurisdiction or regulatory authority of the United States, purchase power, energy or related credits or attributes produced from such renewable energy generating projects, and allocate and sell such products to Eligible Entities. The Authority may exercise any of this authority at its discretion, and the amendments made by 2019-20 ESB do not affect the Authority's previously existing statutory authority.

On July 18, 2019, the State enacted the CLCPA. The CLCPA sets renewable energy targets for the state, including 70% renewable energy by 2030, a 100% emissions-free grid by 2040, 9,000 Megawatts

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("MW") of offshore wind, 6,000 MW of photovoltaic solar generation and 3,000 MW of energy storage. The CLCPA further directs the New York State Department of Environmental Conservation (the "NYSDEC") to develop regulations to reduce statewide greenhouse gas emissions ("GHG") to 60% of 1990 levels by 2030 and 15% of 1990 levels by 2050. NYSDEC is currently drafting regulations that would implement these and other related goals.

Several provisions of CLCPA could potentially impact the Authority's business and operations, such as the following: (1) a requirement that specified State entities, including the Authority, adopt regulations to contribute to achieving statewide GHG emissions; (2) a requirement that State entities, including the Authority, assess and implement strategies to reduce GHG emissions; (3) consideration of whether actions that the Authority would undertake in the course of its operations are consistent with State GHG emission limits that will be established pursuant to the enactment; and (4) potential allocation or realignment of resources to support State clean energy and energy efficiency goals for disadvantaged communities.

Many of the provisions of CLCPA that could impact the Authority are not likely to be implemented for years based on deadlines established in the enactment. Therefore, the Authority is not in a position at this time to evaluate the impact of any particular provision of CLCPA on the Authority's business and operations.

As part of the 2020-2021 Enacted State Budget, legislation was enacted that is expected to expedite the construction of clean energy projects to combat climate change in an effort to improve the State's economic recovery from the COVID-19 health crisis. The Renewable Energy Act will improve and streamline the process for environmentally responsible and cost-effective siting of large-scale renewable energy projects across the State while delivering significant benefits to local communities. The Renewable Energy Act will accelerate progress toward the State's clean energy and climate goals, including the goal to obtain 70% of the State's electricity from renewable sources by 2030.

As part of the 2022-2023 Enacted State Budget, legislation was enacted to allow the Authority, as deemed feasible and advisable by the Authority's Trustees, to enter into lease agreements with other State instrumentalities and municipal entities for the use of excess capacity in the Authority's fiber optic communications infrastructure. The purpose of this legislation is to provide affordable, high-speed broadband in unserved and underserved communities in the State. Any excess fiber optic communication infrastructure leased out by the Authority shall be at a rate that is no greater than necessary to cover the cost of maintenance of such fiber optic communications infrastructure. The Authority will not be limited from recovering other costs incurred to make such excess capacity available in unserved and underserved communities in the State. Any authorized lease agreements shall be subject to review and comment by the Division of Broadband Access within the Empire State Development Corporation ("ESDC") in consultation with the NYSPSC.

Expanded Authority

As more specifically described in the enactment, and subject to the limitations described therein, the 2023-2024 Enacted State Budget amended the Act to, among other things: (a) expand the Authority's authority to plan, design, develop, finance, construct, own, operate, maintain and improve, either alone or jointly with other entities, renewable energy generation projects ("Expanded Authority"); (b) authorize the Authority to develop and implement, with the NYSPSC, the Renewable Energy Access and Community Help or "REACH" Program, that will enable low-income or moderate-income end-use electricity consumers in disadvantaged communities to receive bill credits derived from a portion of the

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revenues generated from new renewable energy generation projects developed or contracted for by the Authority to support the REACH Program; (c) direct the Authority to prepare a plan for ceasing electricity production at its small natural gas-fired power plants by December 31, 2030, and to cease electricity production by such date if certain conditions are satisfied; and (d) authorize the Authority to make available up to \$25 million annually to the New York State Department of Labor ("DOL") to fund programs established or implemented by or within the DOL, including, but not limited to, the Office of Just Transition and programs for workforce training and retraining to prepare workers for employment for work in the renewable energy field.

Changes made by these amendments do not affect the Authority's previously existing statutory authority.

The Authority is continuing to advance its renewable energy strategy in accordance with New York State's 2023-2024 Enacted Budget that enabled the Authority to plan, design, finance, and operate renewable energy generating projects, with and without private sector partners. In January 2024, the Authority filed a petition with the NYSPSC to establish the REACH program, which will provide renewable energy bill credits to low-income New Yorkers. In October 2024, the NYSPSC issued an order approving the Authority's petition to establish the REACH Program. The NYSPSC order implemented a structure that could make the REACH Program bill credits available from smaller scale projects (<5 MW) as early as 2026, and large-scale projects as early as 2027. The Authority issued Requests for Information and Requests for Qualifications to identify and pre-qualify renewable project developers and investors for future partnerships for renewable energy projects. By January 2025, the Authority pre-qualified 89 renewable developers and partners to collaborate with, on renewable energy generation projects. The Authority issued its first strategic plan on January 28, 2025, which identifies and prioritizes actions to develop more renewable resources and support the decarbonization of New York State's electric grid, including projects the Authority plans to develop, own, and support in the upcoming years. The initial draft of the strategic plan was made available to the public on October 8, 2024, commencing a 60-day public comment period, with the Authority holding 12 public hearings in the month of November and receiving over 5,000 written public comments.

The Authority, through NYREDHC, plans to invest \$699 million in renewable energy generating projects from 2025 through 2028. The Authority's final strategic plan issued on January 28, 2025, identified the first tranche of 37 projects totaling 3.0 GW of renewable energy generation and storage systems. The Authority will continue to evaluate, conduct due diligence, and identify co-development opportunities with the private market to maximize its renewable energy portfolio buildout.

Other State Legislation

Article 4-D of the Public Buildings Law, added by Part RR of Chapter 56 of the Laws of 2023, authorizes and directs the Authority to establish decarbonization action plans for fifteen state-owned facilities that are among the highest producers of GHG emissions and collectively account for at least 30% of the GHG emissions as recorded by the Authority's BuildSmart NY program, that are intended to serve as a basis for development of construction plans to decarbonize the state-owned facilities. The Authority is authorized to allocate up to \$30 million to prepare the decarbonization action plans.

The New York State Governor approved the "Renewable Action through Project Interconnection and Deployment ("RAPID") Act" on April 20, 2024, as part of the 2024-2025 Enacted State Budget. The purpose of the RAPID Act is to upgrade the State's bulk and local transmission systems to deliver renewable energy to consumers and achieve the renewable energy goals of the CLCPA. The RAPID

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Act consolidates the environmental review, permitting and siting of both major renewable energy facilities and major electric transmission facilities under the purview of the Office of Renewable Energy Siting within the Department of Public Service. The RAPID Act will affect the process that the Authority and other developers must follow to apply for permits to site major renewable energy facilities and major electric transmission facilities but is not expected to have a material impact on the Authority's operations.

The above actions, as described in the enactment, are executable as deemed advisable and feasible by the Authority's Trustees.

Other items of appropriation regarding NYPA and Canals are detailed in the section below on the New York State Budget/Other Matters.

New York State Budget /Other Matters

Section 1011 of the Power Authority Act (Act) constitutes a pledge of the State to holders of Authority obligations not to limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the holders thereof. Bills are periodically introduced into the State Legislature, which propose to limit or restrict the powers, rights, and exemption from regulation that the Authority currently possesses under the Act and other applicable law or otherwise would affect the Authority's financial condition or its ability to conduct its business, activities, or operations, in the manner presently conducted or contemplated by the Authority. It is not possible to predict whether any such bills or other bills of a similar type which may be introduced in the future will be enacted.

In addition, from time to time, legislation is enacted into New York law that purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to the Authority would depend upon, among other things, the nature of the obligations imposed and the applicability of the pledge of the State set forth in Section 1011 of the Act to such provisions. There can be no assurance that in the case of each such provision, the Authority will be immune from the financial obligations imposed by such provision. Examples of such legislation affecting only the Authority include legislation, discussed below and elsewhere herein, relating to the Authority's voluntary contributions to the State, the Authority's temporary transfer of funds to the State, and contributions and transfers to fund temporary and permanent programs administered by the Authority and other State entities.

The Authority is requested, from time to time, to make financial contributions or transfers of funds to the State. Any such contribution or transfer of funds must (i) be authorized by law (typically, legislation enacted in connection with the State budget), and (ii) satisfy the requirements of the General Bond Resolution. The General Bond Resolution requirements to withdraw moneys "free and clear of the lien and pledge created by the (Bond) Resolution" are as follows: (1) such withdrawal must be for a "lawful corporate purpose as determined by the Authority," and (2) the Authority must determine "taking into account, among other considerations, anticipated future receipt of Revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed" for (a) payment of reasonable and necessary operating expenses, (b) an Operating Fund reserve for working capital, emergency repairs or replacements, major renewals, or for retirement from service, decommissioning or disposal of facilities, (c) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt, or (d) payment of interest and principal on subordinate debt.

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In 2011, the Authority's Trustees adopted a policy statement ("Policy Statement") which relates to, among other things, voluntary contributions, transfers, or other payments to the State by the Authority after that date. The Policy Statement provides, among other things, that in deciding whether to make such contributions, transfers, or payments, the Authority shall use as a reference point the maintenance of a debt service coverage ratio of at least 2.0 (this reference point should not be interpreted as a covenant to maintain any particular coverage ratio), in addition to making the other determinations required by the Bond Resolution. The Policy Statement may at any time be modified or eliminated at the discretion of the Authority's Trustees.

Section 18 of Part PP of Chapter 56 of the Laws of 2023, part of the 2023-2024 Enacted State Budget, provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority's Trustees, the Authority is authorized and directed to transfer to the State Treasury to the credit of the general fund up to \$20 million for the State fiscal year commencing April 1, 2023, to support energy-related State activities.

Chapter 56 of the Laws of 2024, part of the 2024-2025 Enacted State Budget, provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority's Trustees, the Authority is authorized and directed to transfer to the State Treasury to the credit of the general fund up to \$20 million for the State fiscal year commencing April 1, 2024, to support energy related State activities.

Chapter 56 of the Laws of 2024, part of the 2024-2025 Enacted State Budget, also provides that notwithstanding any provision of law to the contrary, as deemed feasible and advisable by the Authority's Trustees, the Authority is authorized and directed to transfer to the State Treasury to the credit of the general fund up to \$25 million for the State fiscal year commencing April 1, 2024. These amounts will be utilized to support programs established or implemented by or within the New York State Department of Labor, including but not limited to the Office of Just Energy Transition and programs for workforce training and retraining to prepare workers for employment for work in the renewable energy field. In 2024, the Authority's Trustees authorized the total expenditure of \$21 million for such programs.

The above actions, as described in the enactment, are executable as deemed advisable and feasible by the Authority's Trustees.

The 2025-26 proposed State Budget introduced by Governor Hochul states that the Authority, as deemed feasible and advisable by its Trustees, is authorized to transfer to the State Treasury to the credit of the General Fund up to \$25 million or as described in the MOU between the Authority and the Department of Labor, for the state fiscal year commencing April 1, 2025, the proceeds of which will be utilized to support programs established or implemented by or within the department of labor, including but not limited to the Office of Just Energy Transition and programs for workforce training and retraining, to prepare workers for employment for work in the renewable energy field. This proposed transfer to the State Treasury is not enacted into state law and would not become effective until it is passed by the Legislature and approved by the Governor.

The 2025-26 proposed State Budget introduced by Governor Hochul would state that the Authority, as deemed feasible and advisable by its Trustees, is authorized and directed to transfer to the State Treasury to the credit of the General Fund up to \$10 million for the state fiscal year commencing April 1, 2025, the proceeds of which will be utilized to support energy-related state activities. This proposed

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transfer to the State Treasury is not enacted into state law and would not become effective until it is passed by the Legislature and approved by the Governor.

The Authority cannot predict what additional contributions to the State may be authorized in the future.

The 2024-2025 Enacted State Budget (Chapter 54 - Capital Projects Budget) appropriated \$50 million to the Authority for services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction, development and preservation of the Canal System. The Authority received \$10 million of that appropriation. In her 2025-2026 proposed State Budget, Governor Hochul proposed to re-appropriate this \$50 million appropriation. It is important to note that the Governor's proposed State Budget has not been enacted yet and is subject to change.

The 2025-26 proposed State Budget introduced by Governor Hochul includes a separate appropriation that would provide \$50 million to the Authority for services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction and development and preservation of the New York State canal system. This proposed appropriation to the Authority is not enacted into state law and would not become effective until it is passed by the Legislature and approved by the Governor.

Memorandum Of Understanding ("MOU") With U.S. Army

The Authority recently announced a first-of-its-kind agreement with the United States Army. The signed MOU allows the Authority and the United States Army to collaborate on new opportunities that advance the United States Army's decarbonization initiatives at military facilities in New York State. Under the MOU, the Authority is authorized to provide low-cost energy, energy efficiency and conservation services and facilities that could assist the United States Army in future decarbonization and resiliency initiatives. These efforts could lead to the development of on-site clean energy facilities at United States Army installations statewide and help the surrounding communities reduce their carbon footprint and improve energy efficiency.

This MOU will also create opportunities for local collaborations between military and civilian entities, including veteran-owned businesses, and streamline development of an energy efficient defense corridor that could cross from Watertown to Syracuse to Rome and beyond.

Effects of Regulations on the Authority

The Authority is subject to a variety of federal and state oversight bodies and/or regulatory regimes, including the U.S. Department of Energy, the Internal Revenue Service, FERC, EPA, the U.S. Army Corps of Engineers and various other agencies as well as the North American Electric Reliability Corporation. Changes to federal regulations, including through the issuance of executive orders, are continuous and ongoing. There can be no assurance that these regulations and policies, or the laws under which such regulations are promulgated, will not be changed in a manner that materially adversely affects the Authority's current business model and objectives by restricting or requiring certain activities or delaying the receipt of federal funds, including tax incentives and credits such as the IRA, subjecting the Authority to escalating costs, causing delays, or prohibiting certain activities completely.

Compliance with environmental laws and regulations can require the Authority to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals and failure to comply with environmental regulations may result in the imposition of fines, penalties and injunctive measures affecting the Authority's operating assets. Also, the Authority may not be able to obtain or

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maintain from time to time the required environmental regulatory approvals for their operating assets or development projects. Delays in obtaining any required environmental regulatory approvals, failure to obtain and comply with them or changes in environmental laws or regulations to more stringent compliance levels could, and are likely to, result in additional costs of operation for existing facilities or development of new facilities being prevented, delayed or subject to additional costs. The costs to comply with environmental laws and regulations or changes to environmental laws and regulations could require significant expenditures having a material effect on the operations, financial position and cash flows of the Authority. Management of the Authority cannot predict the potential impact, if any, of such changes in law or regulations on the Authority's future operations, financial position and cash flows.

Labor Contracts

NYPA reached an agreement with the International Brotherhood of Electrical Workers on a labor contract that covers over 550 represented employees at the Authority's Blenheim-Gilboa Pumped Storage Project, Frederick R. Clark Energy Center, Niagara Power Project, and St. Lawrence/FDR Power Project. This agreement, which is retroactive to April 1, 2022, runs through July 31, 2027. Also, an agreement was executed with the Utility Workers Union of America on a labor contract that covers over 20 represented employees at Zeltmann. This agreement, which is retroactive to January 1, 2023, runs through April 30, 2028.

The Canal Corporation reached an agreement with the Civil Service Employees Association Unit III on a labor contract that covers over 350 represented employees at the Canal Corporation. This agreement, which is retroactive to July 1, 2022, runs through June 30, 2027. In addition, the Canal Corporation reached an agreement with the Public Employees Federation on a labor contract that covers over 80 represented employees at the Canal Corporation. This agreement, which is retroactive to July 1, 2022, runs through June 30, 2027.

The impact due to the change in agreements, considered immaterial, has been reflected appropriately in the Authority's financials for the reported period.

Commitments and Contingencies

The Authority's commitments and contingencies are more fully detailed in Note 19 "Commitments and Contingencies" of the notes to the Consolidated Financial Statements.

Canal Corporation

The Canal Corporation continues to require substantial operating and maintenance support and capital investment. The Canal Corporation's expenses are funded by transfers of funds from the Authority, any transfer of funds are subject to approval by the Authority's Trustees and compliance with the Authority's General Bond Resolution. Certain expenses eligible for reimbursement are reimbursed to the Authority by funds held in the Canal Development Fund maintained by the State Comptroller and the Commissioner of Taxation and Finance.

By resolution adopted on December 10, 2024, the Canal Corporation's Board of Directors adopted a budget for 2025-2028 that consisted of expenditures for operations and maintenance expenses and capital expenses. The Authority's budget and financial plan for 2025-2028 includes Canal-related operating expenditures averaging approximately \$104 million per year and capital expenditures of

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approximately \$79 million per year to Revitalize the Canals (with a primary focus on maintaining and improving Canal infrastructure) and \$3 million per year for Canal Development Fund expenses.

The 2024-2025 Enacted State Budget appropriated \$50 million to the Authority for services, expenses, and indirect costs related to maintenance, repair, construction, reconstruction, development and preservation of the Canal System. \$10 million, of the \$50 million appropriated, was received in 2024 and has been accounted for in accordance with GAAP guidelines.

Contacting the Authority

This financial report is designed to provide our customers and other interested parties with a general overview of the Authority's finances. If you have any questions about this report or need additional financial information, contact the New York Power Authority, 123 Main Street, White Plains, New York 10601. Email: info@nypa.gov

NEW YORK POWER AUTHORITY
(A Component Unit of the State of New York)

Consolidated Statements of Net Position
(In millions)

Consolidated Statements of Net Position

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents		
Unrestricted	\$ 274	\$ 310
Restricted	69	167
Capital Funds	82	3
Total Cash and cash equivalents	<u>425</u>	<u>480</u>
Investment in securities		
Unrestricted	946	969
Restricted	240	428
Capital Funds	453	136
Total Investment in securities	<u>1,639</u>	<u>1,533</u>
Receivables - customers	384	269
Materials and supplies:		
Plant and general	80	75
Fuel	51	51
Miscellaneous receivables and other	<u>124</u>	<u>141</u>
Total current assets	<u>2,703</u>	<u>2,549</u>
Noncurrent assets:		
Capital assets:		
Non-depreciable capital assets	1,362	1,028
Depreciable capital assets, net of accumulated depreciation	<u>5,936</u>	<u>5,880</u>
Total capital assets	<u>7,298</u>	<u>6,908</u>
Other long-term assets	<u>1,099</u>	<u>896</u>
Total noncurrent assets	<u>8,397</u>	<u>7,804</u>
Total assets	<u>11,100</u>	<u>10,353</u>
Deferred outflows of resources:		
Asset retirement obligation	17	19
Decrease in fair value of derivatives	20	40
Pensions	128	140
Postemployment benefits other than pensions	<u>82</u>	<u>128</u>
Total deferred outflows of resources	<u>247</u>	<u>327</u>
Total assets and deferred outflows of resources	<u>\$ 11,347</u>	<u>\$ 10,680</u>

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY
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Consolidated Statements of Net Position
(In millions)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts Payable and accrued liabilities	\$ 857	\$ 845
Short-term debt	438	227
Long-term debt due within one year	20	33
	1,315	1,105
Total current liabilities		
Noncurrent liabilities:		
Long-term debt:		
General Resolution:		
Senior Revenue bonds	1,805	1,519
Subordinated Notes	-	35
Separate Revenue Bond Obligation:		
SFP Bonds 2022	617	640
SFP Bonds 2023	750	751
	3,172	2,945
Total long-term debt		
Other noncurrent liabilities:		
Disposal of spent nuclear fuel	258	245
Relicensing	223	223
Other long-term liabilities	357	357
	838	825
Total other noncurrent liabilities		
	4,010	3,770
Total noncurrent liabilities		
	5,325	4,875
Total liabilities		
Deferred inflows of resources:		
Unearned revenue	27	45
Cost of removal obligations	476	435
Accumulated increase in fair value of derivatives	-	4
Pensions	66	11
Lease revenue	43	45
Postemployment benefits other than pensions	176	190
	788	730
Total deferred inflows of resources		
Net Position:		
Net investment in capital assets	3,463	3,361
Restricted	453	321
Unrestricted	1,318	1,393
	5,234	5,075
Total net position		
	\$ 11,347	\$ 10,680
Total liabilities, deferred inflows of resources and net position		

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY
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Consolidated Statements of Revenues, Expenses and Changes in Net Position
(In millions)

Consolidated Statements of Revenues, Expenses and Changes in Net Position

	Year Ended	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Operating revenues:		
Power sales	\$ 2,060	\$ 1,773
Transmission	509	473
Transportation and delivery	810	747
Other	57	41
	<hr/>	<hr/>
Total operating revenues	3,436	3,034
	<hr/>	<hr/>
Operating expenses:		
Purchased power	678	605
Fuel oil and gas	214	176
Transportation and delivery	1,174	1,107
Operations and maintenance	771	723
Depreciation and amortization	353	307
	<hr/>	<hr/>
Total operating expenses	3,190	2,918
	<hr/>	<hr/>
Operating income	246	116
	<hr/>	<hr/>
Nonoperating revenues, gains (losses) and (expenses):		
Investment income	72	84
Interest on long-term debt	(135)	(111)
Interest - other	(33)	(28)
Interest capitalized	52	58
Amortization of debt premium	5	1
Other	(48)	10
	<hr/>	<hr/>
Total nonoperating expenses	(87)	14
	<hr/>	<hr/>
Net income and change in net position	159	130
	<hr/>	<hr/>
Net position, January 1	5,075	4,945
	<hr/>	<hr/>
Net position, December 31	<u>\$ 5,234</u>	<u>\$ 5,075</u>

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY
(A Component Unit of the State of New York)
Consolidated Statements of Cash Flows
(In millions)

Consolidated Statements of Cash Flows

	Year Ended	
	December 31, 2024	December 31, 2023
Cash flows from operating activities:		
Customer sales	\$ 3,227	\$ 3,045
Disbursements for:		
Purchased power	(685)	(601)
Fuel oil and gas	(200)	(192)
Transportation and delivery	(1,167)	(1,089)
Operations and maintenance	(763)	(742)
Net cash provided by operating activities	<u>412</u>	<u>421</u>
Cash flows from capital and related financing activities:		
Gross additions to capital assets	(676)	(699)
Proceeds from issuance of Green Bonds	513	751
Issuance costs paid on debt	(5)	(10)
Repayment/defeasance of bonds	(275)	(108)
Repayment of notes/bonds	(32)	(2)
Interest paid, net	(119)	(95)
Net cash used in capital and related financing activities	<u>(594)</u>	<u>(163)</u>
Cash flows from noncapital-related financing activities:		
Energy conservation program payments received from participants	255	334
Energy conservation program costs	(352)	(269)
Proceeds from issuance of commercial paper	273	138
Repayment of commercial paper	(62)	(91)
Interest paid on commercial paper	(13)	(6)
Margin Deposits with Brokers	16	37
Other	10	-
Net cash provided by noncapital-related financing activities	<u>127</u>	<u>143</u>
Cash flows from investing activities:		
Earnings received on investments	99	53
Purchase of investment securities	(2,347)	(4,550)
Maturities/sale of investment securities	2,248	4,223
Net cash used in investing activities	<u>0</u>	<u>(274)</u>
Net (decrease) increase in cash	<u>(55)</u>	<u>127</u>
Cash and cash equivalents, January 1	<u>480</u>	<u>353</u>
Cash and cash equivalents, December 31	<u>425</u>	<u>480</u>
Reconciliation to net cash provided by operating activities:		
Operating income	246	116
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets, deferred outflows, liabilities, and deferred inflows:		
Provision for depreciation and amortization	353	307
Net (increase) in miscellaneous prepayments and other	(52)	(49)
Net (increase) decrease in receivables and materials and supplies	(115)	109
Net (decrease) in accounts payable/accrued liabilities and other	(20)	(62)
Net cash provided by operating activities	<u>\$ 412</u>	<u>\$ 421</u>

See accompanying notes to the consolidated financial statements.

NEW YORK POWER AUTHORITY
(A Component Unit of the State of New York)
Statements of Fiduciary Net Position (OPEB)
(In millions)

Statements of Fiduciary Net Position (OPEB)

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets:		
Cash and cash equivalents	\$ 75	\$ 56
Receivables:		
Due from broker for investments sold	34	17
Investment income	1	1
Total receivables	35	18
Investments at fair value:		
Domestic equity	220	171
International equity	94	89
Global Index Fund	170	190
International contrarian value fund	60	42
Real Estate (REIT)	42	39
Fixed Income	157	152
Total investments at fair value	743	683
Total assets	853	757
Liabilities:		
Payables:		
Accrued liability	17	10
Due to broker for investments purchased	6	-
Total liabilities	23	10
Net position available for postemployment benefits other than pensions	\$ 830	\$ 747

See accompanying notes (Note 13) to the consolidated financial statements.

NEW YORK POWER AUTHORITY
(A Component Unit of the State of New York)
Statements of Changes in Fiduciary Net Position (OPEB)
(In millions)

Statements of Changes in Fiduciary Net Position (OPEB)

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Additions, gains and (losses):		
Employer contributions	\$ 30	\$ 30
Investment income:		
Net increase / (decrease) in fair value of investments	74	62
Interest and dividend income	13	12
Less: investment and administrative expenses	<u>(4)</u>	<u>(10)</u>
Net investment (loss)	<u>83</u>	<u>64</u>
Total additions, gains and (losses)	113	94
Deductions:		
Benefits payments	<u>30</u>	<u>30</u>
Total deductions	<u>30</u>	<u>30</u>
Changes in net position	<u>83</u>	<u>64</u>
Net position available for postemployment benefits other than pensions - beginning of year July of preceeding year	<u>747</u>	<u>683</u>
Net position available for postemployment benefits other than pensions - end of year June of reporting year	<u>\$ 830</u>	<u>\$ 747</u>

See accompanying notes (Note 13) to the consolidated financial statements.

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Notes to the Consolidated Financial Statements

(1) General

The Power Authority of the State of New York ("NYPA") is a corporate municipal instrumentality and political subdivision of the State of New York (the "State") created in 1931 by Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the "Power Authority Act" or the "Act"), and has its principal office located at 30 South Pearl Street, Albany, New York 12207-3425. NYPA has three subsidiaries: the New York State Canal Corporation ("Canal Corporation"), NYPA Captive Insurance Company ("Captive") and New York Renewable Energy Development Holdings Corporation ("NYREDHC"). NYPA, the Canal Corporation, Captive and NYREDHC are collectively referred to as the "Authority". Except as otherwise noted, references to NYPA's financial information reflect both NYPA and the Canal Corporation's financial information. The financial information for the Captive and NYREDHC is stated separately.

The mission of NYPA is to lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity.

NYPA has aligned its mission with the clean energy goals of New York State set forth in the New York State Climate Leadership and Community Protection Act ("CLCPA") enacted in 2019 and the Accelerated Renewable Energy Growth and Community Benefit Act enacted in 2020 (the "Renewable Energy Act").

NYPA generates, transmits, purchases, and sells electric power and energy as authorized by law. NYPA owns and operates five major generating facilities, seven small natural gas power plants ("SNGPPs"), including four dual units, and four small hydroelectric facilities with a total installed capacity of approximately 6,000 MW, and approximately 1,550 circuit miles of transmission lines, including major 765 kV and 345 kV transmission facilities. NYPA also owns and operates one utility-scale 20 MW battery energy storage system. NYPA's five major generating facilities consist of two large hydroelectric facilities (Niagara and St. Lawrence-FDR), a large pumped-storage hydroelectric facility (Blenheim-Gilboa), the Eugene W. Zeltmann (Zeltmann or 500-MW Plant) combined cycle electric generating plant located in Queens, New York and the Richard M. Flynn combined cycle plant located in Holtsville, in Long Island, New York. NYPA's customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities ("IOUs"), high load factor industrial customers, commercial/industrial and not-for-profit businesses, various public corporations located within the metropolitan area of The City of New York (the "City"), including the City, and entities in certain neighboring states. NYPA is a transmission-owning member of the New York Independent System Operator, Inc. ("NYISO") which is a not-for-profit corporation that operates the State's bulk electricity grid, administers the State's wholesale electricity markets and provides comprehensive reliability planning for the State's bulk electricity system. In addition, NYPA sells and purchases capacity, energy, and ancillary services in the NYISO wholesale energy markets.

Legislation enacted on April 4, 2016 (the "Canal Transfer Legislation") provided for (1) the transfer, effective January 1, 2017, of the Canal Corporation from the Thruway Authority to NYPA, and (2) as of January 1, 2017, NYPA's assumption from the Thruway Authority of powers and duties relating to a 524-mile canal system consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals (the "Canal System") and jurisdiction over the Canal System and related assets, equipment and property

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

in connection with the planning, development, construction, reconstruction, maintenance, and operation of the Canal System, which NYPA is authorized to exercise through the Canal Corporation. The Canal Corporation is responsible for the Canal System.

Legislation enacted in May of 2022 (Chapter 193 of the Laws of 2022) amended the State Insurance Law to provide NYPA with the authority to form a pure captive insurance company enabling it to effectively provide NYPA and its subsidiaries coverage for risks that are not currently insured, not insurable on the traditional commercial markets, or prohibitively expensive to insure through the commercial markets and to provide NYPA with related tax exemptions. In May 2023, Captive was established as a wholly owned subsidiary of NYPA. Refer to Note 17 for further information on Captive.

The 2023-2024 Enacted State Budget amended the Act to, among other things, expand NYPA's authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generation projects. NYPA was authorized to exercise and perform its Expanded Authority through one or more wholly owned subsidiaries. On November 21, 2024, NYPA incorporated NYREDHC under the State Business Corporation Law as a wholly owned subsidiary. On December 31, 2024, NYPA transferred \$100 million to NYREDHC to undertake the purposes of its Expanded Authority.

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(A Component Unit of the State of New York)
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(2) NYPA (includes Canals), SFP, Captive and NYREDHC Financial Information

A. Statements of Net Position (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Current assets	\$ 2,307	\$ 1,959	\$ 174	\$ 480	\$ 122	\$ 110	\$ 100	\$ -	\$ 2,703	\$ 2,549
Capital assets	5,787	5,721	1,511	1,187	-	-	-	-	7,298	6,908
Other noncurrent assets	1,064	879	35	17	-	-	-	-	1,099	896
Total assets	9,158	8,559	1,720	1,684	122	110	100	-	11,100	10,353
Deferred outflows of resources	247	327	-	-	-	-	-	-	247	327
Total assets and deferred outflows of resources	\$ 9,405	\$ 8,886	\$ 1,720	\$ 1,684	\$ 122	\$ 110	\$ 100	\$ -	\$ 11,347	\$ 10,680
Current liabilities	\$ 1,279	\$ 1,023	\$ 31	\$ 78	\$ 5	\$ 4	\$ -	\$ -	1,315	1,105
Noncurrent liabilities	2,643	2,379	1,367	1,391	-	-	-	-	4,010	3,770
Total liabilities	3,922	3,402	1,398	1,469	5	4	-	-	5,325	4,875
Deferred inflows of resources	788	730	-	-	-	-	-	-	788	730
Net position	4,695	4,754	322	215	117	106	100	-	5,234	5,075
Total liabilities, deferred inflows of resources and net position	\$ 9,405	\$ 8,886	\$ 1,720	\$ 1,684	\$ 122	\$ 110	\$ 100	\$ -	\$ 11,347	\$ 10,680

NEW YORK POWER AUTHORITY

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Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

B. Statements of Revenues, Expenses and Changes in Net Position (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Operating revenues	\$ 3,237	\$ 2,935	\$ 192	\$ 97	\$ 7	\$ 2	\$ -	\$ -	\$ 3,436	\$ 3,034
Operating expenses:										
Purchased power	678	605	-	-	-	-	-	-	678	605
Fuel oil and gas	214	176	-	-	-	-	-	-	214	176
Transportation and delivery	1,174	1,107	-	-	-	-	-	-	1,174	1,107
Operations and maintenance	744	707	27	16	-	-	-	-	771	723
Depreciation and amortization	339	299	14	8	-	-	-	-	353	307
Total operating expenses	3,149	2,894	41	24	-	-	-	-	3,190	2,918
Operating income	88	41	151	73	7	2	-	-	246	116
Nonoperating revenues gains	64	81	17	9	4	4	-	-	85	94
Nonoperating expenses	111	51	61	29	-	-	-	-	172	80
Net income	\$ 41	\$ 71	\$ 107	\$ 53	\$ 11	\$ 6	\$ -	\$ -	\$ 159	\$ 130

NEW YORK POWER AUTHORITY

(A Component Unit of the State of New York)

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

C. Statements of Cash Flow (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Net cash provided by operating activities	\$ 279	\$ 339	\$ 122	\$ 81	\$ 11	\$ 1	\$ -	\$ -	\$ 412	\$ 421
Net cash provided by/(used in) capital and related financing activities	(149)	(525)	(449)	262	-	100	4	-	(594)	(163)
Net cash provided by non-capital related activities	127	143	-	-	-	-	-	-	127	143
Net cash provided by/(used in) investing activities	(212)	44	244	(248)	(32)	(70)	-	-	-	(274)
Net increase/(decrease) in cash	45	1	(83)	95	(21)	31	4	-	(55)	127
Cash and cash equivalents, January 1	315	314	134	39	31	-	-	-	480	353
Cash and cash equivalents, December 31	\$ 360	\$ 315	\$ 51	\$ 134	\$ 10	\$ 31	\$ 4	\$ -	\$ 425	\$ 480

(3) Separately Financed Projects (“SFP”)

Overview

NYPA’s General Resolution Authorizing Revenue Obligations, dated February 28, 1998, as amended and supplemented, (the “General Bond Resolution”) provides for authorization to the Authority to issue separately financed project bonds through a separate bond resolution.

On December 7, 2021, NYPA adopted its “General Resolution Authorizing Transmission Project Revenue Obligations” (as amended and supplemented, the “Transmission Bond Resolution”). The Transmission Bond Resolution authorizes the issuance of Obligations to finance the costs of certain projects, facilities, systems, equipment, and/or materials related to or necessary or desirable in connection with the transmission or distribution of electric energy, whether owned or leased jointly or singly by NYPA, including any transmission capacity in which NYPA has an interest or which it has a contractual right to use, as authorized by the Act or by other applicable State statutory provisions which have been designated by NYPA pursuant to a supplemental resolution as a Separately Financed Project under the General Bond Resolution and a transmission project for purposes of the Transmission Bond Resolution.

In January 2022, the Authority’s Trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2022A (the “2022A Bonds”) which were issued pursuant to the Transmission Bond Resolution in an aggregate principal amount of approximately \$608 million during April of 2022. The proceeds from the issuance of the 2022A Bonds are being used to fund capital and other expenditures related to the Smart Path and Central East Energy Connect (“CEEC”) transmission construction projects; reimburse expenses related to such projects and pay financing and other costs relating to the issuance of the 2022A Bonds.

On November 16, 2023, NYPA issued \$734 million of Green Transmission Project Revenue Bonds, Series 2023A (the “2023A Bonds”) at a premium. Proceeds of the 2023A Bonds, together with other funds being provided by NYPA, are being used to (i) pay for capital expenditures related to the Smart Path Connect Project (“SPC Project”), including reimbursement for prior capital spending, (ii) fund the 2023A debt service reserve fund, (iii) pay capitalized interest on the 2023A Bonds through November 15, 2025, (iv) fund an operating reserve account and (v) pay the costs of issuance. The CEEC, Smart Path, and Smart Path Connect Projects are collectively referred to as “Separately Financed Projects” or “SFP”.

The 2023A Bonds are supported by the 2023A Debt Service Reserve Fund which, at the time of issuance of the 2023A Bonds, was funded with a Municipal Bond Debt Service Reserve Insurance Policy issued by Assured Guaranty Municipal Corporation (“AGM”) in the amount of \$46 million, which is equal to the 2023A Debt Service Reserve Requirement.

NEW YORK POWER AUTHORITY

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Notes to the Consolidated Financial Statements

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The Series 2022A and 2023A Transmission Resolution Revenue Bonds, together with any other bonds issued under the Transmission Bond Resolution (“Transmission Resolution Revenue Bonds”) are neither payable from nor secured by revenues pledged directly or indirectly under the General Bond Resolution. Owners of the Transmission Resolution Revenue Bonds will neither have any rights to nor be secured by any NYPA revenues pledged to the payment of obligations issued under the General Bond Resolution. Transmission Resolution Revenue Bonds are limited obligations of NYPA payable solely from and secured by the SFP Transmission Trust Estate pledged under the Transmission Bond Resolution. Transmission Resolution Revenue Bonds bondholders have a lien only on revenue streams generated by the assets that are funded by the bond proceeds.

Payments are received by NYPA from NYISO on account of SFP Transmission Revenues and deposited in an allocation account, established pursuant to a depository trust agreement (the “Depository Trust Agreement”) by and between NYPA and a bank or trust company designated by NYPA. Amounts held in the Allocation Account constituting SFP Transmission Revenues are subject to the lien created by the Transmission Bond Resolution.

The SFP Transmission Revenues, once identified, are transferred to a Revenue account and subject to withdrawal and deposit in priority, as follows:

1. Operating Fund to cover SFP Transmission Operating Expenses expected to be payable in the succeeding calendar month less amounts held in the Operating Fund.
2. Debt Service Fund, in the amount payable in the succeeding calendar month, represents Debt Service on SFP Transmission Obligations. As of December 31, 2024, there is a balance of \$18 million in the Debt Service Fund with \$13 million representing Capitalized Interest from the proceeds of the Series 2023A Bonds.
3. Operating Reserve represents accounts that fund any shortfalls in the Operating Reserve Account. The reserve should be in the amount of 50% of the succeeding calendar year's operation and maintenance budget. The balance as of December 31, 2024, was \$22 million.
4. Debt Service Reserve Fund represents amount that funds any shortfall in accordance with the Debt Service Reserve Fund Requirement. For the 2022A and 2023A Bonds, this account was funded by depositing AGM insurance policies and is not funded by any SFP Transmission Revenues. For the 2022A and 2023A bonds, the AGM issued a policy in the amount of \$35 million and \$46 million, respectively, which is 125% of the average annual debt service.
5. Payment of any subordinated indebtedness, which currently there is none.
6. Capital fund for any expected capital improvements.

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Any remaining values after each fund is adequately funded, per the Transmission Bond Resolution, are eligible for distribution to the General Bond Resolution pending an annual Debt Service Coverage ratio test and other required certifications. The SFP Transmission Project fees, rates, rents, charges, and surcharges must at least equal 120% of Debt Service payable in the most recently completed fiscal year and in the most recently completed 12 calendar months period ending on the last day of the ninth month of such fiscal year, net of all O&M and required payments. If such a test is not met, the cash is unavailable to the General Bond Resolution bondholders. NYPA was in compliance of all necessary criteria for distribution in 2024, and on December 20, 2024, a \$23 million distribution was made from SFP to the Authority. For 2024, \$30 million in capitalized interest was funded with the proceeds from Series 2023A Bonds. This amount has been subtracted from the total debt service in the calculation of the Transmission Bond Resolution debt service coverage ratio, resulting in a ratio of 3.54 for the bond year ending November 15, 2024.

For the issuance of any additional Transmission Resolution Revenue Bonds, NYPA will be required to satisfy additional bond test.

The CEEC Project was placed in service in December 2023. The project is currently in the closeout phase and site restoration is ongoing.

As of December 31, 2023, all 6 segments for Smart Path have been placed into Electric Plant In Service ("EPIS"). The project is currently in the closeout phase and site restoration is ongoing.

As of December 31, 2024, NYPA has capital spend of \$746 million (excluding capitalized interest) for the Smart Path Connect project and completed 38 miles of transmission line upgrades and energized breakers at the Ryan and Patnode substations.

(4) Summary of Significant Accounting Policies

(a) Basis of Reporting

The operations of NYPA and its subsidiaries, the Canal Corporation the Captive, and NYREDHC, all blended component units, are presented as an enterprise fund following the accrual basis of accounting to recognize the flow of economic resources. Accordingly, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. The accounts and transactions of the Canal Corporation, the Captive and NYREDHC are included in the consolidated financial statements and notes to the Consolidated Financial Statements. All significant transactions between NYPA, the Canal Corporation, the Captive and NYREDHC have been eliminated.

The Authority complies with applicable pronouncements of the Governmental Accounting Standards Board ("GASB"). In accordance with Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB, and AICPA Pronouncements*, ("GASB No. 62") the Authority applies all authoritative pronouncements applicable to nongovernmental entities (i.e., Accounting Standards Codification ("ASC") of the Financial Accounting Standards Board) that do not conflict with GASB pronouncements.

(b) Regulatory Accounting

The Authority's Trustees have broad rate-setting authority for its power sales agreements with customers. The sale of transmission service over NYPA's facilities is provided pursuant to NYISO tariffs and under contracts that pre-dated the existence of the NYISO. NYPA files its transmission system revenue requirement with the Federal Energy Regulatory Commission ("FERC") for inclusion in the NYISO's open access tariff.

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The Authority accounts for its regulated operations under the provisions of GASB No. 62, paragraphs 476-500. These provisions recognize the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated entities. Accordingly, the Authority records these future economic benefits and obligations as regulatory assets and regulatory liabilities, respectively. Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent amounts that are collected from customers through the ratemaking process associated with costs to be incurred in future periods. Based on the action of the Authority's Trustees, the Authority believes the future collection of the costs held over through regulatory assets is probable. For regulatory assets see Note 4(n) "Summary of Accounting Policies – Other Long-Term Assets" of the notes to the consolidated financial statements.

(c) **Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) **Capital Assets**

Capital assets are recorded at original cost and consist of amounts expended for labor, materials, services, and indirect costs to license, construct, acquire, complete, and place in operation the projects of the Authority. Interest on amounts borrowed to finance construction of the Authority's projects charged to the project prior to completion is recorded as a regulatory asset. The costs of current repairs are charged to operating expenses, and betterments are capitalized. The cost of capital assets retired less salvage is charged to accumulated depreciation. Depreciation of capital assets is generally provided on a straight-line basis over the estimated lives of the various classes of capital assets.

The related depreciation provisions at December 31, 2024 and 2023 expressed as a percentage of average depreciable capital assets on an annual basis are:

	<u>Average depreciation rate</u>	
	<u>2024</u>	<u>2023</u>
Type of plant:		
Production		
Hydro	2.3 %	2.3 %
Gas turbine/combined cycle	2.2	2.3
Transmission	2.3	2.0
General	5.5	4.8
Energy Storage	10.0	10.0
Canal system	3.9	3.9

(e) **Asset Retirement and Cost of Removal Obligations**

The Authority has recorded a liability at fair value to recognize legal obligations for asset retirements in the period incurred and to capitalize the cost by increasing the carrying amount of the related long-lived asset. The Authority determined that it had legal liabilities

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for the retirement of certain SNGPPs in New York City and, accordingly, has recorded a liability for the retirement of these assets. In connection with these legal obligations, the Authority has also recognized a liability for the remediation of certain contaminated soil discovered during the construction process. The Authority records asset retirement obligations (“ARO”) in accordance with GASB Statement No. 83 (“GASB No. 83”), *Accounting for Certain Asset Retirement Obligations*.

The Authority also applies GASB Statement No. 49 (“GASB No. 49”) *Accounting and Financial Reporting for Pollution Remediation Obligations*, to ARO involving pollution remediation obligations, which upon the occurrence of any one of five obligating events as stated in GASB No. 49, requires an entity to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

In addition to ARO, the Authority has other cost of removal obligations that are being collected from customers and accounted for under the provisions of GASB No. 62, paragraphs 476-500. These cost of removal obligations are reflected in deferred inflows of resources in the statement of net position.

ARO amounts included in deferred outflows and cost of removal obligation amounts included in deferred inflows are as follows:

	<u>ARO Amounts</u> <u>(deferred</u> <u>outflow)</u>	<u>Cost of removal</u> <u>obligation</u> <u>(deferred inflow)</u>
	(in millions)	
Balance - December 31, 2023	\$ 19	\$ 435
Other Expense	(2)	41
Balance - December 31, 2024	<u>\$ 17</u>	<u>\$ 476</u>

(f) Long-Lived Assets

The Authority applies GASB Statement No. 42 (“GASB No. 42”), *Accounting and Financial Reporting for Impairment of Capital Assets*, and for Insurance Recoveries, which states that asset impairments are generally recognized only when the service utility of an asset is reduced or physically impaired. There were no material impairments during 2024 and 2023.

GASB No. 42 states that asset impairment is a significant, unexpected decline in the service utility of a capital asset. The service utility of a capital asset is the usable capacity that at acquisition was expected to be used to provide service, as distinguished from the level of utilization which is the portion of the usable capacity currently being used. Decreases in utilization and the existence of or increases in surplus capacity that are not associated with a decline in service utility are not considered to be impairments.

(g) Leases

The Authority applies GASB Statement No. 87 (“GASB No. 87”), *Leases*, which establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Refer to Note 19(e) on Leases.

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(h) Subscription-based information Technology Arrangements (“SBITA”)

During 2023, the Authority adopted GASB Statement No. 96 (“GASB No. 96”), *Subscription-Based Information Technology Arrangements (“SBITA”)*. GASB No. 96 requires recognition of certain subscription assets and liabilities for SBITA which were previously either capitalized or expensed. It establishes that an SBITA results in a right-to-use subscription asset and a corresponding subscription liability. Refer to Note 19(f) on SBITA.

(i) Cash, Cash Equivalents, and Investments

Cash includes cash and cash equivalents and short-term investments with maturities, when purchased, of three months or less. The Authority accounts for investments at their fair value. Fair value is determined using quoted market prices. Investment income includes changes in the fair value of these investments. Realized and unrealized gains and losses on investments are recognized as investment income in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

(j) Derivative Instruments

The Authority uses financial derivative instruments to manage the impact of energy and capacity prices, fuel cost changes, non-energy commodities, and interest rates when applicable, on its earnings and cash flows. The Authority recognizes the fair value of all financial derivative instruments as either an asset or liability on its consolidated statement of net position with the offsetting gains or losses recognized in earnings or deferred charges. The Authority applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and reporting requirements for derivative instruments (see Note 10 “Risk Management and Commodity Hedging Activities” of the Notes to the Consolidated Financial Statements).

(k) Accounts Receivable

Accounts receivables are classified as current assets and are reported net of an allowance for uncollectible amounts.

(l) Materials and Supply Inventory

Material and supplies, net of any obsolete/slow-moving inventory provisions, are valued at weighted average cost and are charged to expense during the period in which the material or supplies are used.

(m) Debt Refinancing Charges

Debt refinancing charges, representing the difference between the reacquisition price and the net carrying value of the debt refinanced, are amortized using the interest method over the life of the new debt or the old debt, whichever is shorter, in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refunding’s of Debt Reported by Proprietary Activities*. See Note 8 “Long-Term and Short-Term Debt” of the notes to the consolidated financial statements.

(n) Other Long-Term Assets

Other long-term assets, as of December 31, 2024 and 2023, consist of the following:

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	December 31,	
	<u>2024</u>	<u>2023</u>
	(in millions)	
Other long-term assets:		
Regulatory assets (a):		
Allowance for funds used during construction (b)	\$193	\$145
Other regulatory assets	43	44
Total regulatory assets	<u>236</u>	<u>189</u>
Energy efficiency program costs (c)	284	229
Other long-term receivables	111	116
Transmission line interconnection costs	149	167
Other postemployment employee benefits	213	112
Lease receivable	50	51
Other	56	32
Total other long-term assets	<u>\$1,099</u>	<u>\$896</u>

- (a) Regulatory assets reflect previously incurred costs that are expected to be recovered from customers through the ratemaking process.
- (b) This amount includes interest capitalized net of depreciation. For 2024, \$52 million of interest was capitalized, and for 2023, \$58 million of interest was capitalized.
- (c) The Authority offers energy efficiency services to New York State public and other statutorily eligible entities to reduce energy consumption and cut energy costs. Energy efficiency program costs will be recovered from certain customers through the terms of contracts. As of December 31, 2024, the outstanding balance for energy efficiency and clean energy technologies projects in the Authority's balance sheet was a total of \$580 million, with \$161 million of the loan balance (includes \$50 million of short-term receivable and \$111 million of other long-term assets), \$135 million of customer receivables, and \$284 million of energy efficiency program cost that will be billed to the customers (reflected in the Other Long-term assets). As of December 31, 2023, the outstanding balance for energy efficiency and clean energy technologies projects in the Authority's balance sheet was a total of \$476 million, with \$145 million of the loan balance (includes \$29 million of short-term receivable and \$116 million of other long-term assets), \$102 million of customer receivables, and \$229 million of energy efficiency program cost that had to be billed to the customers (reflected in the Other Long-term assets).

(o) Other Long-Term Liabilities

On December 31, 2024, the Authority has other long-term liabilities of \$357 million which include pension liability of \$120 million, compensated absences accrual of \$81 million, Asset Retirement Obligations of \$46 million, and others of \$110 million.

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On December 31, 2023, the Authority had other long-term liabilities of \$357 million which include pension liability of \$175 million, compensated absences accrual of \$60 million, Asset Retirement Obligations of \$44 million, and others of \$78 million.

(p) **Net Position**

Net Position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

- a. Net investment in capital assets – This consists of capital assets (including right to use lease assets and right to use subscription assets), net of depreciation reduced by related outstanding debt and accounts. This indicates that these assets are not accessible for other purposes.
- b. Restricted – This represents restricted assets reduced by related liabilities and deferred inflows of resources that are not accessible for general use because their use is subject to restrictions enforceable by third parties.
- c. Unrestricted – This represents the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the components noted above and that are available for general use.

(q) **Investment and Net Position classification**

Investments

Investments as of December 31, 2024, and for the preceding year 2023 of \$1,639 million, and \$1,533 million, respectively, were in various securities considered as current assets.

Net position

Net Position as of December 31, 2024, and for the preceding year 2023, were \$5,234 million and \$5,075 million, respectively. These amounts included Net Investments in capital assets of \$3,463 million for 2024 and \$3,361 million for 2023. Unrestricted assets were \$1,318 million for 2024 and \$1,393 million for 2023. Restricted assets amounted to \$453 million for 2024 and \$321 million for 2023, as the SFP and Captive net position is considered restricted on a consolidated basis.

(r) **Operating Revenues**

The customers served by NYPA, and the rates paid by such customers vary with NYPA's facilities designated to serve such loads. These customers are served under contracts and tariffs approved by the Authority's Trustees.

The principal operating revenues are generated from the sale, transmission, transportation and delivery of power. Revenues are recorded when power is delivered, or service is provided. Customers' meters are read, and bills are rendered monthly. Transportation and delivery of power charges are for costs the Authority incurred for the transmission and/or delivery of power and energy to customers over transmission lines owned by other utilities. No one customer represents more than 10% of revenue from own generation revenue.

In addition to contractual sales to customers, NYPA also sells power into an electricity market operated by the NYISO. These sales are affected by market prices and are not subject to rate regulation by the Authority's Trustees.

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New York Independent System Operator (“NYISO”)

NYPA is a member and a customer of the NYISO. The NYISO schedules the use of the bulk transmission system in the State, which normally includes all of NYPA’s transmission facilities, and collects ancillary services, losses, and congestion fees from customers. In addition, NYPA schedules power from its generating facilities in conjunction with the NYISO. The NYISO coordinates the reliable dispatch of power and operates a market for the sale of electricity and ancillary services within the State.

Based upon NYPA’s scheduled customer power needs and available electricity generated by NYPA’s operating assets, the Authority buys and sells energy in an electricity market operated by the NYISO. A significant amount of NYPA’s energy and capacity revenues result from sales of NYPA’s generation into the NYISO market. A significant amount of NYPA’s operating expenses consists of various NYISO purchased power charges in combination with generation-related fuel expenses.

(s) Operating Expenses

The Authority’s operating expenses include fuel, operations, and maintenance including wages and benefits, depreciation, purchased power costs, and other expenses related to the sale of power. Energy costs are charged to expenses as incurred.

Purchased power costs include capacity, energy, and ancillary service purchases made in the wholesale market on behalf of its customers (except for those made through previously approved purchased power agreements). Transportation and delivery expenses are based on contractual and/or tariff rates of the service provider and are recovered through pass-through provisions in customer contracts.

Right-to-use lease assets and leasehold improvements recognized on account of the implementation of GASB No. 87 are being amortized over the lesser of the life of the assets or the term of the lease, using the straight-line method.

Right-to-use subscription assets recognized on account of the implementation of GASB No. 96 are being amortized over the subscription term, using the straight-line method.

(t) Pension Plans

The Authority is a cost-sharing employer that participates in the New York State and Local Employees Retirement System (“NYSLERS”), which is a cost-sharing multiple-employer plan in which the participating government employers pool their assets and their obligations to provide defined benefit pensions. The plan assets of this type of plan can be used to pay the pensions of the retirees of any participating employer. The amounts reported by the Authority for its proportionate share of the net pension liability, pension expense, and deferred outflows and deferred inflows have been provided by the New York State and Local Employees Retirement System to employers participating in the NYSLERS in accordance with Statement No. 68, *Accounting and Financial Reporting for Pensions*, and have been determined on the same basis as reported by the NYSLERS. See Note 12 “Pension Plans” of the notes to the consolidated financial statements.

(u) Postemployment Benefits Other Than Pensions (OPEB)

NYPA provides certain health care and life insurance benefits for eligible retired employees and their dependents under a single employer noncontributory (except for certain optional life insurance coverage) health care plan (Authority OPEB Plan). NYPA has an established trust for its OPEB obligations (OPEB Trust) that is separate from NYPA and is held by an independent custodian for the exclusive benefit of the OPEB Trust beneficiaries and not

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of NYPA. The ownership of the OPEB Trust assets is held by the independent custodian at all times and the OPEB Trust assets are not considered funds or assets of NYPA for any purpose. All the OPEB Trust assets are irrevocably dedicated to and are used for the exclusive purpose of, making payments of benefits to or for the benefit of NYPA OPEB Plan beneficiaries and for paying administrative expenses of NYPA OPEB Plan and the OPEB Trust and will not be available to any creditors of NYPA. The OPEB Trust does not issue a stand-alone financial report and its financial statements are reported as a fiduciary fund in the Authority's financial report.

The Canal Corporation provides health care and death benefits for eligible retired employees. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Canal Corporation. The Canal Corporation participates, pursuant to the provision of Section 163(4) of the New York State Civil Service Law, in the New York State Health Insurance Program ("NYSHIP"). NYSHIP does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

The Authority's net OPEB liability was measured as of June 30, 2024 and June 30, 2023 for the 2024 and 2023 financial statements, respectively. Actuarial valuations are performed every two years. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Trust and additions to/deductions from OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by the Authority OPEB Plan as of the same measurement date. For this purpose, the Authority OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except investments that have a maturity at the time of purchase of one year or less, which are reported at cost.

(v) **Accounting Pronouncements**

GASB issued GASB Statement No. 93 ("GASB No. 93") *Replacement of Interbank Offered Rates*, which originally had an effective date for reporting periods beginning after June 15, 2020. This effective date was postponed to periods beginning after June 15, 2021, due to the issuance of GASB No. 95. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR ceased to exist effective June 30, 2023, prompting governments to amend or replace financial instruments to replace LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB No. 93's objective is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The Authority, based on its evaluation, believes GASB No. 93 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 94 ("GASB No. 94"), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which was effective for fiscal years beginning after June 15, 2022. GASB No. 94 governs transactions wherein a government and another entity (government or private) enter into an arrangement wherein the other entity is given rights to use an underlying capital asset to provide public service for a determined amount of time, in exchange for consideration. The Authority, based on its evaluation, believes GASB No. 94 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 96 ("GASB No. 96"), *Subscription-Based Information Technology Arrangements*, which was effective for reporting periods beginning after June

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15, 2022. GASB No. 96 requires recognition of certain subscription assets and liabilities for Subscription-based information Technology Arrangements (“SBITA”) which were previously either capitalized or expensed. GASB No. 96 defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor’s software, alone or in combination with tangible capital assets. It establishes that an SBITA results in a right-to-use subscription asset and a corresponding subscription liability. The Authority adopted GASB No. 96 on January 1, 2023. Refer to Note 19(f) of notes to the consolidated financial statements, for the impact of SBITA on the Authority’s financial statements.

GASB issued GASB Statement No.99 (“GASB No. 99”), *Omnibus 2022*, which was partly effective for reporting periods beginning after June 15, 2022, and partly effective for reporting periods beginning after June 15, 2023. The primary objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during the implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. Based on its evaluation, the Authority believes GASB No. 99 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 100 (“GASB No. 100”), *Accounting Changes and Error Corrections*, which was effective for reporting periods beginning after June 15, 2023. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Based on its evaluation, the Authority believes GASB No. 100 has no material impact on its consolidated financial statements.

GASB issued GASB Statement No. 101 (“GASB No. 101”), *Compensated Absences*, which was effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Authority adopted GASB No. 101 in 2024 and reflects its impact in the consolidated financial statements.

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(5) Power Authority's Bond Resolutions and Related Matters

On February 24, 1998, NYPA adopted its "General Resolution Authorizing Revenue Obligations" (as amended and supplemented, the "General Bond Resolution"). The General Bond Resolution covers all of NYPA's projects, which it defines as any project, facility, system, equipment or material related to or necessary or desirable in connection with the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by NYPA, including any output in which NYPA has an interest authorized by the Act or by other applicable State statutory provisions, provided, however, that the term "Project" shall not include any Separately Financed Project as that term is defined in the General Bond Resolution. NYPA has covenanted with bondholders under the General Bond Resolution that at all times NYPA shall maintain rates, fees, or charges, and any contracts entered into by NYPA for the sale, transmission, or distribution of power shall contain rates, fees or charges sufficient together with other monies available therefore (including the anticipated receipt of proceeds of sale of Obligations, as defined in the General Bond Resolution, issued under the General Bond Resolution or other bonds, notes or other obligations or evidences of indebtedness of NYPA that will be used to pay the principal of Obligations issued under the General Bond Resolution in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of any Project), to meet the financial requirements of the General Bond Resolution. Revenues of NYPA (after deductions for operating expenses and reserves, including reserves for working capital, operating expenses, or compliance purposes) are applied first to the payment of, or accumulation as a reserve for payment of, interest on and the principal or redemption price of Obligations issued under the General Bond Resolution and the payment of Parity Debt issued under the General Bond Resolution.

The General Bond Resolution also provides for withdrawal for any lawful corporate purpose as determined by NYPA, including but not limited to the retirement of Obligations issued under the General Bond Resolution, from amounts in the Operating Fund in excess of the operating expenses, debt service on Obligations and Parity Debt issued under the General Bond Resolution, and subordinated debt service requirements.

Collateral - Under NYPA's General Bond Resolution, a Trust Estate was created and pledged for the payment of the principal and redemption price of, and interest on, NYPA's Obligations issued under the General Bond Resolution, and, on a parity basis, other Parity Debt as defined in the General Bond Resolution. NYPA's subordinated debt, including the Commercial Paper Notes, loans issued under the 2019 Revolving Credit Agreement and 2020 Hybrid Credit Agreement described below, the Extendible Municipal Commercial Paper Notes, are not Obligations under the General Bond Resolution but share a subordinated lien in the Trust Estate. The Trust Estate means, collectively: (i) all Revenues (as defined in the General Bond Resolution, which excludes revenues from Separately Financed Projects) of NYPA; (ii) the proceeds of the sale of Obligations until expended for the purposes authorized in the supplemental resolution authorizing the issuance of such Obligations; (iii) all funds, accounts, and subaccounts established by the General Bond Resolution, including investment earnings thereon; and (iv) all funds, money, and securities and any and all other rights and interests in property, whether tangible or intangible, conveyed as and for additional security pursuant to the General Bond Resolution by NYPA, or by anyone on its behalf, or with its written consent, to the Trustee.

Events of Default/Termination - Pursuant to the General Bond Resolution, upon an Event of Default so long as such Event of Default shall not have been remedied, either the Trustee or the owners of 25% in principal amount of the Obligations then outstanding may declare the principal and accrued interest on all Obligations due and payable immediately.

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Under the 2019 Revolving Credit Agreement (“2019 RCA”) supporting NYPA’s Commercial Paper Series 1, Series 2 and Series 3A, in the case of an Event of Default (as defined in the 2019 RCA), the lenders holding 66 2/3% of the commitments thereunder will be able to: terminate their commitments; direct NYPA to cease issuing Commercial Paper Notes; and declare the principal and accrued interest on obligations under the 2019 RCA due and immediately payable.

Under the 2020 Revolving Credit Agreement and 2020 Note Purchase Agreement (together, the “2020 Hybrid Credit Agreement”) supporting NYPA’s Commercial Paper Notes Series 3B and 4 and/or Direct Purchase Note(s), in the case of an Event of Default (as defined in the 2020 Hybrid Credit Agreement), the sole lender under the 2020 Hybrid Credit Agreement holding 100% of the commitment thereunder will be able to: terminate its commitment; direct NYPA to cease issuing Commercial Paper Notes; and declare the principal and accrued interest on obligations under the 2020 Hybrid Credit Agreement due and immediately payable. There were no events of default during 2024 and 2023.

Transmission Bond Resolution Related Matters (SFP)

Collateral - Under NYPA’s Transmission Bond Resolution, a Trust Estate was created and pledged for the payment of the principal and redemption price of, and interest on, the SFP Obligations issued under the Transmission Bond Resolution, and on a parity basis, other Parity Debt as defined in the Transmission Bond Resolution. The Trust Estate means, collectively: (i) all SFP Transmission Revenues; (ii) the proceeds of the sale of SFP Transmission Obligations until expended for the purposes authorized by Supplemental Resolution authorizing such SFP Transmission Obligations; (iii) all funds, accounts, and subaccounts established by the Resolution, including investment earnings thereon; and (iv) all funds, money, and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security hereunder for the SFP Transmission Obligations by NYPA, or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms hereof.

(6) Cash and Investments

Investment of the Authority’s funds is administered in accordance with the applicable provisions of the General Bond Resolution and the Authority’s investment guidelines. These guidelines comply with the New York State Comptroller’s investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law.

Investment of the Authority’s Separately Financed Project (“SFP”) and Captive funds is administered in accordance with the applicable provisions of the Transmission Bond Resolution and the Captive Insurance Investment Policy Statement, respectively.

Investment of NYREDHC is administered in accordance with the applicable provisions of the Authority’s Guidelines for the Investment of Funds.

(a) Investment Credit Risk

The Authority’s investments under the General Bond Resolution and Guidelines for the Investment of Funds are restricted to (a) authorized collateralized certificates of deposit, Certificate of Deposit Account Registry Service (“CDARS”) program or similar FDIC-insured, reciprocal products, time deposits and money market funds (money market funds shall not exceed 40% of the Authority’s invested funds and no more than \$50 million

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invested in any one fund), (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, and (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies, (e) Repurchase and reverse repurchase agreements (“Repurchase Agreements”), including “gestation” repurchase agreements of treasury or agency-backed collateral with a physical trust certificate from a FINRA-licensed broker dealer, and (f) Guaranteed Investment Contracts or GIC Funds issued by creditworthy insurance companies and collateralized by issuer’s general or separate account assets, with no more than \$50 million invested in any one contract or fund. The Authority’s investments in senior debt securities of the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB) Federal Agricultural Mortgage Corporation (FAMC) and Federal Home Loan Mortgage Corporation (FHLMC) were rated Aa1 by Moody’s Investors Services (Moody’s), AA+ by Fitch Ratings (Fitch) and AA+ by Standard & Poor’s (S&P).

Permitted investments under Transmission Bond Resolution are similar to those investment types stated for the Authority.

Permitted investments for Captive under the NYPA Captive Insurance Investment Policy Statement are similar to those types stated for the Authority with the additional inclusion of Collateralized Loan Obligations (“CLOS”) with a rating of AA or higher; Corporate equity investments in domestic common and preferred stocks and publicly traded REIT funds; and Mortgage-backed securities and Collateralized Mortgage Obligations with a rating of AA or higher.

Permitted investments for the NYREDHC are identical to those investment types stated for the Authority.

Investments are reported in the consolidated statements of net position at fair value, using quoted market prices. Realized and unrealized gains and losses on investments are recorded as investment income in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

(b) **Interest Rate Risk**

Securities involved in repurchase or reverse repurchase agreements must maintain a market value at or above the investment cost. These agreements are restricted to a maximum fixed term of 30 days and are capped at \$250 million overall, with a limit of \$50 million per individual dealer or bank. Funds will not be invested for durations exceeding the anticipated need for those funds. As of December 31, 2024, the Authority has \$60 million invested in repurchase agreements. As of December 31, 2023, the Authority had \$45 million invested in the repurchase agreements.

Provisions applicable to the Authority apply to the SFP, Captive and NYREDHC for interest rate risk coverage.

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(c) **Concentration of Investment Credit Risk**

On December 31, 2024, there is no limit on the amount that the Authority may invest in any one issuer; however, investments in authorized certificates of deposit shall not exceed 40% of the Authority's invested funds and shall not exceed \$50 million from any one bank. On December 31, 2024, the Authority's (excluding SFP, Captive and NYREDHC) total investment portfolio of \$1,318 million, excluding cash and cash equivalents, includes investments of \$474 million (36%), \$559 million (43%), \$159 million (12%), \$68 million (5%), and \$58 million (4%) in government Agency securities; U.S. Treasuries; Guaranteed Investment Contracts, Reverse Repurchase Agreements and other various deposits; and Municipal securities, respectively. 79% of the total investments are in securities guaranteed by the U.S. Government.

On December 31, 2023, there was no limit on the amount that the Authority may invest in any one issuer; however, investments in authorized certificates of deposit were not to exceed 25% of the Authority's invested funds and were not to exceed \$25 million from any one bank. On December 31, 2023, the Authority's (excluding SFP and Captive) total investment portfolio of \$1,118 million, excluding cash and cash equivalents, included investments of \$111 million (10%), \$119 million (11%), \$140 million (13%), \$161 million (14%), and \$587 million (52%) in securities of FNMA, FHLMC, FHLB, GNMA, and other various U.S. Treasuries, Guaranteed Investment Contracts, and Municipal securities, respectively.

On December 31, 2024, SFP's total investment portfolio of \$117 million, excluding cash and cash equivalents, includes investments of \$98 million (84%) and \$19 million (16%) in government Agency securities and Treasuries, respectively. 100% of the total investments are in securities guaranteed by the U.S. Government. At December 31, 2023, SFP's total investment portfolio of \$341 million, excluding cash and cash equivalents, included investments of \$285 million (84%) and \$56 million (16%) in securities of FHLB and U.S. Treasuries, respectively.

On December 31, 2024, the Captive's total investment portfolio of \$110 million, excluding cash and cash equivalents, includes investments of \$51 million (46%), \$43 million (40%), and \$16 million (14%) in government Agency securities, taxable Municipal bonds and other securities, respectively. 46% of the total investments are in securities guaranteed by the U.S. Government. At December 31, 2023, the Captive's total investment portfolio of \$74 million, excluding cash and cash equivalents, included investments of \$13 million (18%), \$10 million (14%), \$8 million (11%), and \$43 million (57%) in securities of FHLMC, FHLB, GNMA, and taxable Municipal bonds and other securities, respectively.

On December 31, 2024, NYREDHC's total investment portfolio of \$94 million, excluding cash and cash equivalents, includes investments of \$89 million (94%) and \$5 million (6%) in government Agency securities and taxable Municipal bonds, respectively. 94% of the total investments are in securities guaranteed by the U.S. Government.

(d) **Cash and Cash Equivalents**

All investments are held by designated custodians in the name of the Authority (which includes NYPA, Canal Corporation, SFP, Captive and NYREDHC, as applicable). On December 31, 2024, the Authority (excluding SFP, Captive and NYREDHC) had \$315 million invested in money market funds and \$15 million invested in CDAR. On December

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31, 2023, the Authority had \$45 million invested in a Repurchase Agreement and \$315 million invested in money market funds.

On December 31, 2024 and 2023, the SFP had \$42 million and \$134 million invested in money market funds, respectively.

On December 31, 2024 and 2023, the Captive had \$10 million and \$31 million invested in money market funds, respectively.

On December 31, 2024, the NYREDHC had \$4 million invested in money market funds.

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Total Cash and Investments of the Authority on a consolidated basis are \$2.1 billion and \$2 billion at December 31, 2024 and December 31, 2023, respectively.

Investments (NYPA and Canals)

	Total		Restricted		Capital funds*		Unrestricted	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 360	\$ 315	\$ 8	\$ 1	\$ 82	\$ 3	\$ 270	\$ 311
U.S. government:								
U.S. Treasury bills	203	221	13	13	33	-	157	208
U.S. Treasury notes	356	132	-	-	341	-	15	132
	<u>559</u>	<u>353</u>	<u>13</u>	<u>13</u>	<u>374</u>	<u>-</u>	<u>172</u>	<u>340</u>
Other debt securities:								
FNMA	116	111	-	-	8	23	108	88
FHLMC	94	119	-	-	5	-	89	119
FHLB	79	140	-	-	-	31	79	109
GNMA	113	161	-	-	-	19	113	142
All other	357	234	-	-	66	10	291	224
	<u>759</u>	<u>765</u>	<u>-</u>	<u>-</u>	<u>79</u>	<u>83</u>	<u>680</u>	<u>682</u>
Total investments	1,318	1,118	13	13	453	83	852	1,022
Total cash and investments	<u>\$ 1,678</u>	<u>\$ 1,433</u>	<u>\$ 21</u>	<u>\$ 14</u>	<u>\$ 535</u>	<u>\$ 86</u>	<u>\$ 1,122</u>	<u>\$ 1,333</u>
Summary of maturities (years):								
0 - 1	446	445	13	13	226	7	207	425
1 - 5	564	281	-	-	227	34	337	247
5 - 10	154	144	-	-	-	-	154	144
10+	154	248	-	-	-	42	154	206
	<u>\$ 1,318</u>	<u>\$ 1,118</u>	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 453</u>	<u>\$ 83</u>	<u>\$ 852</u>	<u>\$ 1,022</u>

*All committed

- I. The Authority's General Bond Resolution authorized the establishment of an Operating Reserve in an amount necessary to support the Authority's operations. The Trustees established the Operating Reserve level and Debt Service Reserve by resolution. As of December 31, 2024, NYPA's total cash and investments of \$1.7 billion and as of December 31, 2023, NYPA's total cash and investments of \$1.4 billion included Operating Reserve for working capital and emergency repairs, Debt Service Reserve to pay debt service on General Bond Resolution obligations and various other reserves. See the section "Authority's General Resolution Fund Requirements" in MD&A for detailed note on the Authority's Fund Requirements.
- II. As of December 31, 2024, restricted funds include primarily the Petroleum Overcharge Restitution ("POCR") fund (\$7 million), and Others (\$6 million). Further, restricted Cash and cash equivalents includes the remaining balance amount of \$8 million appropriated for Canals by the 2024-2025 Capital Projects Budget of New York State. Refer Canal Corporation section in MD&A for further information. As of December 31, 2023, restricted funds included primarily the POCR fund (\$7 million), ConnectALL Fund (\$1 million), and Others (\$6 million).

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Investments (SFP)

	<u>Total</u>		<u>Restricted</u>		<u>Capital funds*</u>		<u>Unrestricted</u>	
	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 51	\$ 134	\$ 51	\$ -	\$ -	\$ 38	\$ -	\$ 96
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	19	56	19	-	-	56	-	-
	19	56	19	-	-	56	-	-
Other debt securities:								
FNMA	-	-	-	-	-	-	-	-
FHLMC	1	-	1	-	-	-	-	-
FHLB	90	285	90	-	-	271	-	14
GNMA	-	-	-	-	-	-	-	-
All other	7	-	7	-	-	-	-	-
	98	285	98	-	-	271	-	14
Total investments	117	341	117	-	-	327	-	14
Total cash and investments	\$ 168	\$ 475	\$ 168	\$ -	\$ -	\$ 365	\$ -	\$ 110
Summary of maturities (years):								
0 - 1	103	220	103	-	-	220	-	-
1 - 5	14	121	14	-	-	107	-	14
5 - 10	-	-	-	-	-	-	-	-
10+	-	-	-	-	-	-	-	-
	\$ 117	\$ 341	\$ 117	\$ -	\$ -	\$ 327	\$ -	\$ 14

*All committed

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Investments (Captive)

	<u>Total</u>		<u>Restricted</u>		<u>Capital funds</u>		<u>Unrestricted</u>	
	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 10	\$ 31	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 31
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	-	-	-	-	-	-	-	-
Other debt securities:								
FNMA	12	-	12	-	-	-	-	-
FHLMC	22	13	22	-	-	-	-	13
FHLB	10	10	10	-	-	-	-	10
GNMA	7	8	7	-	-	-	-	8
All other	59	43	59	-	-	-	-	43
	<u>110</u>	<u>74</u>	<u>110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>
Total investments	110	74	110	-	-	-	-	74
Total cash and investments	<u>\$ 120</u>	<u>\$ 105</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105</u>
Summary of maturities (years):								
0 - 1	-	-	-	-	-	-	-	-
1 - 5	9	-	9	-	-	-	-	-
5 - 10	89	54	89	-	-	-	-	54
10+	12	20	12	-	-	-	-	20
	<u>\$ 110</u>	<u>\$ 74</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74</u>

Investments (NYREDHC)

	<u>Total</u>		<u>Restricted</u>		<u>Capital funds</u>		<u>Unrestricted</u>	
	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>
	(in millions)							
Cash and investments:								
Cash and cash equivalents	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -
U.S. government:								
U.S. Treasury bills	-	-	-	-	-	-	-	-
U.S. Treasury notes	-	-	-	-	-	-	-	-
Other debt securities:								
FNMA	7	-	-	-	-	-	7	-
FHLMC	35	-	-	-	-	-	35	-
FHLB	-	-	-	-	-	-	-	-
GNMA	47	-	-	-	-	-	47	-
All other	5	-	-	-	-	-	5	-
	<u>94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>-</u>
Total investments	94	-	-	-	-	-	94	-
Total cash and investments	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ -</u>
Summary of maturities (years):								
0 - 1	-	-	-	-	-	-	-	-
1 - 5	10	-	-	-	-	-	10	-
5 - 10	22	-	-	-	-	-	22	-
10+	62	-	-	-	-	-	62	-
	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94</u>	<u>\$ -</u>

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(7) Capital Assets

The following schedule summarizes the capital assets activity of the Authority for the year ended December 31, 2024.

Capital Assets (NYPA and Canals)

	December 31, 2023			December 31, 2024
	Beginning balance	Additions	Retirements/Transfers	Ending balance
	(in millions)			
Non-depreciable capital assets:				
Land	\$ 193	\$ -	\$ -	\$ 193
Construction in progress	538	459	(320)	677
Total Non-depreciable capital assets	<u>731</u>	<u>459</u>	<u>(320)</u>	<u>870</u>
Depreciable capital assets:				
Production - Hydro	2,480	38	(21)	2,497
Production - Gas turbine/combined cycle	1,263	14	(1)	1,276
Transmission	2,869	119	(68)	2,920
General	1,696	125	(51)	1,770
Energy Storage	35	-	-	35
Canal System	1,004	36	(6)	1,034
Total Depreciable capital assets	<u>9,347</u>	<u>332</u>	<u>(147)</u>	<u>9,532</u>
Less accumulated depreciation for:				
Production - Hydro	1,081	52	(5)	1,128
Production - Gas turbine/combined cycle	926	33	-	959
Transmission	1,392	58	(1)	1,449
General	597	121	(39)	679
Energy Storage	3	4	-	7
Canal System	358	41	(6)	393
Total accumulated depreciation	<u>4,357</u>	<u>309</u>	<u>(51)</u>	<u>4,615</u>
Net value of Depreciable capital assets	<u>4,990</u>	<u>23</u>	<u>(96)</u>	<u>4,917</u>
Net value of all assets	<u>\$ 5,721</u>	<u>\$ 482</u>	<u>\$ (416)</u>	<u>\$ 5,787</u>

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Capital Assets (SFP)

	<u>December 31, 2023</u> <u>Beginning balance</u>	<u>Additions</u>	<u>Retirements/Transfers</u>	<u>December 31, 2024</u> <u>Ending balance</u>
	(in millions)			
CWIP:				
CEEC	\$ -	\$ 10	\$ (10)	\$ -
Smart Path	-	3	(3)	-
Smart Path Connect	270	311	(116)	465
Land:				
CEEC	27	-	-	27
Transmission-EPIS:				
CEEC	197	10	-	207
Smart Path	477	3	-	480
Smart Path Connect	216	116	-	332
Total SFP	<u>\$ 1,187</u>	<u>\$ 453</u>	<u>\$ (129)</u>	<u>\$ 1,511</u>

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The following schedule summarizes the capital assets activity of the Authority for the year ended December 31, 2023.

Capital Assets (NYPA and Canals)

	<u>December 31, 2022</u>				<u>December 31, 2023</u>
	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements/Transfers</u>		<u>Ending balance</u>
	(in millions)				
Non-depreciable capital assets:					
Land	\$ 193	\$ -	\$ -		\$ 193
Construction in progress	834	670	(966)		538
Total Non-depreciable capital assets	<u>1,027</u>	<u>670</u>	<u>(966)</u>		<u>731</u>
Depreciable capital assets:					
Production - Hydro	2,449	31	-		2,480
Production - Gas turbine/combined cycle	1,251	12	-		1,263
Transmission	2,715	223	(69)		2,869
General	1,653	143	(100)		1,696
Energy Storage	-	35	-		35
Canal System	977	27	-		1,004
Total Depreciable capital assets	<u>9,045</u>	<u>471</u>	<u>(169)</u>		<u>9,347</u>
Less accumulated depreciation for:					
Production - Hydro	1,030	51	-		1,081
Production - Gas turbine/combined cycle	893	33	-		926
Transmission	1,413	48	(69)		1,392
General	609	88	(100)		597
Energy Storage	-	3	-		3
Canal System	311	47	-		358
Total accumulated depreciation	<u>4,256</u>	<u>270</u>	<u>(169)</u>		<u>4,357</u>
Net value of Depreciable capital assets	<u>4,789</u>	<u>201</u>	<u>-</u>		<u>4,990</u>
Net value of all assets	<u>\$ 5,816</u>	<u>\$ 871</u>	<u>\$ (966)</u>		<u>\$ 5,721</u>

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Capital Assets (SFP)

	December 31, 2022				December 31, 2023
	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements/Transfers</u>		<u>Ending balance</u>
		(in millions)			
CWIP:					
CEEC	\$ 166	\$ 31	\$ (197)		\$ -
Smart Path	14	46	(60)		-
Smart Path Connect	-	486	(216)		270
Land:					
CEEC	-	27	-		27
Transmission-EPIS:					
CEEC	-	197	-		197
Smart Path	417	60	-		477
Smart Path Connect	-	216	-		216
Total SFP	<u>\$ 597</u>	<u>\$ 1,063</u>	<u>\$ (473)</u>		<u>\$ 1,187</u>

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(8) Long-Term and Short-Term Debt

General Resolution Long-Term and Short-Term Debt (NYPA and Canals)

	<u>Amount 2024</u>	<u>Amount 2023</u>	<u>Interest Rate (a)</u>	<u>Maturity</u>	<u>Earliest redemption date prior to maturity</u>
	(in millions)				
General Resolution Senior debt:					
Revenue Bonds (Tax-Exempt):					
Series 2020A Revenue Bonds:					
Term Bonds	\$ 1,121	\$ 1,121	3.25% to 4.00%	11/15/2045 - 2060	** 5/15/2030
Series 2024A Revenue Bonds:					
Serial Bonds	382	-	5.00%	11/15/2030 - 2044	** 11/15/2034
Term Bonds	68	-	4.00%	11/15/2049 - 2054	** 11/15/2034
Revenue Bonds (Taxable):*					
Series 2003A Revenue Bonds:					
Term Bonds	-	117	5.649% to 5.749%	11/15/2028 - 2033	** Any date
Series 2007B Revenue Bonds:					
Term Bonds	-	122	5.905%	11/15/2037	** Any date
Series 2020B Revenue Bonds:					
Term Bonds	114	114	2.818%	11/15/2039	** Any date
	<u>1,685</u>	<u>1,474</u>			
Add: unamortized premium and discount	<u>120</u>	<u>60</u>			
Long-term senior debt	1,805	1,534			
Less: due within one year	<u>-</u>	<u>15</u>			
Long-term senior debt, net of due within one year	<u>\$ 1,805</u>	<u>\$ 1,519</u>			

(a) interest rate at issuance

* All outstanding taxable term bonds are subject to Make-Whole Call provisions

** Bonds are subject to sinking fund provisions

Note: Interest on Series 2003A, 2007B, and 2020B Revenue Bonds and Subordinated Notes, Series 2012 and Subordinated Notes, Series 2017 is not excluded from gross income for bondholders' Federal income tax purposes.

On December 27, 2023, the Authority deposited with The Bank of New York Mellon, as Trustee for its \$88 million Series 2007B Revenue Bonds maturing November 15, 2043 (the "Defeased Bonds") issued under Authority's General Bond Resolution, \$108 million consisting of cash and non-callable direct obligations of the United States the principal of and interest on which when due, together with any portions of such money held, are sufficient to pay when due the maturing principal of and interest due on the Defeased Bonds. The securities were acquired with only existing resources and deposited in an irrevocable trust fund ("Escrow Fund") with the Trustee. The Defeased Bonds are deemed to have been paid with the establishment of the Escrow Fund and are in compliance with the other applicable provisions of the General Bond Resolution. The defeasance generated \$17 million of present value savings or 19%. In total, the Authority eliminated \$181 million of future principal and interest at a cost of \$108 million.

On May 22, 2024, the Authority deposited with The Bank of New York Mellon, as Trustee, for its outstanding \$108 million Revenue Bonds, Series 2003A, \$116 million Revenue Bonds Series 2007B, \$15 million Subordinated Notes, Series 2012, and \$20 million Subordinated Notes Series 2017 (the "Defeased Bonds and Subordinated Notes") issued under Authority's General Bond Resolution, \$275 million consisting of cash and non-callable direct obligations of the United States the principal of and interest on which when due, together with any portions of such money held, are sufficient to pay when

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due the maturing principal of and interest due on the Defeased Bonds and Subordinated Notes. The securities were acquired with only existing resources and deposited in irrevocable trust funds (“Escrow Funds”) with the Trustee. The Defeased Bonds and Subordinated Notes are deemed to have been paid with the establishment of the Escrow Funds and are in compliance with the other applicable provisions of the General Bond Resolution. The defeasance generated \$21 million of present value savings. In total, the Authority eliminated \$368 million of future scheduled principal and interest payments on the Defeased Bonds and Subordinated Notes at a cost of \$275 million.

As referred to in the “Summary of Consolidated Revenues, Expenses and Changes in Net Position” section in the MD&A, In October 2024, the Authority issued \$450 million in Revenue Bonds, Series 2024 A (Green Bonds) (“2024 A Bonds”), marking its second green bond issuance under the General Bond Resolution. The 2024 A Bonds were designated as “Green Bonds” by the Authority due to the expected environmental benefits of the projects financed with the proceeds of the 2024 A Bonds. The purpose of the “Green Bonds” designation is to inform investors that bond proceeds are intended to be used to support environmentally beneficial projects.

Sustainalytics, a leading provider of environmental, social and governance and corporate governance research and ratings to investors evaluated and verified that the projects that will be funded with the proceeds of the 2024 A Bonds are aligned with the Authority’s Green Bond Framework as the Authority anticipates the proceeds of the 2024 A Bonds will be applied exclusively for a project and activity that promote climate or other environmentally sustainable purposes in alignment with the with the four core components of the Green Bond Principles 2022, published June 2022 by the International Capital Market Association.

On issuance of the 2024 A Bonds, NYPA raised \$62 million, capitalized interest, for interest payments related to these bonds.

The General Resolution Revenue Bonds outstanding as of December 31, 2024, have an average coupon rate of 4.10% (average yield rate of 3.13%) and mature through 2060. The General Resolution Revenue Bonds outstanding as of December 31, 2023, had an average coupon rate of 4.18% (average yield rate of 3.64%) and mature through 2060.

As indicated in Note 5 “Authority’s Bond Resolutions and Related Matters” of the notes to the consolidated financial statements, NYPA has pledged future revenues to service the Obligations and Parity Debt (Revenue Bonds) issued under the General Bond Resolution. The total principal and interest remaining to be paid on the General Resolution Revenue Bonds is \$3.2 billion as of December 31, 2024. Interest expense in 2024 was \$58 million. The total principal and interest remaining to be paid on the Revenue Bonds was \$3 billion as of December 31, 2023. Interest expense in 2023 was \$66 million.

General Resolution Revenue Bonds are subject to redemption prior to maturity in whole or in part as provided in the supplemental resolutions authorizing the issuance of each series of bonds, beginning for each series on the date indicated in the table above, at principal amount or at various redemption prices according to the date of redemption, together with accrued interest to the redemption date.

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Maturities and Interest Expense:	<u>Revenue bonds</u> (in millions)		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending December 31:			
2025	\$ -	\$ 71	\$ 71
2026	-	69	69
2027	-	69	69
2028	-	69	69
2029 - 2033	131	336	467
2034 - 2038	216	296	512
2039 - 2043	265	247	512
2044 - 2048	306	187	493
2049 - 2053	336	123	459
2054 - 2058	307	57	364
2059 - 2063	124	7	131
	1,685	1,531	3,216
Plus: unamortized bond premium	120	-	120
Total	\$ 1,805	\$ 1,531	\$ 3,336

Transmission Resolution Long-Term Debt (Separately Financed Projects)

	<u>Amount</u> <u>2024</u>	<u>Amount</u> <u>2023</u>	<u>Interest Rate (a)</u>	<u>Maturity</u>	<u>Earliest redemption</u> <u>date prior to maturity</u>
	(in millions)				
Series 2022A Transmission Revenue Bonds:					
Serial bonds	\$ 321	\$ 337	4.000% to 5.000%	11/15/2024 to 11/15/2042	11/15/2031
Term bonds	271	271	3.875% to 4.000%	11/15/2047 to 11/15/2061*	11/15/2031
Principal amount outstanding	592	608			
Series 2023A Transmission Revenue Bonds:					
Serial bonds	367	367	5.000% to 5.250%	11/15/2026 to 11/15/2043	11/15/2033
Term bonds	367	367	5.000% to 5.125%	11/15/2048 to 11/15/2063*	11/15/2033
Principal amount outstanding	734	734			
Add: unamortized premium and discount	\$61	\$65			
Long-term SFP debt	1,387	1,407			
Less: due within one year	20	16			
Long-term SFP debt, net of due within one year	\$ 1,367	\$ 1,391			

(a) interest rate at issuance

* Bonds are subject to sinking fund provisions

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The Transmission Resolution Revenue Bonds outstanding as of December 31, 2024, have an average coupon rate of 4.74% (average yield rate of 3.95%) and mature through 2063. The Transmission Resolution Revenue Bonds outstanding as of December 31, 2023, had an average coupon rate of 4.74% (average yield rate of 3.92%) and mature through 2063. As indicated in the “Transmission Bond Resolution Related Matters” section in Note 5 of the notes to the consolidated financial statements, NYPA has pledged future revenues generated by the assets that are funded by the bond proceeds to service the Obligations issued under the Transmission Bond Resolution. The total principal and interest remaining to be paid on the Transmission Resolution Revenue Bonds is \$2.5 billion as of December 31, 2024. Interest expense in 2024 was \$64 million for the Transmission Resolution Revenue Bonds. The total principal and interest remaining to be paid on the Transmission Resolution Revenue Bonds was \$2.6 billion as of December 31, 2023. Interest expense in 2023 was \$31 million for the Transmission Resolution Revenue Bonds. On the issuance of the Series 2023A Bonds, NYPA raised \$42 million for interest expense payments related to these bonds, \$30 million of which was used for interest expense in 2024.

Maturities and Interest Expense:

Transmission Resolution Revenue Bonds
(in millions)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending December 31:			
2025	\$ 20	\$ 63	\$ 83
2026	34	62	96
2027	57	60	117
2028	56	57	113
2029 - 2033	184	253	437
2034 - 2038	178	209	387
2039 - 2043	175	168	343
2044 - 2048	171	128	299
2049 - 2053	165	90	255
2054 - 2058	157	53	210
2059 - 2063	129	17	146
	<hr/> 1,326	<hr/> 1,160	<hr/> 2,486
Plus: unamortized bond premium	61	-	61
Total	<hr/> \$ 1,387	<hr/> \$ 1,160	<hr/> \$ 2,547

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General Resolution Subordinate Debt:

- (a) **Subordinate Notes**- In 2016, the Authority’s Trustees authorized the issuance of Subordinated Notes, Series 2017 (Subordinated Notes, Series 2017) and in 2012, the Authority’s Trustees authorized the issuance of Subordinated Notes, Series 2012 (Subordinated Notes, Series 2012), in a principal amount not to exceed \$30 million for each note for the purpose of accelerating the funding for the State Parks Greenway Fund, which was established pursuant to the Niagara Relicensing Settlement entered into by the Authority and the New York State Office of Parks, Recreation & Historic Preservation in connection with the Niagara Project’s relicensing. These Subordinated Notes, Series 2017 and Series 2012, are subordinate to the Revenue Bonds Series 2003A, the Series 2007B, and the Series 2020A and 2020B. As stated above, on May 22, 2024, the Authority defeased \$15 million Subordinated Notes, Series 2012, and \$20 million Subordinated Notes Series 2017 (the “Defeased Subordinated Notes”) issued under Authority’s General Bond Resolution.

	Amount 2024	Amount 2023	Interest Rate (a)	Maturity	Earliest redemption date prior to maturity
	(in millions)				
Subordinate debt:*					
Subordinated Notes, Series 2017	\$ -	\$ 21	3.466% to 4.272%	2027 to 2041	** N/A
Subordinated Notes, Series 2012	-	16	2.850% to 4.050%	2024 to 2037	** N/A
	-	37			
Less: due within one year	-	2			
Long-term subordinate debt, net of due within one year	\$ -	\$ 35			

(a) interest rate at issuance

* All outstanding subordinated notes are taxable

** Bonds are subject to sinking fund provisions

- (b) **Commercial Paper**- Under the Extendible Municipal Commercial Paper (“EMCP”) Note Resolution, adopted December 17, 2002, and as subsequently amended and restated, NYPA may issue a series of notes, designated EMCP Notes, Series 1, maturing not more than 270 days from the date of issue, up to a maximum amount outstanding at any time of \$200 million (“EMCP” Notes). There are no outstanding notes under the EMCP program as of December 31, 2024 and 2023.

Under the provisions of the Second Amended and Restated Resolution Authorizing Commercial Paper Notes, adopted by NYPA on March 30, 2021, and the Certificate of Determination dated February 21, 2024, NYPA may issue from time to time a separate series of notes (“CP Notes”) maturing not more than 270 days from the date of issue, up to a maximum amount outstanding at any time of \$450 million (Series 1 CP Notes), \$250 million (Series 2 CP Notes), \$250 million (Series 3B CP Notes). Series 3A and Series 4 currently have zero allocated. There were no Series 3A, Series 3B, and Series 4 CP Notes outstanding as of December 31, 2024 and 2023. NYPA intends to use the proceeds of the Series 1, certain Series 2, and Series 3A and 3B CP Notes to finance the Authority’s current and future energy efficiency programs and for other corporate purposes.

NYPA determines the rate for each rate period which is the minimum rate necessary to remarket the notes at par in the Dealer’s opinion.

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Market access risk – NYPA remarkets its CP Notes on a continuous basis. Should the market experience a disruption or dislocation, NYPA may be unable to remarket its Notes for a period of time. To mitigate this risk, NYPA has entered into two liquidity facilities with highly rated banks to provide loans to support the CP Note programs.

NYPA has a line of credit under a 2019 Revolving Credit Agreement (the “2019 RCA”), with a syndicate of banks, to provide liquidity support for the Series 1, Series 2, and Series 3A CP Notes, under which NYPA may borrow up to \$700 million in aggregate principal amount outstanding at any time for certain purposes, including the repayment of the Series 1, Series 2, and Series 3A CP Notes. The 2019 RCA was extended by amendment to October 9, 2026. As of December 31, 2024 and 2023, there were no outstanding borrowings under the 2019 RCA.

NYPA has a Revolving Credit Agreement (the “2020 RCA”) and Note Purchase Agreement (the “Note Purchase Agreement”) effective April 22, 2020, each between NYPA, and a single bank as Administrative Agent and sole lender thereunder (collectively the “Hybrid Credit Agreement”). NYPA is able to borrow up to \$250 million in aggregate principal amount outstanding at any time under the Hybrid Credit Agreement. NYPA is able to borrow amounts under the 2020 RCA for the repayment of the Series 3B and Series 4 CP Notes. Under the Note Purchase Agreement, NYPA may issue Direct Purchase Notes to the lender thereunder or request the issuance of Letters of Credit, subject to a sublimit of up to \$150 million. As of December 31, 2024, NYPA had no outstanding amount under its Hybrid Credit Agreement. NYPA and JPMorgan have executed an amendment to extend the Hybrid Credit Agreements for an additional three-year period. The Revolving Credit Agreement and Note Purchase Agreement expire on April 10, 2026.

As of December 31, 2024 and 2023, NYPA had no outstanding balance on account of Direct Purchase Note under its Note Purchase Agreement connected to its Hybrid Credit Agreements.

The CP Notes, EMCP Notes, and Direct Purchase Notes are subordinate to the Revenue Bonds Series 2024 A, 2020 A, and 2020 B.

Interest on the Series 3A and 3B CP Notes is subject to taxation for Federal income tax purposes.

CP Notes (short-term portion) outstanding were as follows:

<u>Authorized</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Allocated</u>	<u>Outstanding</u>	<u>Allocated</u>	<u>Outstanding</u>
	(in millions)		(in millions)	
CP Notes (Series 1)	\$450	\$350	\$225	\$100
CP Notes (Series 2)	250	88	275	127
CP Notes (Series 3A)	-	-	300	-
CP Notes (Series 3B)	250	-	150	-
CP Notes (Series 4)	-	-	-	-

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The changes in short-term debt are as follows:

Year:	<u>Beginning Balance-</u> <u>January</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance-</u> <u>December</u>
		(in millions)		
2023	\$ 179	\$ 139	\$ 91	\$ 227
2024	\$ 227	\$ 273	\$ 62	\$ 438

Debt Service coverage (“DSCR”)

NYPA calculates the debt service coverage ratio based on EBIDA. All debt-related principal and interest payments are included for coverage.

For 2024, interest of \$30 million was funded with proceeds from Series 2023A Bonds which has been reduced from the total debt service in the calculation for Transmission Bond Resolution DSCR as stated below.

DSCR for NYPA’s General Bond Resolution for 2024 was 6.43x excluding Separately Financed Project (“SFP”).

For the Transmission Bond Resolution, DSCR was 3.54x for the bond year ending November 15, 2024.

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(9) Changes in Noncurrent Liabilities

Changes in the Authority's noncurrent liabilities for the year ended December 31, 2024, are comprised of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Maturities/ refundings and other</u> (in millions)	<u>Ending balance</u>	<u>Due within one year</u>
General Resolution :					
Senior debt:					
Revenue bonds	\$ 1,459	\$ 450	\$ 224	\$ 1,685	\$ -
Subtotal	<u>1,459</u>	<u>450</u>	<u>224</u>	<u>1,685</u>	<u>-</u>
Subordinate debt:					
Subordinated Notes, Series 2017	18	-	18	-	-
Subordinated Notes, Series 2012	17	-	17	-	-
Commercial paper	-	-	-	-	-
Subtotal	<u>35</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>
Net unamortized discounts/premiums and deferred losses					
	<u>60</u>	<u>64</u>	<u>4</u>	<u>120</u>	<u>-</u>
Total debt, net of unamortized discounts/premiums and deferred losses	<u>1,554</u>	<u>514</u>	<u>263</u>	<u>1,805</u>	<u>-</u>
Other noncurrent liabilities:					
Disposal of nuclear fuel	245	13	-	258	-
Relicensing	223	-	-	223	-
Other	<u>357</u>	<u>70</u>	<u>70</u>	<u>357</u>	<u>-</u>
Total other noncurrent liabilities	<u>825</u>	<u>83</u>	<u>70</u>	<u>838</u>	<u>-</u>
Total noncurrent liabilities (excluding SFP)	<u>2,379</u>	<u>597</u>	<u>333</u>	<u>2,643</u>	<u>-</u>
Separate Revenue Bonds (SFP)					
Series 2022A Transmission Revenue Bonds	592	-	20	572	20
Series 2023A Transmission Revenue Bonds	<u>734</u>	<u>-</u>	<u>-</u>	<u>734</u>	<u>-</u>
Subtotal	<u>1,326</u>	<u>-</u>	<u>20</u>	<u>1,306</u>	<u>20</u>
Net unamortized discounts/premiums and deferred losses					
	<u>65</u>	<u>-</u>	<u>4</u>	<u>61</u>	<u>-</u>
Total debt, net of unamortized discounts/premiums and deferred losses	<u>1,391</u>	<u>-</u>	<u>24</u>	<u>1,367</u>	<u>20</u>
Total noncurrent liabilities (including SFP)	<u>\$ 3,770</u>	<u>\$ 597</u>	<u>\$ 357</u>	<u>\$ 4,010</u>	<u>\$ 20</u>

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Changes in the Authority's noncurrent liabilities for the year ended December 31, 2023, are comprised of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Maturities/ refundings and other</u> (in millions)	<u>Ending balance</u>	<u>Due within one year</u>
General Resolution:					
Senior debt:					
Revenue bonds	\$ 1,562	\$ -	\$ 103	\$ 1,459	\$ 15
Subtotal	<u>1,562</u>	<u>-</u>	<u>103</u>	<u>1,459</u>	<u>15</u>
Subordinate debt:					
Subordinated Notes, Series 2017	20	-	2	18	1
Subordinated Notes, Series 2012	18	-	1	17	1
Commercial paper	-	-	-	-	-
Subtotal	<u>38</u>	<u>-</u>	<u>3</u>	<u>35</u>	<u>2</u>
Net unamortized discounts/premiums and deferred losses					
Total debt, net of unamortized discounts/premiums and deferred losses	<u>62</u>	<u>-</u>	<u>2</u>	<u>60</u>	<u>-</u>
Other noncurrent liabilities:					
Disposal of nuclear fuel	233	12	-	245	-
Relicensing	225	-	2	223	-
Other	198	192	33	357	-
Total other noncurrent liabilities	<u>656</u>	<u>204</u>	<u>35</u>	<u>825</u>	<u>-</u>
Total noncurrent liabilities (excluding SFP)	<u>2,318</u>	<u>204</u>	<u>143</u>	<u>2,379</u>	<u>17</u>
Separate Revenue Bonds (SFP)					
Series 2022A Transmission Revenue Bonds	608	-	16	592	16
Series 2023A Transmission Revenue Bonds	-	734	-	734	-
Subtotal	<u>608</u>	<u>734</u>	<u>16</u>	<u>1,326</u>	<u>16</u>
Net unamortized discounts/premiums and deferred losses					
Total debt, net of unamortized discounts/premiums and deferred losses	<u>51</u>	<u>14</u>	<u>-</u>	<u>65</u>	<u>-</u>
Total noncurrent liabilities (including SFP)	<u>\$ 2,977</u>	<u>\$ 952</u>	<u>\$ 159</u>	<u>\$ 3,770</u>	<u>\$ 33</u>

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(10) Risk Management of Commodity Hedging Activities

Overview

The Authority deploys a robust risk management program spanning its enterprise and operational risk profile. To support the execution of the strategic vision, established governance processes assess exposures and call for corresponding risk informed decisions that mitigate, transfer, accept, or avoid risks.

A key aspect of the Authority's risk management program is to address risk and volatility on cash flows associated with energy, fuel, capacity and certain non-energy commodity prices. Through its participation in the NYISO and commodity markets, the Authority is subject to energy, fuel, capacity and certain non-energy commodity price uncertainty that impact the revenue of its facilities and customer market areas. Such market volatility can potentially have adverse effects on the Authority's financial condition. To mitigate potential adverse effects and to moderate cost impacts to its customers (many of the Authority's customer contracts provide for the complete or partial pass-through of these costs), the Authority manages market risks by utilizing financial derivative instruments and/or physical forward contracts. These instruments mitigate the volatility in the cost of energy or related products needed to meet customer needs; the risk related to the price of energy and related products sold; the risk related to margins (electric sales versus fuel use) where the Authority owns generation or other capacity; and to mitigate geographic cost differentials of energy procured or sold for transmission or transportation to an ultimate location. Commodities to be hedged include, but are not limited to, energy, capacity, congestion costs associated with the transmission of electricity, natural gas and natural gas basis, and non-energy commodities.

To achieve the risk management program objectives, the Authority's Trustees have authorized the use of various derivative instruments for hedging purposes that are considered derivatives under GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53").

The fair values of all Authority derivative instruments are reported in current and noncurrent assets or liabilities on the consolidated statement of net position as risk management activities to manage commercial risk. For designated derivative instruments, changes in the fair values are deferred and classified as deferred outflows or inflows on the consolidated statement of net position. The fair value for over the counter and exchange-traded energy, fuel, capacity, and non-energy commodity derivative instruments are determined by prices published by Standard & Poor's Global Platt's ("Platts"), market sources and/or pricing models.

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Derivative Instruments

The following table shows the fair value of outstanding financial derivative instruments as of December 31, 2023, and December 31, 2024 and changes in fair value during the year ended December 31, 2024.

Derivative instrument description	Fair value balance December 31, 2023	Net change in fair value (in millions)	Fair value balance December 31, 2024	Type of hedge or transaction	Financial statement classification for changes in fair value	Notional amount December 31, 2024	Unit of measure
Energy swaps/futures (sales) \$	(33)	\$ 15	\$ (18)	Cash flow	Deferred outflow	(4,116,830)	MWh
Energy swaps (purchases)	(2)	2	-	Cash flow	Deferred inflow	119,512	MWh
Energy capacity futures	(5)	5	-	Cash flow	Deferred outflow	0	KWm
Fuel forwards/swaps	-	-	-	Cash flow	Deferred inflow	416,640	MMBTU
Non-energy commodity swap:	4	(6)	(2)	Cash flow	Deferred outflow	(36,000)	MT
Non-energy options	6	(2)	4	Cash flow	Deferred inflow	(36,500)	MT
Totals	<u>\$ (30)</u>	<u>\$ 14</u>	<u>\$ (16)</u>				

Energy swaps and futures –The Authority transacts energy swaps and futures to manage the revenue stream from forecasted generation. Net settlement payments were \$2 million in 2024, and net settlement receipts were \$1 million in 2023.

Energy capacity futures – The Authority transacts capacity swaps and futures intended to mitigate the volatility of market prices for transactions in NYISO markets. Net settlement receipts were \$44 million in 2024, and net settlement payments were \$20 million in 2023.

Fuel futures and swaps – The Authority, at times, has outstanding natural gas forward contracts. Net settlement payments were \$0 million and \$1 million in 2024 and 2023, respectively.

Non-energy commodities swaps – The Authority transacts certain non-energy commodities swaps to mitigate the volatility of specific commodity markets affecting revenues received from certain customers' energy supply contracts. Net settlement receipts were \$5 million in both 2024 and 2023.

Non-energy commodities options – The Authority transacts certain non-energy options to mitigate the volatility of specific commodity markets affecting revenues received from certain customers' energy supply contracts. Premium payments were \$4 million and \$3 million during 2024 and 2023, respectively. Settlement receipts were \$5 million and \$15 million in 2024 and 2023, respectively.

Other – Over the lifetime of each outstanding energy derivative instrument certain derivative instruments may become ineffective due to changes in the hedged item. The change in fair market value of such derivative instruments would be recognized as other nonoperating charges or credits in the statements of revenues, expenses, and changes in net position. In 2024 and 2023, derivative instruments were determined to be effective.

Counterparty Credit Risk

The Authority imposes thresholds, based upon agency-published credit ratings and/or analysis, for unsecured credit that can be extended to counterparties in support of the Authority's commodity derivative transactions. The thresholds are established in credit support agreements with counterparties and require collateralization of mark-to-market values in excess of the thresholds.

Based upon the fair values as of December 31, 2024, and 2023, the Authority's individual or aggregate exposure to derivative instrument counterparty credit risk is not significant.

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Other Considerations

The Authority at certain times, may be exposed to any of the following risks:

Basis risk – The Authority is exposed to basis risk through a portion of its electrical commodity-based swaps where the electrical commodity swap payments received are based upon a reference price in a NYISO Market Zone that differs from the Zone in which the hedged electric energy load is forecasted. If the correlation between these Zones' prices should change, the Authority may be exposed as a result of the inability of the electrical commodity swaps to offset the delivery price of the related energy. Positions are monitored and re-balanced as needed, to manage basis risk.

Termination risk – The Authority or its counterparties may terminate a derivative instrument if either party fails to perform under the terms of the agreement. The risk that such termination may occur at a time which may be disadvantageous to the Authority has been mitigated by including certain terms in these agreements by which the counterparty has the right to terminate only as a result of certain events, which includes a payment default by the Authority; other Authority defaults which remain uncured within a defined time-frame after notice; bankruptcy or insolvency of the Authority (or similar events); or a downgrade of the Authority's credit rating below investment grade. If at the time of termination, the Authority has a liability position related to its hedging derivative instruments, the Authority would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

(11) Fair Value Measurements

GASB Statement No. 72 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

The fair value hierarchy prioritizes the inputs used to measure fair value into three broad Levels (Levels 1, 2, and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3. A financial instrument's level within the fair value hierarchy (where Level 1 is the highest and Level 3 is the lowest) is based on the lowest level of any input that is significant to the fair value measurement. The categorization of a financial instrument within the fair value hierarchy is based upon pricing transparency and is not necessarily an indication of the Authority's perceived risk of that financial instrument.

The following describes the fair value hierarchy of inputs used by the Authority to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 – quoted prices for identical assets or liabilities in active markets that the Authority can access at the measurement date.
- Level 2 – quoted prices other than quoted prices included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 – pricing inputs are unobservable for the asset or liability and may rely on inputs using the best available data under the circumstances, including the Authority's own data.

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The following describes the valuation methodologies used by the Authority for assets and liabilities measured at fair value:

- U.S. government obligations – The fair value is based on institutional bond quotes and evaluations based on various market data/inputs.
- U.S. government agencies and instrumentalities – The fair value of government agencies and instrumentalities are based on institutional bond quotes and evaluations based on various market and industry inputs.
- Corporate obligations – The fair value is based on institutional bond quotes and evaluations on various market and industry inputs.
- Derivative instruments – The Authority hedges market risks through the use of derivative instruments. Derivative instruments are traded on both exchange-based and non-exchange-based markets. A detailed disclosure on derivatives is included in Note 10 “Risk Management and Hedging Activities” of notes to the consolidated financial statements.
 - The fair values for over the counter and/or exchange-traded derivative instruments are determined by the latest end-of-trading-month forward prices over the lifetime of each outstanding derivative instrument using prices published by Platts, market sources and/or internal pricing models.

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The following tables summarize the Authority's outstanding assets and liabilities, of which there are no Level 3, within the fair value hierarchy at December 31, 2024 and December 31, 2023, respectively:

Fair Value Measurements (NYPA and Canals)

	Fair Value Measurements							
	(in millions)							
	Total		Level 1		Level 2		Level 3	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Assets								
Cash and cash equivalents	\$ 360	\$ 315	\$ 360	\$ 315	\$ -	\$ -	\$ -	\$ -
Treasury bills	203	221	203	155	-	66	-	-
Treasury notes	356	132	338	132	18	-	-	-
Federal agency securities:								
FAMCA	10	-	-	-	10	-	-	-
FFCB	60	-	-	-	60	-	-	-
FHLB	79	140	-	15	79	125	-	-
FHLMC	94	119	-	-	94	119	-	-
FNMA	116	111	-	-	116	111	-	-
GNMA	113	161	-	-	113	161	-	-
Municipal bonds	58	10	-	-	58	10	-	-
All other	229	224	229	158	-	66	-	-
Total cash and investments at fair value	\$ 1,678	\$ 1,433	\$ 1,130	\$ 775	\$ 548	\$ 658	\$ -	\$ -
Derivative instruments (a):								
Energy swaps/futures	18	35	-	-	18	35	-	-
Non-energy swaps/options	3	5	-	-	3	5	-	-
Total derivative assets at fair value	21	40	-	-	21	40	-	-
Total assets at fair value	\$ 1,699	1,473	\$ 1,130	\$ 775	\$ 569	698	\$ -	\$ -
Liabilities								
Derivative instruments (a):								
Non-energy swaps/options	4	10	-	-	4	10	-	-
Total derivative liabilities at fair value	4	10	-	-	4	10	-	-
Total liabilities at fair value	\$ 4	\$ 10	\$ -	\$ -	\$ 4	\$ 10	\$ -	\$ -

(a) The accounting rules for fair value measurements and disclosures require consideration of the impact of nonperformance risk (including credit risk) from a market participant perspective in the measurement of the fair value of assets and liabilities. At December 31, 2024, and 2023, the Authority determined that nonperformance risk would have no material impact on the financial position or results of operations.

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Fair Value Measurements (SFP)

	Fair Value Measurements							
	(in millions)							
	Total		Level 1		Level 2		Level 3	
	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>
Assets								
Cash and cash equivalents	\$ 51	\$ 134	\$ 51	\$ 134	\$ -	\$ -	\$ -	\$ -
Treasury note	19	56	14	56	5	-	-	-
Federal agency securities:								
FFCB	7	-	-	-	7	-	-	-
FHLB	90	285	-	-	90	285	-	-
FHLMC	1	-	-	-	1	-	-	-
Total cash and investments at fair value	\$ 168	\$ 475	\$ 65	\$ 190	\$ 103	\$ 285	\$ -	\$ -

Fair Value Measurements (Captive)

	Fair Value Measurements							
	(in millions)							
	Total		Level 1		Level 2		Level 3	
	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>
Assets								
Cash and cash equivalents	\$ 10	\$ 31	\$ 10	\$ 31	\$ -	\$ -	\$ -	\$ -
Treasury bills	-	-	-	-	-	-	-	-
Federal agency securities:								
FNMA	12	-	-	-	12	-	-	-
FHLMC	22	13	-	-	22	13	-	-
FHLB	10	10	-	-	10	10	-	-
GNMA	7	8	-	-	7	8	-	-
Municipal bonds	43	23	-	-	43	23	-	-
All other	16	20	16	-	-	20	-	-
Total cash and investments at fair value	\$ 120	\$ 105	\$ 26	\$ 31	\$ 94	\$ 74	\$ -	\$ -

Fair Value Measurements (NYREDHC)

	Fair Value Measurements							
	(in millions)							
	Total		Level 1		Level 2		Level 3	
	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-23</u>
Assets								
Cash and cash equivalents	\$ 4	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -
Treasury bills	-	-	-	-	-	-	-	-
Federal agency securities:								
FNMA	7	-	-	-	7	-	-	-
FHLMC	35	-	-	-	35	-	-	-
FHLB	-	-	-	-	-	-	-	-
GNMA	47	-	-	-	47	-	-	-
Municipal bonds	5	-	-	-	5	-	-	-
All other	-	-	-	-	-	-	-	-
Total cash and investments at fair value	\$ 98	\$ -	\$ 4	\$ -	\$ 94	\$ -	\$ -	\$ -

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(12) Pension Plans

General Information

Substantially all of the Authority's employees participate in the New York State and Local Employees Retirement System ("NYSLERS") and the Public Employees' Group Life Insurance Plan ("the Plan"). These are cost-sharing multiple-employer defined benefit retirement plans.

The NYSLERS uses a tier concept to distinguish membership classes (i.e., tiers 1 through 6) with tier membership based on the date an employee joins the System. The ERS is non-contributory for tiers 1 and 2 employees who joined the NYSLERS on or prior to July 27, 1976. Tiers 3 and 4 employees, who joined the NYSLERS between July 28, 1976, and December 31, 2009, and have less than ten years of service, contribute 3% of their salary. Tier 5 employees who joined the NYSLERS on or after January 1, 2010, contribute 3% of their salary during their entire length of service. Tier 6 employees who joined the NYSLERS on or after April 1, 2012, contribute 3% of their salary through March 31, 2013, and up to 6% thereafter, based on their annual salary, during their entire length of service. Members become vested in the plan after five years of service and generally are eligible to receive benefits at age 55. The benefit is generally 1.67% of final average salary ("FAS") times the number of years of service, for members who retire with less than 20 years of service, and 2% of FAS for members who retire with 20 or more years of service. The NYSLERS provides an annual automatic cost of living adjustment to members or surviving spouses based on certain eligibility criteria.

The NYSLERS and the Plan provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller") serves as sole trustee and administrative head of the NYSLERS and the Plan. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the NYSLERS and the Plan, and for the custody and control of their funds. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers.

The Authority is required to contribute at an actuarially determined rate. The average contribution rates relative to payroll for the NYSLERS fiscal years ended March 31, 2024, and March 31, 2023, were 13% and 11%, respectively. The average contribution rates relative to payroll for the NYSLERS fiscal years ending March 31, 2025, and 2026 have been set at approximately 15% and 16.5%, respectively. The required contributions for 2024 were \$39 million and \$32 million for 2023. The Authority's contributions to the NYSLERS were equal to 100% of the required contributions for each year.

The NYSLERS and the Plan issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244 or may be found on the internet at www.osc.state.ny.us/retire/publications/index.php.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, and December 31, 2023, the Authority reported a liability of \$120 million and \$175 million, respectively, for its proportionate share of the net pension liability within other long-term liabilities. The NYSLERS total pension liability, which was used to calculate the NYSLERS net pension liability, was measured by NYSLERS as of March 31, 2024 (measurement date). The Authority's proportion of the net pension liability was based on a projection of the Authority's long-

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term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability was 0.81% as of March 31, 2024, and March 31, 2023.

For the year ended December 31, 2024, and 2023, the Authority recognized a pension expense of \$52 million and \$62 million, respectively. At December 31, 2024, and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	(in millions)		(in millions)	
Difference between expected and actual experience	\$ 39	\$ 3	\$ 18	\$ 5
Net difference between projected and actual earnings on investments	-	59	-	1
Change of assumptions	45	-	85	1
Difference between employer contributions and proportionate share of contributions	5	4	5	4
Employer contributions subsequent to the measurement date	39	-	32	-
Total	<u>\$ 128</u>	<u>\$ 66</u>	<u>\$ 140</u>	<u>\$ 11</u>

The \$39 million reported as deferred outflows of resources as of December 31, 2024, related to pension resulting from the Authority's contributions subsequent to the measurement date, will be recognized as a decrease in the net pension liability in the year ended December 31, 2025. The \$32 million reported as deferred outflows of resources as of December 31, 2023, related to pension resulting from the Authority's contributions subsequent to the measurement date, was recognized as a decrease in the net pension liability in the year ended December 31, 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources for December 31, 2024, and 2023, related to pension, will be recognized as a debit to pension expenses as follows (in millions):

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Pension Expense Debit (in millions)</u>	<u>Pension Expense Debit (in millions)</u>
<u>Year Ending December</u>		
2024	\$ -	\$ 23
2025	(22)	(9)
2026	23	36
2027	35	47
2028	(13)	-
Total	<u>\$ 23</u>	<u>\$ 97</u>

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Actuarial Assumptions

The NYSLERS total pension liability at March 31, 2024, and 2023 was determined by using the NYSLERS actuarial valuation as of April 1, 2023, and 2022, respectively with updated procedures to roll forward the NYSLERS total pension liability to March 31, 2024, and March 31, 2023, respectively. The following actuarial assumptions were used for the April 1, 2023, and 2022 NYSLERS actuarial valuation:

Actuarial cost method:	Entry age normal
Inflation rate:	2.9%
Salary increases:	4.4% annually
Investment rate of return:	5.9% compounded annually, net of investment expenses
Cost of living adjustments:	1.5% annually

The NYSLERS Annuitant mortality rates are based on April 1, 2015 – March 31, 2020, NYSLERS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

Long-Term Expected Rate of Return

The NYSLERS long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocation	December 31, 2024	December 31, 2023
		Long-term Expected Real Rate	Long-term Expected Real Rate
Domestic Equity	32%	4.00%	4.30%
International Equity	15%	6.65%	6.85%
Private Equity	10%	7.25%	7.50%
Real Estate	9%	4.60%	4.60%
Credit	4%	5.40%	5.43%
Opportunistic/ ARS Portfolio	3%	5.25%	5.38%
Real Asset	3%	5.79%	5.84%
Fixed Income	23%	1.50%	1.50%
Cash	1%	0.25%	0.00%
	<hr/> 100%		

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Discount Rate

The discount rate used to calculate the total pension liability was 5.9 percent for 2024 and 2023. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the NYSLERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9 percent, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.9 percent) or one percentage point higher (6.9 percent) than the current rate:

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
Discount rate	4.9%	5.9%	6.9%	4.9%	5.9%	6.9%
The Authority's proportionate share of the net pension liability/(asset)	\$377 million	\$120 million	\$(95) million	\$422 million	\$175 million	\$(32) million

The NYSLERS actuary has not recommended any future changes to the actuarial assumptions used in the NYSLERS August 2024 and 2023 actuarial valuation reports.

(13) Postemployment Benefits (OPEB), Deferred Compensation and Savings and Voluntary Defined Contribution Plan

NYPA provides certain health care and life insurance benefits for eligible retired employees and their dependents under a single employer noncontributory (except for certain optional life insurance coverage) health care plan ("NYPA OPEB Plan"). Employees and/or their dependents become eligible for these benefits when the employee has reached 55 years of age and has at least 10 years of service and retires or dies while working at NYPA. Salaried employees hired after December 31, 2015, and IBEW employees hired after May 19, 2015, become eligible after 15 years of service. In addition, they will be required to contribute 50% of the active plan contribution; there will be no contribution once the transition takes place to the Medicare advantage plan.

NYPA has an established trust for OPEB obligations ("OPEB Trust"), with the trust to be held by an independent custodian. Plan members are not required to contribute to the OPEB Trust. The OPEB Trust is set up to pay for the exclusive benefit of the OPEB Trust plan participants. The funding of NYPA's OPEB Trust is at the discretion of management. Changes to NYPA OPEB Plan or OPEB Trust agreement are approved by the Authority's Trustees. NYPA made contributions on a pay-as-

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you-go basis in 2024 and 2023 and did not contribute any amount beyond these contributions to the OPEB Trust.

The Canal Corporation provides health care and death benefits for eligible retired employees. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Canal Corporation. The Canal Corporation participates, pursuant to the provision of Section 163(4) of the New York State Civil Service Law, in the New York State Health Insurance Program (“NYSHIP”). NYSHIP does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. To be eligible an employee must (1) retire as a member of Canal Corporation or be at least 55 years old at time of termination; (2) be enrolled in the NYSHIP on date of retirement; and (3) complete at least 10 years of service for the retiree and dependent to have coverage while the employee is living. Ten years of service are needed for continued dependent coverage upon death of the employee. The Plan currently pays a portion of the medical premium cost for retired employees and covered dependents. Additionally, the Plan reimburses retirees and covered dependents for their Medicare Part B premiums.

As of June 30, 2024, measurement date (using December 31, 2023, census information) and June 30, 2023, measurement date (using December 31, 2021, census information), the following current and former employees were covered by the benefit terms, under NYPA Plan. It is assumed that 100% of future retirees who meet the eligibility requirements will participate in NYPA OPEB plan.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Active employees	1,989	1,964
Inactive employees and beneficiaries, receiving and/or entitled to benefits	2,790	2,755
Total	<u>4,779</u>	<u>4,719</u>

As of June 30, 2024, measurement date (using census information as of May 1, 2024) and June 30, 2023, measurement date (using census information as of May 1, 2022), the following current and former employees were covered by the benefit terms, under the Canal Retiree Health Plan. It is assumed that 100% of future retirees who meet the eligibility requirements will participate in the OPEB plan.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Active employees, including opt-out (actives not in medical plan)	449	423
Inactive employees and beneficiaries, receiving and/or entitled to benefits	698	661
Total	<u>1,147</u>	<u>1,084</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, and 2023, the Authority recognized OPEB expense credit of \$(39) million and \$(25) million, respectively. At December 31, 2024, and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Deferred outflows</u>	<u>Deferred inflows</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>
	(in millions)		(in millions)	
Differences between expected and actual experience	\$ 5	\$ 6	\$ 7	\$ 2
Changes in assumptions	2	108	5	122
Investment Earnings	64	62	105	66
Employer contributions subsequent to the measurement date	11	-	11	-
Total	<u>\$ 82</u>	<u>\$ 176</u>	<u>\$ 128</u>	<u>\$ 190</u>

The \$11 million reported as deferred outflows of resources as of December 31, 2024, related to OPEB resulting from the Authority's contributions subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the following year. The \$11 million reported as deferred outflows of resources as of December 31, 2023, related to OPEB resulting from the Authority's contributions subsequent to the measurement date, was recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. The remaining \$105 million and \$73 million reported as net inflows of resources for December 31, 2024, and 2023, respectively, related to OPEB, will be recognized as credit in OPEB expense as follows:

<u>Year Ending December</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>OPEB Expense Credit (in millions)</u>	<u>OPEB Expense Credit (in millions)</u>
2024	\$ -	\$ (36)
2025	(40)	(25)
2026	(15)	-
2027	(25)	(11)
2028	(16)	(1)
2029	(8)	-
2030	(1)	-
Total	<u>\$ (105)</u>	<u>\$ (73)</u>

Net OPEB Liability

The Authority's net OPEB liability (asset) was measured as of June 30, 2024, based on valuation results as of December 31, 2023, for NYPA's plan and May 1, 2024, for the Canal plan, projected to the measurement date on a no gain/loss basis. The Authority's net OPEB liability (asset) was measured as of June 30, 2023, based on valuation results as of December 31, 2021, for NYPA's plan

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and May 1, 2022, for the Canal plan, projected to the measurement date on a no gain/loss basis. The Authority's net OPEB asset of \$213 million and \$112 million as of December 31, 2024, and 2023, respectively, is recorded in other long-term assets in the Authority's consolidated statement of net position.

The following table shows the components of the Authority's changes in its total OPEB liability, the OPEB fiduciary net position, and the net OPEB (asset) during the measurement period ending June 30, 2024, and 2023.

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	Plan			Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (asset)	Total OPEB Liability	Fiduciary Net Position	Net OPEB (asset)
	Increase (Decrease) (in millions)			Increase (Decrease) (in millions)		
Balance - beginning of year	\$ 635	\$ 747	\$ (112)	\$ 609	\$ 683	\$ (74)
Service cost	14	-	14	14	-	14
Interest	45	-	45	43	-	43
Change of benefit terms	1	-	1	-	-	-
Differences between expected and actual experience	(6)	-	(6)	(1)	-	(1)
Changes of assumptions	(42)	-	(42)	-	-	-
Contributions - employer	-	30	(30)	-	29	(29)
Net investment income	-	87	(87)	-	74	(74)
Benefit payments	(30)	(30)	-	(30)	(30)	-
Administrative expense	-	(4)	4	-	(9)	9
Net changes	(18)	83	(101)	26	64	(38)
Balance - end of year	\$ 617	\$ 830	\$ (213)	\$ 635	\$ 747	\$ (112)

The components of the net OPEB asset at June 30, 2024, were as follows (in millions):

Total OPEB liability	\$ 617
Plan fiduciary net position	(830)
Net OPEB asset	<u>\$ (213)</u>

Plan fiduciary net position as a percentage of the total OPEB liability

135%

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The components of the net OPEB asset at June 30, 2023, were as follows (in millions):

Total OPEB liability	\$	635
Plan fiduciary net position		(747)
Net OPEB asset	<u>\$</u>	<u>(112)</u>

Plan fiduciary net position as a percentage of the total OPEB liability	118%
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Actuarial Assumptions

The total OPEB liability in June 30, 2024 measurement was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return:	7.00%
Healthcare Cost Trend Rates:	Pre-Medicare Medical – 8.00 percent for 2024, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent for 2038 and later years. Post-Medicare Medical – 5.00 percent for 2024, decreasing to an ultimate rate of 4.50 percent for 2034. Prescription drugs (Rx) – 10.50 percent for 2024, decreasing to an ultimate rate of 4.50 percent for 2038. Medicare Advantage – 4.0 percent for gross costs, 3.5 percent for Medicare reimbursements, reimbursement assumed to cover a minimum of 85 percent of gross costs.
Salary increases:	Varies by service, average of 8.80 percent for first year of service, 4.95 percent for 5 years of service, 4.18 percent for 10 years of service, 3.63 percent for 15 years of service, and 3.30 percent for 20 years or more of service.
Mortality:	The General Pub-2010 headcount weighted tables were used for active employees and healthy retirees and dependents, while the corresponding Contingent Survivor mortality tables were used for surviving spouses and the corresponding Disabled Retiree mortality tables were used for disabled participants. To project mortality improvement for years after 2010, the MP-2021 Projection Scale is applied on a fully generational basis to the base rates.

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The total OPEB liability in June 30, 2023 measurement was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return:	7.00%
Healthcare Cost Trend Rates:	Pre-Medicare Medical – 6.50 percent for 2022, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent for 2030 and later years. Post-Medicare Medical – 5.50 percent for 2022, decreasing to an ultimate rate of 4.50 percent for 2030. Prescription drugs (Rx) – 7.50 percent for 2022, decreasing to an ultimate rate of 4.50 percent for 2030. Medicare Advantage – 4.0 percent for gross costs, 3.0 percent for Medicare reimbursements, reimbursement assumed to cover a minimum of 85 percent of gross costs.
Salary increases:	Varies by service, average of 8.80 percent for first year of service, 4.95 percent for 5 years of service, 4.18 percent for 10 years of service, 3.63 percent for 15 years of service, and 3.30 percent for 20 years or more of service.
Mortality:	The General Pub-2010 headcount weighted tables were used for active employees and healthy retirees and dependents, while the corresponding Contingent Survivor mortality tables were used for surviving spouses and the corresponding Disabled Retiree mortality tables were used for disabled participants. To project mortality improvement for years after 2010, the MP-2021 Projection Scale is applied on a fully generational basis to the base rates

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Type	December 31, 2024		December 31, 2023	
	Target Allocation	Long-term Expected Real Rate	Target Allocation	Long-term Expected Real Rate
Domestic Equity	32%	6.7%	30%	7.0%
International Equity	18%	7.3%	20%	6.9%
Fixed Income	11%	4.9%	20%	4.6%
Real Estate & Infrastructure	13%	7.1%	13%	7.0%
Private Equity	15%	10.1%	10%	10.1%
Private Debt	10%	9.0%	5%	9.1%
Cash	1%	3.4%	2%	3.4%
	<u>100%</u>		<u>100%</u>	

Rate of Return

For NYPA OPEB Plan year ended June 30, 2024, and 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.4 percent and 10.3 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to calculate the total OPEB liability was 7% for 2024 and 2023, which is the long-term rate of return on the OPEB Trust assets. The projection of cash flows used to determine the discount rate assumed that the Authority would contribute at a rate equal to the average of contributions made over the most recent five-year period (2019 through 2024 for 2024 and 2018 through 2023 for 2023), and that contributions apply first to service cost of current and future plan members and then to past service costs. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees for the foreseeable future.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

Changes in the discount rate affect the measurement of the total OPEB liability. The following table depicts the Authority's Net OPEB liability / (asset), as well as the sensitivity of using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current discount rate:

	Current			Current		
	1% Decrease	Discount	1% Increase	1% Decrease	Discount	1% Increase
	(6.0%)	Rate (7.0%)	(8.0%)	(6.0%)	Rate (7.0%)	(8.0%)
Net OPEB Liability / (Asset)						
(In millions)	\$ (145)	\$ (213)	\$ (289)	\$ (28)	\$ (112)	\$ (181)

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Sensitivity of the Net OPEB Liability / (Asset) to Changes in the Healthcare Cost Trend Rates

Changes in the healthcare cost trends affect the measurement of the total OPEB liability. The table below shows the sensitivity of the net OPEB liability / (asset) to the changes in the healthcare cost trends:

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Current</u>			<u>Current</u>		
	<u>Healthcare</u>			<u>Healthcare</u>		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB						
Liability / (Asset)						
(In million)	\$ (291)	\$ (213)	\$ (141)	\$ (189)	\$ (112)	\$ (16)

Deferred Compensation, Savings Plans and Voluntary Defined Contribution (VDC) Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. This plan permits participants to defer a portion of their salaries until future years. Amounts deferred under the plan are not available to employees or beneficiaries until termination, retirement, death or unforeseeable emergency. The Authority does not contribute to this plan.

The Authority also offers salaried employees a savings plan created in accordance with Internal Revenue Code, Section 401(k) as applicable. This plan also permits participants to defer a portion of their salaries. The Authority matches the contributions of employees up to limits specified in the plan. Matching annual contributions were \$6 million for both 2024 and 2023.

Both the deferred compensation plan and the savings plan may have a loan feature, based on the plan guidelines.

Independent trustees, represented by a committee of union representatives and nonunion employees as applicable, are responsible for the administration of the 457 and 401(k) plan assets. Various investment options are offered to employees in each plan. Employees are responsible for making the investment decisions relating to their savings plans.

The Authority offers its employees either a pension plan (Refer note 12 above) or VDC plan. A defined contribution retirement plan option (the VDC program) is made available to the Authority employees hired on or after July 1, 2013, who are not participating in the NYSLERS and who earn at the rate of pay of \$75,000 or more annually. The VDC Program was created as an alternate to the traditional NYSLERS retirement plan option to help employees of public agencies/employers (meeting certain eligibility criteria) to build retirement plan accumulations that will help provide retirement income to meet their retirement goals. The Authority matches the contributions of employees up to the limits specified in the plan. The VDC includes a 366-day vesting period, after which a participant has full and immediate vesting in all retirement benefits provided by the annuities purchased through the employee and employer contributions. The employer and employee contributions are not deposited into accounts until the completion of the 366-day vesting period. The VDC is the employee's personal retirement account and is supported by employer and employee contributions plus any applicable earnings. A participant's income in retirement will be determined by the account balance. The Authority contributed \$4 million to this plan in both 2024 and 2023.

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(14) Nuclear Plant Divestiture and Related Matters

On November 21, 2000, NYPA sold the James A. Fitzpatrick nuclear plant (JAF) and the Indian Point 3 nuclear plant (IP3) to two subsidiaries of Entergy Corporation (collectively, Entergy or the Entergy Subsidiaries). On March 31, 2017, Entergy transferred JAF to Exelon Generation Company, LLC (Exelon).

In accordance with the Nuclear Waste Policy Act of 1982, in June 1983, NYPA entered into a contract with the U.S. Department of Energy (DOE) under which DOE, commencing not later than January 31, 1998, would accept and dispose of spent nuclear fuel. In conjunction with the sale of the nuclear plants, NYPA's contract with the DOE was assigned to Entergy. Entergy assigned the portion of the pre-1983 spent fuel obligation applicable to JAF to Exelon in connection with the sale of JAF to Exelon. NYPA remains liable for the pre-1983 spent fuel obligation to Exelon for JAF and to Entergy for IP3, which as of December 31, 2024, and 2023, were \$258 million and \$245 million, respectively.

(15) Power Purchase Agreements ("PPA's")

The Authority does not have any PPA's that have a fixed charge provision or fixed cost. As and when such PPA's are executed, they will be reflected in the Notes to the Authority's Consolidated Financial Statements.

The Authority executed PPAs for solar photovoltaic ("PV") projects with Ameresco, Inc. (the "developer") on July 7, 2023, requiring the Authority to pay the developer for electricity received from the renewable facilities and recover the payments from the City Of New York (the "Purchaser"), acting through its Department of Citywide Administrative Services ("DCAS") via the Power Sales Contract (the "PSC"). The Authority also executed four PPAs with the developer for battery energy storage systems ("BESS") on June 29, 2024, and August 6, 2024, requiring the Authority to pay the developer for electricity received from the renewable facilities and recover the payments from the Purchaser via the PSC.

In the case of non-payment from DCAS, there is a cure period of 1-year, in which the Authority will cover the payments to the developer. If there is no cure, the developer has no claim to the Authority so long as the Authority or developer is pursuing recovery from DCAS under the terms of the PSC. The total value of the PPAs with Ameresco, Inc. is \$320 million over 20 years, the annualized amount being \$16 million.

The Authority has also entered into various other PPAs, \$100 million, with developers that require the Authority to pay the developers for the electricity received from renewable facilities and recover the payments from the New York Convention Center Operating Corporation, and the Port Authority via Power Sales Contracts. The annualized amount for the PPA entered on behalf of New York Convention Center Operating Corporation is \$2.7 million over 25 years, and on behalf of Port Authority is \$1 million over 25 years.

All projects are in the design or construction phase and the Authority is not paying for or recovering for energy under the agreements that are cost-neutral to the Authority.

In 2008, the Authority entered into a long-term power supply contract with Astoria Energy II LLC for the purchase of all the output of AEII, a 550-MW plant, which entered commercial operation on July 1, 2011, in Astoria, Queens. The delivery period under the contract is through 2031. At the same time, the Authority entered a separate contract with its' New York City Governmental Customers, which is coterminous with the PPA with Astoria Energy II LLC, to sell the output of AEII. All net costs of the Authority under the PPA with Astoria Energy II LLC are billed monthly to the New York City

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Governmental Customers. An equal amount of revenue is recognized during the period related to reimbursements from the New York City Governmental Customers.

(16) Purchased Power Cost

The Authority purchased power for \$678 million in 2024 and \$605 million in 2023 in the open market, with the entire cost passed through to its customers. Power purchased in the open market is a function of customer demand and, as such, varies month to month. The Authority is under no obligation to purchase power unless customer demands require such purchases, in which case the entire cost is recovered over the monthly billing cycle. In the event of failure to receive payment for any monthly purchase the Authority will not make any further purchases. No purchase was made under any PPA except for AEII for the reporting period. See Note 15 above for any PPAs.

(17) Captive Insurance

On September 29, 2022, the Authority's Trustees approved the formation of a subsidiary corporation called the NYPA Captive Insurance Company (the "Captive"), and the Authority filed its application for a license with the New York State Department of Financial Services (the "DFS"). On May 2, 2023, the DFS issued the Certificate of Incorporation for the Captive, and the Captive's Board of Directors held an organization meeting on May 25, 2023. On May 25, 2023, the Authority also contributed \$250,000 as its initial capital contribution to the Captive. An additional \$99,750,000 of capital contribution was made on August 8, 2023, bringing the total contribution to \$100 million. The DFS issued the requisite license to operate, to the Captive, on July 25, 2023.

On September 1, 2023, the Captive initially underwrote a TRIA Certified NBCR (Nuclear, Biological, Chemical, Radiological & Cyberterrorism) Terrorism policy with an aggregate limit of \$500 million, which policy has a federal backstop, as well as a property deductible reimbursement line in the amount of \$5 million per occurrence. On November 1, 2023, the coverage limit for the property deductible reimbursement line was increased to \$10 million per occurrence. On January 1, 2024, the Captive also underwrote a cyber deductible reimbursement line in the amount of \$5 million per occurrence. Finally, on June 15, 2024 the Captive underwrote a general liability deductible reimbursement line in the amount of \$5 million per occurrence with a \$200,000 deductible.

It is anticipated that the existence of this captive insurance company will result in cost savings to the Authority by reducing the need for commercial insurance and creating an efficient and effective claims handling process which will further enable the Authority to manage its overall risk more effectively and economically.

The Captive filed the audited financial statements with the DFS on June 28, 2024, as required by Section 7006 of the New York State("NYS") Insurance Law.

(18) Renewables

The Power Authority Act was amended in 2023 to, among other things, provide the Authority with the power to create one or more subsidiaries for the purpose of financing, developing and operating renewable energy generating projects in support of the State's renewable energy goals established in the New York State Climate Leadership and Community Protection Act, Chapter 106 of the Laws of 2019 (the "CLCPA"). Pursuant to such authority, the Authority formed a subsidiary under the New York Business Corporation Law.

The Authority evaluated opportunities to pursue projects under the Expanded Authority and on November 21, 2024 incorporated NYREDHC. NYREDHC is authorized to carry out the Authority's renewable energy business and strategy as provided under the Expanded Authority.

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The Authority expects that the activities of NYREDHC, as a separate legal entity from the Authority, will be conducted in a manner such that the Authority is not expected to be responsible for the financial or other obligations of NYREDHC. On December 31, 2024, the Authority funded NYREDHC with \$100 million from amounts released from the lien of the Trust Estate created by the General Resolution. The Authority expects to execute a shared services agreement with NYREDHC under which NYREDHC will be required to reimburse the Authority for costs of providing services.

The Expanded Authority allows the Authority to pursue renewable generation projects like solar, wind, geothermal, and battery storage, either on its own or with third parties, and created a mechanism to develop clean energy workforce training programs and a bill credit program for low- and medium-income residential electricity ratepayers that will be funded by some of the proceeds earned from new renewable generation projects and other sources, including, for example, charitable donations from renewable project developers. As part of the Expanded Authority Legislation, the Authority is required to end fossil fuel-based electricity generation at its SNGPPs by the end of 2030 subject to the approval of the NYISO and ConEd. The Authority will also consider, as appropriate, but not limited to, opportunities to use these sites to host renewable energy assets, including energy storage.

(19) Commitments and Contingencies

a) Power Programs

ReCharge New York Power Program

Chapter 60 (Part CC) of the Laws of 2011 (Chapter 60) established the “ReCharge New York Power Program” (“RNYPP”), administered by the Authority, which has as its central benefit up to 910 MW of low-cost power comprised of up to 455 MW of hydropower from the Niagara and St. Lawrence-FDR Projects and up to 455 MW of other power procured by the Authority from other sources. The 910 MW of power is available for allocation as provided by Chapter 60 to eligible new and existing businesses and not-for-profit corporations under contracts of up to seven years. RNYPP was effective beginning July 1, 2012.

The hydropower used for the RNYPP was power formerly used to provide low-cost electricity to domestic and rural customers of the three private utilities that serve upstate New York. To mitigate the impacts from the redeployment of this hydropower for the RNYPP, Chapter 60 created a “Residential Consumer Discount Program” (“RCDP”). The RCDP authorized the Authority, as deemed feasible and advisable by its Trustees, to provide annual funding of \$100 million for the first three years following withdrawal of the hydropower from the residential and farm customers, \$70 million for the fourth year, \$50 million for the fifth year, and \$30 million each year thereafter, for the purpose of funding a RCDP for those customers that had formerly received the hydropower that is utilized in the RNYPP. Chapter 60 further authorized the Authority, as deemed feasible and advisable by the Authority’s Trustees, to use revenues from the sales of hydroelectric power, and such other funds of the Authority, as deemed feasible and advisable by the Authority’s Trustees, to fund the RCDP. The Authority’s Trustees have authorized the release of a total \$660 million in support of the RCDP out of which the Authority paid out \$631 million as of December 31, 2024.

Part QQ of Chapter 56 of the Laws of 2023 (“Chapter 56”), which is part of the 2023-24 Enacted State Budget, made the following changes to the RCDP: (1) sunsets the residential consumer electricity discount component of the RCDP as of August 1, 2023; (2) authorizes NYPA to continue to fund the agricultural consumer electricity discount component for one additional program year (August 1, 2023-July 31, 2024) at the current annual level of up to \$8 million; and (3) authorizes NYPA, for

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program years thereafter, to fund the agricultural consumer electricity discount up to an annual amount of \$5 million.

Western New York Power Proceeds Allocation Act

Effective March 30, 2012, Chapter 58 (Part GG) of the Laws of 2012 (Chapter 58) created the Western New York Power Proceeds Act (“WNYPPA”). The WNYPPA authorizes the Authority, as deemed feasible and advisable by the Authority’s Trustees, to deposit net earnings from the sale of unallocated Expansion Power and Replacement Power from the Authority’s Niagara project into an account administered by the Authority known as the Western New York Economic Development Fund (“WNYED Fund”). Net earnings are defined as any excess revenues earned from such power sold into the wholesale market over the revenues that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara power project that satisfy applicable criteria. Chapter 58 also establishes a five-member Western New York Power Allocations Board, which is appointed by the Governor. Chapter 58 also repealed Chapter 436 of the Laws of 2010 which had created a similar program that could not be effectively implemented.

The Authority’s Trustees approved the release of up to \$101 million in net earnings calculated for the period August 30, 2010, through December 31, 2024, as provided in the legislation, for deposit into the WNYED Fund. As of December 31, 2024, approximately \$92 million has been deposited into the Fund. The Authority has approved awards of approximately \$53 million to businesses and made payments of approximately \$37 million as of December 31, 2024. Payment of these awards is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

Northern New York Power Proceeds Allocation Act

Chapter 545 of the Laws of 2014 enacted the “Northern New York Power Proceeds Act” (“NNYPPA”). The NNYPPA authorizes the Authority, as deemed feasible and advisable by the Trustees, to deposit “net earnings” from the sale of unallocated St. Lawrence County Economic Development Power (“SLCEDP”) by the Authority in the wholesale energy market into an account the Authority would administer known as the Northern New York Economic Development Fund (“NNYED Fund”), and to make awards to eligible applicants that propose eligible projects that satisfy applicable criteria. The NNYPPA also establishes a five-member Northern New York Power Allocations Board appointed by the Governor to review applications seeking NNY Fund benefits and to make recommendations to the Authority concerning benefits awards.

SLCEDP consists of up to 20 MW of hydropower from the Authority’s St. Lawrence-FDR Power Project which the Authority has made available for sale to the Town of Massena Electric Department (“MED”) for MED to sub-allocate for economic development purposes in accordance with a contract between the parties entered into in 2012 (“Authority-MED Contract”). The NNYPPA defines “net earnings” as the aggregate excess of revenues received by the Authority from the sale of energy associated with SLCEDP by the Authority in the wholesale energy market over what revenues would have been received had such energy been sold to MED on a firm basis under the terms of the Authority-MED contract. For the first 5 years after enactment, the amount of SLCEDP the Authority could use to generate net earnings may not exceed the lesser of 20 MW or the amount of SLCEDP that has not been allocated by the Authority pursuant to the Authority-MED contract. Thereafter, the amount of SLCEDP that the Authority could use for such purpose may not exceed the lesser of 10 MW or the amount of SLCEDP that has not been allocated.

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As of December 31, 2024, the Authority's Trustees approved the release of funds, of up to \$19 million, into the NNYED Fund representing "net earnings" from the sale of unallocated SLCEDP into the wholesale energy market for the period December 29, 2014, through December 31, 2024. As of December 31, 2024, approximately \$10 million has been deposited into the Fund. As of December 31, 2024, the Authority has approved awards of NNYED Fund money totaling approximately \$4 million to businesses that have proposed eligible projects and made payments totaling approximately \$1 million to such businesses. Payment of approved awards of the NNYED Fund money is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

b) Governmental Customers in the New York City Metropolitan Area

In 2017 and 2018, NYPA executed new supplemental long-term electricity supply agreements ("Supplemental LTAs") with its eleven NYC Governmental Customers, the largest of these customers include the Metropolitan Transportation Authority, the City of New York, the Port Authority, the New York City Housing Authority, and the New York State Office of General Services. Under the Supplemental LTAs, the NYC Governmental Customers agreed to purchase their electricity from NYPA through December 31, 2027, with the NYC Governmental Customers having the right to terminate at any time upon at least 12 months' notice during the first five years of the agreement (December 31, 2022). Thereafter, both NYPA and the NYC Governmental Customers may terminate the agreement upon at least six months' notice. Under the Supplemental LTA's, fixed costs for NYPA's services as well as Zeltmann plant were contractually set for each customer, and the fixed agreed amounts are recovered from the customers regardless of their load usage. Variable costs, including fuel, purchased power and NYISO-related costs, each year are set on a pro-forma cost of service basis and reconciled to actuals as a pass-through to each customer via an energy charge adjustment. For years 2023-2027, to provide better price certainty, NYPA is offering an annual fixed price energy purchase option to the NYC Governmental Customers.

NYPA's other Southeastern New York governmental customers are Westchester County and numerous municipalities, school districts, and other public agencies located in Westchester County (collectively, the "Westchester Governmental Customers"). NYPA has entered into an evergreen supplemental electricity supply agreement with all 103 Westchester Governmental Customers. Among other things provided by the agreement, customers can partially terminate service from NYPA with at least two months' notice prior to the start of the NYISO capability periods. Full termination is allowed with at least one year's notice, effective no sooner than January 1 following the one-year notice. Westchester Governmental Customers are partially served by NYPA's four small hydroelectric plants. The remainder of the Westchester Governmental Customers' load requirements are supplied through energy and capacity purchased from the NYISO markets. Sales of energy generated by the small hydroelectric resources into the NYISO markets, as well as grandfathered and historic fixed priced transmission congestion contracts, all help to offset the cost of the energy purchased, with an energy charge adjustment mechanism in place for cost reconciliation.

HTP Transmission Line

In 2011 the Authority's Trustees authorized Authority staff to enter into an agreement with Hudson Transmission Partners, LLC ("HTP") for the purchase of capacity to meet the long-term requirements of the Authority's NYC Governmental Customers and to improve the transmission infrastructure serving New York City through the transmission rights associated with HTP's transmission line (the "Line") extending from Ridgefield, New Jersey in the PJM Interconnection, LLC ("PJM") transmission system, to Consolidated Edison Company of New York, Inc.'s ("Con Edison") West 49th Street substation. Specifically, the Authority executed a Firm Transmission Capacity Purchase Agreement ("FTCPA") with HTP under which the Authority gained the entitlement to 75% of the Line's 660 MW capacity, or 495 MW, for 20 years. On March 31, 2017, the Authority and HTP amended the FTCPA

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to, among other changes, (a) create a mechanism for HTP to relinquish its Firm Transmission Withdrawal Rights (“FTWRs”) as discussed below and (b) increase the Authority’s portion of the Line’s capacity to 87.12%, or 575 MW, at a monthly capacity charge rate that represents a decrease in the unit price (on a \$/MW-month basis) paid to HTP in the original FTCPA.

The Authority’s payment obligations under the FTCPA include capacity payments, interconnection and transmission upgrades, and Regional Transmission Expansion Plan (“RTEP”)/Transmission Enhancement Charges (“TEC”) allocated to HTP in accordance with the PJM tariff. Interconnection and transmission upgrades were completed in 2018 at a total cost to the Authority of \$335 million. The RTEP charges imposed upon HTP, which are still subject to legal challenge, are discussed in more detail below.

It is estimated that the revenues derived from the Authority’s rights under the FTCPA will not be sufficient to fully cover the Authority’s costs under the FTCPA during the 20-year term of the FTCPA. As of December 31, 2024, the Authority estimated that its under-recovery of costs for the Line could be in the range of approximately \$80 million to \$90 million per year over the period from 2025-2028. The under-recovery estimates were based on projections of the capacity payment obligations, the costs of interconnection and transmission upgrades and energy revenues.

The Authority’s obligations under the FTCPA include payment of the RTEP charges allocated to HTP. From June 2013 through December 2024, the Authority has paid approximately \$173 million in RTEP charges for the Line. Effective 2018, HTP relinquished the FTWRs held by HTP on the Line that were the basis for a significant share of its RTEP allocations. PJM’s annual RTEP cost allocation update for 2018 eliminated the Authority’s obligation in 2018 and beyond to pay RTEP charges related to the Bergen Linden Corridor (“BLC”) project, which accounted for the bulk of the projected RTEP allocations to HTP.

Regarding the RTEP charges assessed prior to the 2018 relinquishment of the FTWRs, the Authority and HTP and other New York parties contested the FERC-approved PJM RTEP allocations for the BLC project as unjust and unreasonable before the D.C. Circuit Court of Appeals. On August 9, 2022, the Court agreed with the Authority, HTP and the other New York parties that PJM’s RTEP cost allocation methodology for the BLC project was not just and reasonable and remanded the case to FERC. The Authority can expect refunds, but FERC’s order on remand is still pending and the expected refund amount is uncertain at this time.

While PJM had determined that the Authority had no RTEP payment responsibility starting in 2018 because of HTP’s FTWR relinquishment, in 2020, FERC reversed PJM’s determination over the Authority’s objections and held that a portion of the RTEP charges assignable to the HTP facility dating back to 2018 had to be reinstated as they were unrelated to whether HTP had retained FTWRs. These reinstated RTEP charges were for projects other than the BLC project. FERC authorized PJM to begin collection for the back periods starting in August 2020. The Authority is accruing approximately \$1 million per month through the term of the agreement which ends in 2033. Depending on PJM TO’s Annual Revenue Requirement, the RTEP charges could trend downward during the out years. The Authority contested the 2020 FERC order and appealed it to the D.C. Circuit Court of Appeals. The Authority’s appeal was rejected by the D.C. Circuit on July 26, 2024, thus leaving these RTEP/TEC allocations in place. The Authority determined that it would not seek rehearing or appeal of the D.C. Circuit decision, thus closing the matter.

c) Small Natural Gas Power Plants

To meet capacity deficiencies and ongoing load requirements in the New York City metropolitan area in the year 2001 and later, NYPA placed into operation the Small Natural Gas Power Plants

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("SNGPPs"), consisting of seven facilities located at six sites in New York City and one site in the service region of Long Island Power Authority. Three of the units have a single natural-gas-fueled combustion turbine electric generation units, while four of the sites have two units.

As a result of the settlement of litigation relating to one SNGPP site (the "Site"), NYPA has agreed under the settlement agreement to cease operations at the Site, which houses two units, under certain conditions and if the Mayor of New York City directs such cessation. No such cessation has occurred. Regarding the Site, the settlement agreement also allows an adjacent landowner to put its real property to NYPA under certain conditions. No formal put notice has been received. Also, regarding the Site, NYPA and an adjacent landowner may enter into buy, sell or other types of agreements outside the terms of the settlement agreement.

On May 3, 2023, Chapter 56 of the Laws of 2023 was enacted as a part of the 2023-2024 Enacted State Budget. Among other things, the law directed NYPA to publish, within two years of enactment, a plan to deactivate NYPA's small natural gas power plants. The enactment requires NYPA to deactivate the SNGPPs by the end of 2030 subject to the plants not being needed for emergency power or power system reliability and providing that NYPA may retain plants if emissions for other generation would cause more than a de minimis increase in emissions of carbon dioxide or other criteria air pollutants within a disadvantaged community.

As part of the Authority's strategy to meet the legislative mandate, the Authority is on schedule to publish a plan by May 5, 2025, to stop generating electricity with fossil fuel at the SNGPPs by the end of 2030, if conditions allow. The plan could include potential alternative usages at these sites such as battery storage.

d) Legal and Related Matters

St. Regis Litigation

In 1982 and again in 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits ("the St. Regis litigation") against the State, the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority, and others (the "Defendants"), claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. These islands are within the boundary of the Authority's St. Lawrence-FDR Project and Barnhart Island is the location of significant Project facilities. Settlement discussions were held periodically between 1992 and 1998. In 1998, the Federal government intervened on behalf of all Mohawk plaintiffs.

The parties agreed to a land claim settlement, dated February 1, 2005, which if implemented would have included, among other things, the payment by the Authority of \$2 million a year for 35 years to the tribal plaintiffs and the provision of up to 9 MW of low-cost Authority power at the preference rate for use on the reservation. The legislation required to effectuate the settlement was never enacted and the litigation continued.

In 2013, all claims against the Authority were dismissed and the lawsuit against the Authority was concluded. A Notice of Appeal was filed but the appeal was stayed and never perfected. On May 28, 2014, the State of New York, representing various defendants including St. Lawrence County and the Authority, outlined a framework for a potential settlement of all the St. Regis land claims, formalized in a Memorandum of Understanding ("St. Regis MOU") with the plaintiff, St. Regis Mohawk Tribe. After various discussions, the defendants agreed to a negotiated settlement in the St. Regis MOU that would require the Authority to pay the plaintiff \$2 million a year for 35 years and provide up

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to 9 MW of its hydropower at preference power rates to serve the needs of the Tribe's Reservation. The St. Regis MOU would require an Act of Congress to become effective.

In June 2023, the Governor signed legislation (S.7566/A.7759) authorizing the State to execute a land claims settlement agreement consistent with the St. Regis MOU. Subsequently, the remaining parties informed the Court that they had resolved their differences and agreed on a settlement framework. This framework has been formalized into a written final land claim settlement agreement, which was agreed to and signed by the plaintiff, St. Regis Mohawk Tribal Council on December 12, 2024. Given that the plaintiff accepted the offer made by the defendants, the Authority accrued a \$26 million liability in 2024 based on the net present value of future payments to reflect its commitment to the payments outlined in the agreement.

Helicopter Incident Near the Authority's Transmission Lines in Beekmantown, New York

The Authority contracted with Northline Utilities, LLC ("Northline") to install fiber optic ground wire along the Authority's transmission system. Thereafter, Northline entered into a contract with Catalyst Aviation, LLC ("Catalyst") for helicopter services. In 2018, a Catalyst helicopter was destroyed when it collided with a wooden utility pole and power lines near Beekmantown, New York. Members of the helicopter crew were injured, and two members of that crew died as a result of their injuries. The Authority has received two notices of claim arising out of this incident. The Authority has pursued insurance coverage under Northline's insurance policies that name the Authority as an additional insured. The Authority tendered its defense of these Notices of Claim to Northline's insurer and the insurer has accepted the Authority's tender. The Authority believes that there exists sufficient insurance coverage to cover these claims. In any event, to the extent that the insurance coverage limitations are insufficient, Northline is responsible under the defense and indemnification provisions of its contract with the Authority.

The Authority's outside counsel moved for Summary Judgment which was granted in full by the Trial Court. The plaintiffs have each appealed to the Appellate Division, Second Department. The appeal is now fully briefed, and the parties are waiting for the Court to schedule a date for oral argument.

Other Actions or Claims

In addition to the matters described above, other actions or claims against the Authority are pending for the taking of property in connection with its projects, for negligence, for personal injury (including asbestos-related injuries), in contract, and for environmental, employment and other matters. All such other actions or claims will, in the opinion of the Authority, be disposed of within the amounts of the Authority's insurance coverage, where applicable, or the amount which the Authority has available therefore and without any material adverse effect on the business of the Authority. While the Authority cannot presently predict the outcome of the matters described above or any related litigation, the Authority believes that it has meritorious defenses and positions with respect thereto. However, adverse decisions of a certain type in the matters discussed above could adversely affect Authority operations and revenues.

e) Leases

Lessee Arrangements

Under the provisions of GASB No. 87, the lease obligations represent the net present value of various contracts including property leases. The value of the asset and the obligation is reduced each month to properly reflect the remaining net present value of the asset and obligation.

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Below is a description of these lease arrangements:

(i) Property Leases

The Authority leases properties throughout the New York area in order to serve its customers. These sites include its offices, EV charging sites and warehouses. While terms vary by lease, each lease provides for a monthly lease payment subject to a fixed escalation on the anniversary date of each agreement. None of the leases contain provisions for variable payments or residual value guarantees. Additionally, there are no other payments such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability reflected as outflows of resources in 2024 and 2023. At December 31, 2024, the right-to-use lease asset for property leases amounted to approximately \$30 million, net of \$6 million of accumulated amortization, with a corresponding lease liability of \$16 million. At December 31, 2023, the right-to-use lease asset for property leases amounted to approximately \$12 million, net of \$2 million of accumulated amortization, with a corresponding lease liability of \$10 million.

The Authority has \$16 million of principal and \$2 million of interest requirements to maturity for the Authority's leases from 2024-2035.

Lessor Arrangements

The Authority receives contractually determined revenue related to leasing agreements. While terms vary by lease, each lease provides for lease receipts subject to a fixed escalation on the anniversary date of each agreement. These arrangements do not provide for any variable payments. There were no additional payments received other than the rental payments. The total amount of lease revenue and interest revenue in 2024 was \$2 million and \$1 million, respectively. At December 31, 2024, the lease asset receivable and the corresponding deferred inflow of resources were approximately \$51 million and \$43 million, respectively. The total amount of lease revenue and interest revenue in 2023 was \$3 million and \$2 million, respectively. At December 31, 2023, the lease asset receivable and the corresponding deferred inflow of resources were approximately \$51 million and \$45 million, respectively.

Presented below is a summary of future receipts that are included in the measurement of the lease receivable, showing principal and interest separately, for each of the five subsequent fiscal years and in five-year increments thereafter:

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(in millions)		
2025	\$ -	\$ 1	\$ 1
2026	1	1	2
2027	2	1	3
2028	2	1	3
2029	2	1	3
2030-34	10	5	15
2035-39	13	3	16
2040-44	17	2	19
2045-49	4	-	4
Total	<u>\$ 51</u>	<u>\$ 15</u>	<u>\$ 66</u>

f) Subscription-based information Technology Arrangements (“SBITA”)

In 2023, the Authority adopted the provisions of GASB No. 96, effective January 1, 2023, for agreements whereby the Authority has the right to obtain the present service capacity from the use of the underlying IT asset and the right to determine the nature and manner of use of the underlying IT asset for a period greater than one year.

At December 31, 2024, the right-to-use subscription assets amounted to approximately \$81 million, net of \$22 million of accumulated amortization, included in capital assets, with a corresponding subscription liability of \$33 million on the Consolidated Statements of Net Position. At December 31, 2023, the right-to-use subscription assets amounted to approximately \$36 million, net of \$6 million of accumulated amortization, included in capital assets, with a corresponding subscription liability of \$22 million on the Consolidated Statements of Net Position.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(in millions)		
2025	\$ 14	\$ 1	\$ 15
2026	10	1	11
2027	5	-	5
2028	4	-	4
Total	<u>\$ 33</u>	<u>\$ 2</u>	<u>\$ 35</u>

g) Relicensing of Niagara - New York State Office of Parks, Recreation and Historic Preservation

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FERC issued the Authority a new 50-year license for the Niagara project effective September 1, 2007. In doing so, FERC approved six relicensing settlement agreements entered by the Authority with various public and private entities. The Authority had estimated that the capital cost associated with the relicensing of the Niagara project would be approximately \$495 million of which approximately \$472 million has been disbursed. This estimate does not include the value of the power allocations and operation and maintenance expenses associated with several habitat and recreational elements of the settlement agreements. As of December 31, 2024, the balance in the recorded liability associated with Niagara relicensing on the consolidated statement of net position is \$188 million (\$12 million in current and \$176 million in other noncurrent liabilities). As of December 31, 2023, the balance in the recorded liability associated with the Niagara relicensing on the consolidated statement of net position is \$189 million (\$13 million in current and \$176 million in other noncurrent liabilities). In addition to internally generated funds, the Authority had issued additional debt obligations to fund, among other things, Niagara relicensing costs. The costs associated with the relicensing of the Niagara project, including the debt issued, therefore, were incorporated into the cost-based rates of the project.

The Authority executed the Relicensing Settlement Agreement Addressing New License Terms and Conditions (“Settlement Agreement”) entered into by several parties to the relicensing of the Niagara Project, including The New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”). The Settlement Agreement provides, among other things, for the establishment of a Relicensing Settlement Agreement State Parks Greenway Fund, which is to be funded by the Authority in the amount of \$3 million per year to OPRHP for the term of the 50-year License. In 2012 and 2017, OPRHP requested that the Authority accelerate such payments by making two lump sum payments of approximately \$25 million each to pay for authorized projects. In order to make the lump sum payments, the Authority issued (a) \$25 million in Subordinated Notes, Series 2012 and (b) \$25 million in Subordinated Notes, Series 2017. The proceeds of those subordinated note issuances were made available to OPRHP. On May 22, 2024, the Authority defeased \$15 million Subordinated Notes, Series 2012, and \$20 million Subordinated Notes Series 2017. As of December 31, 2024, there were no Subordinated Notes outstanding. See Note 8 “Long-Term and Short-Term Debt” of the notes to the consolidated financial statements. In addition to the funds what were accelerated with the proceeds from the Subordinate Notes, the Authority made a \$2 million payment to the OPRHP State Parks Greenway Fund in 2024.

h) St. Lawrence-FDR Project Relicensing – Local Task Force Agreement

In 2003, FERC approved a Comprehensive Relicensing Settlement Agreement (“Relicensing Agreement”) reached by the Authority and numerous parties and issued the Authority a new 50-year license for the St. Lawrence-FDR Project (“St. Lawrence-FDR License”).

The St. Lawrence-FDR Power Project No. 2000 Relicensing Agreement (“LGTFSA”) between the Authority and the Local Government Task Force (“LGTF”) provided for a review of the LGTFSA every ten years to discuss issues not contemplated at the time of relicensing in 2003. The first such review commenced in December 2013. The Authority and the LGTF entered into an agreement in 2015 in which the Authority agreed to commit and the Authority’s Trustees authorized up to \$45 million over 10 years for certain actions, including to: (1) fund an economic development strategic marketing study (the “Marketing Study”); (2) temporarily reduce electricity costs for certain farms and businesses (the “Discount Program”); (3) initiate an energy efficiency and renewable energy program for the LGTF communities; and (4) enhance certain recreational facilities in the LGTF communities.

In 2016, the Authority’s Trustees approved a proposal to terminate the Discount Program early and repurpose funding to be used to support a collaborative marketing effort between the Authority and

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North Country communities through the St. Lawrence County Economic Development Study Advisory Board created in connection with the Marketing Study at the rate of \$2 million/year for five years (\$10 million total) commencing in 2017. In 2017, the Authority's Trustees approved: (1) a new temporary business incentive program consisting of a monetary discount or rebate that would be payable to eligible private business applicants who agree to establish new business operations in certain North Country counties ("Business Incentive Discount Program"); and (2) the repurposing of funds previously approved for the marketing effort to include funding for the Business Incentive Discount Program. Funding repurposed for the marketing effort, including the Business Incentive Discount Program, would not exceed a total of \$10 million.

As of December 31, 2024, the Authority has spent approximately \$42 million of the \$45 million authorized by the Trustees for the purpose of implementing the commitments in the first LGTF 10-Year Review Agreement. As of December 31, 2024, the balance in the recorded liability associated with the St. Lawrence-FDR Project relicensing on the consolidated statement of net position is \$31 million (\$3 million in current and \$28 million in other noncurrent liabilities).

A tentative agreement has been reached for the second 10-Year Review and is expected to be submitted to the Trustees in March, a total commitment from the Authority is approximately \$20 million.

i) Relicensing of Blenheim-Gilboa Pumped Storage Power Project

FERC issued a new 50-year operating license, effective May 1, 2019, to NYPA for the Blenheim-Gilboa Pumped Storage Power Project. In 2019, the Authority's Trustees accepted the new license and approved the settlement package with state and federal resource agencies, the towns of Gilboa and Blenheim, and Schoharie County. The Authority's Trustees also authorized \$37 million in capital expenditures for the period 2019-2069 for all compliance, implementation, and settlement activities. The Authority has spent \$10 million through December 31, 2024. The Authority has established a Recreation Fund in the amount of \$4 million (total commitment under the settlement package is \$6 million) of which \$4 million has been disbursed and an Ecological Fund in the amount of \$2 million (total commitment under the settlement package is \$4 million), of which \$2 million has been disbursed. As of December 31, 2024, the balance in the recorded liability associated with the Blenheim-Gilboa Pumped Storage Power Project relicensing on the consolidated statement of net position is \$20 million (\$1 million in current and \$19 million in other noncurrent liabilities).

j) Construction Contracts

Estimated costs to be incurred on outstanding contracts in connection with the Authority's construction programs aggregate to approximately \$951 million at December 31, 2024.

(20) Other Developments

Transmission LEM Program

In 2012, the Authority's Trustees approved a \$726 million Transmission Life Extension and Modernization Program ("Transmission LEM Program") on the Authority's Transmission system. As of December 31, 2024, the Authority has spent approximately \$574 million: \$515 million in capital and \$59 million in non-recurring O&M Investment. As of December 31, 2023, the Authority has spent approximately \$541 million: \$482 million in capital and \$59 million in non-recurring O&M Investment. The Transmission LEM Program encompasses transmission assets in the Central, Northern and Western regions of New York and will include work to be done such as upgrades, refurbishments and replacements associated with switchyards and substations, transmission line structures or towers and associated hardware and replacement of the submarine cable on the PV-20 line. Reinvestment

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in this strategic component of the Authority's overall mission supports the repair, upgrade and/or expansion of the transmission infrastructure. The Transmission LEM Program will be financed with internal funds and proceeds from debt obligations issued by the Authority. The work on the Transmission LEM Program is underway and is expected to continue through 2033.

Lewiston Pump Generating Plant Life Extension and Modernization (LPGP LEM) Program

The Authority's Trustees approved a \$460 million Life Extension and Modernization Program at the Niagara project's Lewiston Pump-Generating Plant, (Lewiston LEM Program), of which approximately \$401 million has been spent as of December 31, 2024, and \$394 million has been spent as of December 31, 2023. The work to be done includes a major overhaul of the plant's 12 pump turbine generator units. The Lewiston LEM Program will increase pump and turbine efficiency, operating efficiency, and the peaking capacity of the overall Niagara project. The Lewiston LEM Program will be financed with internal funds and proceeds from debt obligations issued by the Authority. The unit work began in late 2012 and is ongoing, with the final unit expected to be completed in 2025.

Next Generation Niagara

The NextGen Niagara program replaces, overhauls, and/or upgrades the thirteen (13) generating units and their associated auxiliary power generating equipment. Improvements will include replacing aging equipment with the latest machinery that reflects advanced digital technologies for optimizing the hydroelectric project's performance. The program is comprised of four main projects: Controls Upgrade, Mechanical/Electrical Overhauls, Penstock Platform, and 630-ton Gantry Crane Replacement. As of December 31, 2024, and 2023, the Authority has spent approximately \$197 million and \$150 million, respectively.

BuildSmart 2025

BuildSmart 2025 is New York State's program for aggressively pursuing energy efficiency savings in New York State-owned and occupied buildings of 11 TBtu by December 31, 2025, while advancing economic growth, environmental protection, and energy security in New York State. BuildSmart 2025 expands and continues the requirements of BuildSmart NY to assist State entities in meeting statutory requirements established by the CLCPA and Executive Order 22, that "all state agencies shall assess and implement strategies to reduce their greenhouse gas emissions". The Authority manages the BuildSmart 2025 program and monitors New York State agency performance. Since the baseline of state fiscal year 2014/15, the program has achieved 9.55 TBtu towards the 11 TBtu goal. This progress puts New York State on track to meet the 11 TBtu goal by the end of the year 2025.

Clean Energy Standard

In 2016, the NYSPSC issued an order establishing a Clean Energy Standard (the "CES Order") to implement the clean energy goals of the State Energy Plan. Pursuant to the CES Order, load-serving entities identified in the order are required to purchase Zero Emission Credits ("ZECs") from NYSERDA to support the preservation of existing at-risk zero emissions nuclear generation. The Authority is not subject to NYSPSC jurisdiction for purposes of the CES Order but has assumed an obligation to purchase ZECs consistent with the terms of the CES Order and intends to seek recovery of such costs from the Authority's customers. In January 2017, the Authority's Trustees authorized (a) participation in the NYSPSC's ZEC program and (b) execution of an agreement with NYSERDA to purchase ZECs associated with the Authority's applicable share of energy sales. The Authority and NYSERDA executed an agreement covering a two-year period from April 1, 2017, to March 31, 2019, under which the Authority committed to purchase ZECs in a quantity based on its proportional load in the New York control area. The Authority and NYSERDA executed an additional agreement

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covering a nine-year period from April 1, 2020, to April 1, 2029, under which the Authority committed to purchase ZECs in a quantity based on its proportional load in the New York control area, subject to certain adjustments. As of December 31, 2024, the Authority estimates that it will incur costs associated with participation in the ZEC program of \$380 million in aggregate over the 2025 - 2028 period, of which approximately \$2 million is not expected to be recovered under customer contracts that predate the adoption of the CES. As of December 31, 2024, the Authority has paid \$473 million in ZEC purchase costs, and as of December 31, 2023, it paid \$397 million.

The CLCPA and the Authority's VISION2030 establish the goal to meet 70% of electricity demand from renewable resources by 2030. The Authority is collaborating with its customers to achieve the renewable energy goals in the ways that best meet their needs. As one component of its future renewable supply, the Authority executed an agreement with NYSERDA on August 30, 2021 to start purchasing Tier 1 Renewable Energy Credits ("REC(s)") in 2024. On April 20, 2023 the NYSPSC issued an order modifying the way in which NYSERDA administers the Tier 1 REC program starting in 2025. The Authority has engaged with NYSERDA on amending the Tier 1 REC contract in response to the program modifications. The Authority is exploring opportunities to further support its customers achieve these renewable energy goals under its new Expanded Authority.

Grants

Legislation at the federal and state levels have provided potential additional competitive sources of funding for NYPA and Canal Corporation capital programs. To access the additional funding, each organization must apply for consideration to the relevant federal or state entity. Funding will only be pursued to offset the costs of approved capital projects that are aligned with the Authority's core mission, VISION2030, and/or CLCPA. Through the Infrastructure Investment and Jobs Act (IIJA), NYPA has been awarded five grants totaling \$54 million in Department of Energy grants through the Transmission Siting and Economic Development and Maintaining and Enhancing Hydroelectricity Incentives programs. This amount includes \$44 million for Propel project. Refer to the section on Propel New York Energy Project in MD&A for further information.

Further, refer to the section "New York State Budget/Other Matters in the MD&A for details on the amount appropriated for Canals.

Electric Vehicle Acceleration Initiative

In 2018, the Authority's Trustees approved an overall allocation of \$125 million to be used through 2025 for an electric vehicle charging acceleration initiative of which to date \$100 million was authorized for capital expenditure. The Authority will operate a charging network of up to 400 Direct Current fast chargers across the State by 2025. As of December 31, 2024, 212 fast chargers were in operation, and approximately \$70 million had been spent. As of December 31, 2023, 156 fast chargers were in operation, and approximately \$46 million had been spent.

(21) Canal Corporation

The Canal Transfer Legislation enacted on April 4, 2016, authorized, but does not require, the Authority, to the extent that the Authority's Trustees deem it feasible and advisable, to transfer money, property, and personnel to the Canal Corporation.

The Canal Corporation continues to require substantial operating and maintenance support and capital investment. The Canal Corporation's expenses are funded by transfers of funds from the Authority. Any transfer of funds is subject to approval by the Authority's Trustees and compliance with the Authority's General Bond Resolution. Certain expenses eligible for reimbursement are reimbursed to the Authority by funds held in the Canal Development Fund maintained by the State

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Comptroller and the Commissioner of Taxation and Finance. For the year ended December 31, 2024, the Canal Corporation recognized \$2 million in operating revenues, \$95 million in operations and maintenance expenses, and \$43 million in depreciation expenses. For the year ended December 31, 2023, the Canal Corporation recognized \$2 million in operating revenues, \$74 million in operations and maintenance expenses, and \$41 million in depreciation expenses.

(22) Inflation Reduction Act

On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA”) was signed into law which aims to reduce U.S. carbon emissions and promote economic development through investments in clean and renewable energy projects. The clean energy tax credits created or expanded by the IRA are intended to drive rapid adoption of energy efficiency, electric transportation, and solar energy. The Authority has undertaken initiatives, as listed below, to take advantage of clean energy tax credits by investing in clean energy such as battery storage, and solar, transitioning our fleet to electric vehicles (“EV”), and placement of EV infrastructure in non-urban, low-income areas. The Authority expects to monetize IRA tax credits via a direct pay option which allows tax-exempted entities to receive cash payments equal to the tax credits. IRS requires pre-filing registration for projects on which an entity expects to claim tax credits in its tax return. The Authority has completed pre-filing registration for all its eligible projects and filed its tax return in November 2024. However, there is no certainty or predictability regarding the recovery of this tax credit amount due to actions beyond the control of the Authority, such as changes in legislation.

North Country Energy Storage – The Authority developed and built a 20MW/20MWh battery to be the first of its kind in the North Country. By strategically siting the storage system at the Willis Substation, the project will maximize wholesale market revenue, demonstrate storage integration in a renewable rich area of the state, and position the Authority as a leader in battery storage.

The other projects include 175 KWac rooftop solar installation at the Authority’s Zeltmann facility, development and operation of Direct Current Fast Charger stations, and fleet electrification of light duty assets (Sedans, SUV’s, and light pickups).

(23) FEMA reimbursement for COVID

The Authority spent a total of \$33 million on pandemic-related expenses as of December 31, 2022. These expenses included critical employee sequestration, sanitization and cleaning supplies, facility protective measures, and equipment for a remote workforce. The Authority submitted \$20 million in reimbursable costs to FEMA of the \$33 million. As of December 2024, the Authority received \$1 million with an additional estimated \$8 million to be received in 2025. \$11 million of the \$20 million reimbursable cost, related to sheltering NYPA employees in place was deemed ineligible for reimbursement by FEMA, and the Authority has appealed this decision.

However, there is no certainty or predictability regarding the recovery of this amount due to actions beyond the control of the Authority, such as changes in legislation.

**Required Supplementary Information
(Unaudited)**

New York Power Authority
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Required Supplementary Information
(Unaudited)

Schedule of Changes in the New York Power Authority's Net OPEB Liability and Related Ratios
(\$ in millions, except percentages)

	June 30,					December 31,		
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 14	\$ 14	\$ 14	\$ 20	\$ 6	\$ 13	\$ 12	\$ 12
Interest	45	43	43	42	18	39	38	36
Change of benefit terms	1	-	4	(2)	-	-	-	-
Differences between expected and actual experience	(6)	(1)	8	(1)	(2)	2	-	-
Change of assumptions	(42)	-	(42)	(153)	(3)	(72)	-	-
Canal transfer to the Power Authority OPEB Plan	-	-	-	218	-	-	-	-
Benefit payments	(30)	(30)	(32)	(34)	(12)	(25)	(25)	(22)
Net change in total OPEB liability	(18)	26	(5)	90	7	(43)	25	26
Total OPEB liability – beginning	635	609	614	524	517	560	535	509
Total OPEB liability – ending	\$ 617	\$ 635	\$ 609	\$ 614	\$ 524	\$ 517	\$ 560	\$ 535
Plan Fiduciary Net Position								
Contributions – employer	\$ 30	\$ 29	\$ 32	\$ 34	\$ 12	\$ 25	\$ 25	\$ 22
Net investment income	87	74	(93)	136	(36)	122	(35)	88
Benefit payments	(30)	(30)	(32)	(34)	(12)	(25)	(25)	(22)
Administrative expense	(4)	(9)	(9)	-	(1)	(2)	(2)	(2)
Net change in plan fiduciary net position	83	64	(102)	136	(37)	120	(37)	86
Plan fiduciary net position – beginning	747	683	785	649	686	566	603	517
Plan fiduciary net position – ending	\$ 830	\$ 747	\$ 683	\$ 785	\$ 649	\$ 686	\$ 566	\$ 603
Net OPEB liability / (asset) – ending	\$ (213)	\$ (112)	\$ (74)	\$ (171)	\$ (125)	\$ (169)	\$ (6)	\$ (68)
Plan fiduciary net position as a percentage of the total OPEB liability	135%	118%	112%	128%	124%	133%	101%	113%
Covered-employee payroll	\$ 297	\$ 257	\$ 257	\$ 227	\$ 200	\$ 200	\$ 177	\$ 177
Net OPEB liability / (asset) as a percentage of covered-employee payroll	(72%)	(44%)	(29%)	(75%)	(63%)	(85%)	(3%)	(38%)

Notes to schedule:

The amounts presented for the Authority's 2024 net OPEB liability (asset) were measured as of June 30, 2024, based on valuation results as of December 31, 2023, for NYPA's plan and May 1, 2024, for the Canal plan, projected to the measurement date on a no gain/loss basis. This schedule is intended to present 10 years of data. Additional years will be presented prospectively. The 2021 amount includes the Canal Corporation transfer to NYPA OPEB Plan (merged plan).

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Schedule of the New York Power Authority's OPEB Contributions
(\$ in millions, except percentages)

Measurement Date	(a) Contractually/ Actuarially determined contribution	(b) Contributions made	Contribution deficiency/ (excess) (a) - (b)	(c) Covered employee payroll	Contributions as a percent of covered payroll column (b) + (c)
June 30, 2024	\$ 30	\$ 30	\$ -	\$ 297	10%
June 30, 2023	29	29	-	257	11%
June 30, 2022	32	32	-	257	12%
June 30, 2021	34	34	-	227	15%
June 30, 2020	12	12	-	200	6%
December 31, 2019	25	25	-	200	13%
December 31, 2018	25	25	-	177	14%
December 31, 2017	40	22	18	177	12%
December 31, 2016	39	24	15	161	15%
December 31, 2015	38	38	-	149	26%

Notes to schedule:

Contributions: NYPA made contributions on a pay as you go basis in 2024 and did not contribute any amount beyond the contractually / actuarially required amounts.

Valuation date: December 31, 2023, for NYPA; May 1, 2024, for Canal

Methods and assumptions used to determine contributions

Actuarial cost method: Entry Age Normal, Level Percent of Salary

Amortization period: Five-year period for differences between the expected earnings on plan investments and actual returns. Differences in assumptions and experience from expected are recognized over the average remaining service lives of all participants in the plan. Changes in benefit terms are recognized immediately.

Asset Valuation: Market Value

Per Capita Claims: NYPA - Developed using 2024 re-forecasted funding rates which were calculated using NYPA claims experience from January 1, 2022 through June 30, 2024. Canal - Developed using Canal claims experience from 2021 through 2023.

Salary increases: Varies by service, average of 8.80 percent for first year of service, 4.95 percent for 5 years of service, 4.18 percent for 10 years of service, 3.63 percent for 15 years of service, and 3.30 percent for 20 years or more of service

Participation rates: Assumed 100% of future retirees who meet the eligibility requirements will participate in the OPEB plan.

Discount rate: 7.0%

Mortality: The General Pub-2010 headcount weighted tables were used for active employees and healthy retirees and dependents, while the corresponding Contingent Survivor mortality tables were used for surviving spouses and the corresponding Disabled Retiree mortality tables were used for disabled participants. To project mortality improvement for years after 2010, the MP-2021 Projection Scale is applied on a fully- generational basis to the base rates.

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Schedule of Investment Returns for the New York Power Authority OPEB Trust

<u>Measurement Date</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024	11.40%
June 30, 2023	10.30%
June 30, 2022	(11.86%)
June 30, 2021	21.00%
June 30, 2020	(5.30%)
December 31, 2019	21.40%
December 31, 2018	(6.30%)
December 31, 2017	16.70%
December 31, 2016	7.00%
December 31, 2015	0.41%

Note to schedule:

Average rate of return over ten-year period was 6.5%.

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 (Unaudited)

Schedule of Changes in the Canal Corporation's Net OPEB Liability and Related Ratios
(\$ in millions, except percentages)

	<u>June 30,</u>		<u>December 31,</u>		
	2021	2020	2019	2018	2017
<u>Change in Net OPEB Liability</u>					
Service cost	\$ -	\$ 4	\$ 8	\$ 9	\$ 7
Interest	-	3	8	8	8
Differences between expected and actual experience	-	-	(8)	-	-
Change of assumptions	-	16	(30)	(18)	20
Canal transfer to the Power Authority OPEB Plan	(218)	-	-	-	-
Benefit payments	-	(3)	(6)	(7)	(6)
Net change in total OPEB liability	(218)	20	(28)	(8)	29
Net OPEB liability – beginning	218	198	226	234	205
Net OPEB liability – ending	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ 198</u>	<u>\$ 226</u>	<u>\$ 234</u>
Covered-employee payroll	N/A	\$ 27	\$ 27	\$ 24	\$ 24
Net OPEB liability / (asset) as a percentage of covered-employee payroll	N/A	807%	733%	942%	975%

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Schedules Relating to the Employees' Retirement System Pension Plan

(\$ in millions, except percentages)

Schedule of Proportionate Share of the Net Pension Liability

<u>As of March 31,</u>	<u>Proportion of the Net Pension Liability (Asset) Percentage</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</u>
2024	0.81%	\$ 120	\$ 268	44.8%	93.9%
2023	0.81%	175	252	69.4%	90.8%
2022	(0.83%)	(68)	242	(28.1%)	103.7%
2021	0.76%	1	233	0.4%	99.9%
2020	0.77%	203	219	92.7%	86.4%
2019	0.76%	53	214	24.8%	96.3%
2018	0.72%	23	205	11.2%	98.2%
2017	0.72%	67	193	34.7%	94.7%
2016	0.60%	96	166	57.8%	90.7%
2015	0.59%	20	150	13.3%	97.9%

Schedule of Contributions

<u>Year Ending December 31,</u>	<u>Actuarially Required Contribution</u>	<u>Actual Contribution</u>	<u>Contribution (Excess) Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a percentage of Covered Payroll</u>
2024	\$ 39	\$ 39	-	\$ 268	15%
2023	32	32	-	252	13%
2022	27	27	-	242	11%
2021	36	36	-	233	15%
2020	30	30	-	219	14%
2019	29	29	-	214	14%
2018	28	28	-	205	14%
2017	28	28	-	193	15%
2016	24	24	-	166	14%
2015	25	25	-	150	17%

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Detailed Financials

A) Statement of Net Position (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Assets and Deferred Outflows										
Current assets:										
Cash and cash equivalents										
Unrestricted	\$ 270	\$ 311	\$ 51	\$ 96	10	\$ 31	\$ 4	\$ -	\$ 335	\$ 438
Restricted	8	1	-	-	-	-	-	-	8	1
Capital Fund	82	3	-	38	-	-	-	-	82	41
Total Cash and cash equivalents	360	315	51	134	10	31	4	-	425	480
Investment in securities										
Unrestricted	852	969	117	341	110	74	94	-	1,173	1,384
Restricted	13	13	-	-	-	-	-	-	13	13
Committed	453	136	-	-	-	-	-	-	453	136
Total Investment in securities	1,318	1,118	117	341	110	74	94	-	1,639	1,533
Receivables - customers	379	266	5	3	-	-	-	-	384	269
Materials and supplies:										
Plant and general	80	75	-	-	-	-	-	-	80	75
Fuel	51	51	-	-	-	-	-	-	51	51
Miscellaneous receivables and other	119	134	1	2	2	5	2	-	124	141
Total current assets	2,307	1,959	174	480	122	110	100	-	2,703	2,549
Capital assets:										
Non-Utility Assets, net of accumulated depreciation	37	77	-	-	-	-	-	-	37	77
Assets, not depreciated	897	758	465	270	-	-	-	-	1,362	1,028
Assets, net of accumulated depreciation	4,853	4,886	1,046	917	-	-	-	-	5,899	5,803
Total capital assets	5,787	5,721	1,511	1,187	-	-	-	-	7,298	6,908
Other long-term assets	1,064	879	35	17	-	-	-	-	1,099	896
Total noncurrent assets	6,851	6,600	1,546	1,204	-	-	-	-	8,397	7,804
Total assets	9,158	8,559	1,720	1,684	122	110	100	-	11,100	10,353
Deferred outflows of resources:										
Asset retirement obligation	17	19	-	-	-	-	-	-	17	19
Accumulated decrease in fair value of derivatives	20	40	-	-	-	-	-	-	20	40
Pensions	128	140	-	-	-	-	-	-	128	140
Postemployment benefits other than pensions	82	128	-	-	-	-	-	-	82	128
Total deferred outflows of resources	247	327	-	-	-	-	-	-	247	327
Total assets and deferred outflows of resources	\$ 9,405	\$ 8,886	\$ 1,720	\$ 1,684	\$ 122	\$ 110	\$ 100	\$ -	\$ 11,347	\$ 10,680

See accompanying independent auditors' report

New York Power Authority
(A Component Unit of the State of New York)
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(Unaudited)

	NYPA		SFP		Captive		NYREDHC		Total	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Liabilities, Deferred Inflows and Net Position										
Current liabilities:										
Accounts Payable and accrued liabilities	\$ 841	\$ 779	\$ 11	\$ 62	\$ 5	\$ 4	\$ -	\$ -	\$ 857	\$ 845
Short-term debt	438	227	-	-	-	-	-	-	438	227
Long-term debt due within one year	-	17	20	16	-	-	-	-	20	33
Total current liabilities	1,279	1,023	31	78	5	4	-	-	1,315	1,105
Noncurrent liabilities:										
Long-term debt:										
Senior:										
Revenue bonds	1,805	1,519	-	-	-	-	-	-	1,805	1,519
Subordinated:										
Subordinated Notes	-	35	-	-	-	-	-	-	-	35
Separate Revenue Bond Obligation:										
SFP Bonds 2022	-	-	617	640	-	-	-	-	617	640
SFP Bonds 2023	-	-	750	751	-	-	-	-	750	751
Total long-term debt	1,805	1,554	1,367	1,391	-	-	-	-	3,172	2,945
Other noncurrent liabilities:										
Nuclear fuel disposal	258	245	-	-	-	-	-	-	258	245
Relicensing	223	223	-	-	-	-	-	-	223	223
Other long-term liabilities	357	357	-	-	-	-	-	-	357	357
Total other noncurrent liabilities	838	825	-	-	-	-	-	-	838	825
Total noncurrent liabilities	2,643	2,379	1,367	1,391	-	-	-	-	4,010	3,770
Total liabilities	3,922	3,402	1,398	1,469	5	4	-	-	5,325	4,875
Deferred inflows of resources:										
Unearned revenue	27	45	-	-	-	-	-	-	27	45
Cost of removal obligations	476	435	-	-	-	-	-	-	476	435
Accumulated increase in fair value of derivatives	-	4	-	-	-	-	-	-	-	4
Pensions	66	11	-	-	-	-	-	-	66	11
Lease revenue	43	45	-	-	-	-	-	-	43	45
Postemployment benefits other than pensions	176	190	-	-	-	-	-	-	176	190
Total deferred inflows of resources	788	730	-	-	-	-	-	-	788	730
Net Position:										
Net investment in capital assets	3,463	3,361	-	-	-	-	-	-	3,463	3,361
Unrestricted	1,218	1,393	322	215	117	106	100	-	1,757	1,714
Restricted	14	-	-	-	-	-	-	-	14	-
Total net position	4,695	4,754	322	215	117	106	100	-	5,234	5,075
Total liabilities, deferred inflows of resources and net position	\$ 9,405	\$ 8,886	\$ 1,720	\$ 1,684	\$ 122	\$ 110	\$ 100	\$ -	\$ 11,347	\$ 10,680

See accompanying independent auditors' report

New York Power Authority
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B) Statement of Revenues, Expenses and Changes in Net Position (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Operating revenues:										
Power sales	\$ 2,060	\$ 1,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,060	\$ 1,773
Transmission	317	376	192	97	-	-	-	-	509	473
Transportation and delivery	810	747	-	-	-	-	-	-	810	747
Other	50	39	-	-	7	2	-	-	57	41
Total operating revenues	3,237	2,935	192	97	7	2	-	-	3,436	3,034
Operating expenses:										
Purchased power	678	605	-	-	-	-	-	-	678	605
Fuel oil and gas	214	176	-	-	-	-	-	-	214	176
Transportation and delivery	1,174	1,107	-	-	-	-	-	-	1,174	1,107
Operations and maintenance	744	707	27	16	-	-	-	-	771	723
Depreciation and amortization	339	299	14	8	-	-	-	-	353	307
Total operating expenses	3,149	2,894	41	24	-	-	-	-	3,190	2,918
Operating income	88	41	151	73	7	2	-	-	246	116
Nonoperating revenues, gains (losses) and (expenses):										
Investment income	51	70	17	9	4	4	-	-	72	83
Interest on long-term debt	(71)	(80)	(64)	(31)	-	-	-	-	(135)	(111)
Interest - other	(33)	(28)	-	-	-	-	-	-	(33)	(28)
Interest capitalized	52	58	-	-	-	-	-	-	52	58
Amortization of debt premium	2	(1)	3	2	-	-	-	-	5	1
Other	(48)	11	-	-	-	-	-	-	(48)	11
Total nonoperating losses and expenses	(47)	30	(44)	(20)	4	4	-	-	(87)	14
Net income and change in net position	\$ 41	\$ 71	\$ 107	\$ 53	\$ 11	\$ 6	\$ -	\$ -	\$ 159	\$ 130

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New York Power Authority
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C) Statement of Cash Flows (In millions)

	NYPA		SFP		Captive		NYREDHC		Total	
	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23	Dec-24	Dec-23
Cash flows from operating activities:										
Customer sales	3,067	2,947	149	97	11	1	-	-	3,227	3,045
Disbursements for:										
Purchased power	(685)	(601)	-	-	-	-	-	-	(685)	(601)
Fuel oil and gas	(200)	(192)	-	-	-	-	-	-	(200)	(192)
Transportation and delivery	(1,167)	(1,089)	-	-	-	-	-	-	(1,167)	(1,089)
Operations and maintenance	(736)	(726)	(27)	(16)	-	-	-	-	(763)	(742)
Net cash provided by operating activities	279	339	122	81	11	1	-	-	412	421
Cash flows from capital and related financing activities:										
Gross additions to capital assets	(307)	(248)	(369)	(451)	-	-	-	-	(676)	(699)
Proceeds from issuance of Series 2023 Green Bonds	513	-	-	751	-	-	-	-	513	751
Issuance costs paid on debt	(5)	-	-	(10)	-	-	-	-	(5)	(10)
Repayment/defeasance of bonds	(275)	(108)	-	-	-	-	-	-	(275)	(108)
Repayment of notes/bonds	(16)	-	(16)	(2)	-	-	-	-	(32)	(2)
Investment of Subsidiary	(4)	(100)	-	-	-	100	4	-	-	-
Interest paid, net	(55)	(69)	(64)	(26)	-	-	-	-	(119)	(95)
Net cash used in capital and related financing activities	(149)	(525)	(449)	262	-	100	4	-	(594)	(163)
Cash flows from noncapital-related financing activities:										
Energy conservation program payments received from participants	255	334	-	-	-	-	-	-	255	334
Energy conservation program costs	(352)	(269)	-	-	-	-	-	-	(352)	(269)
Proceeds from issuance of commercial paper	273	138	-	-	-	-	-	-	273	138
Repayment of commercial paper	(62)	(91)	-	-	-	-	-	-	(62)	(91)
Interest paid on commercial paper	(13)	(6)	-	-	-	-	-	-	(13)	(6)
Margin Deposits with Brokers	16	37	-	-	-	-	-	-	16	37
Other	10	-	-	-	-	-	-	-	10	-
Net cash provided by noncapital-related financing activities	127	143	-	-	-	-	-	-	127	143
Cash flows from investing activities:										
Earnings received on investments	75	36	18	11	6	6	-	-	99	53
Purchase of investment securities	(2,299)	(4,012)	(9)	(462)	(39)	(76)	-	-	(2,347)	(4,550)
Maturities/sale of investment securities	2,012	4,020	235	203	1	-	-	-	2,248	4,223
Net cash used in investing activities	(212)	44	244	(248)	(32)	(70)	-	-	-	(274)
Net (decrease) increase in cash	45	1	(83)	95	(21)	31	4	-	(55)	127
Cash and cash equivalents, January 1	315	314	134	39	31	-	-	-	480	353
Cash and cash equivalents, December 31	360	315	51	134	10	31	4	-	425	480
Reconciliation to net cash provided by operating activities:										
Operating income	88	41	151	73	7	2	-	-	246	116
Adjustments to reconcile operating income to net cash provided by operating activities:										
Change in assets, deferred outflows, liabilities, and deferred inflows:										
Provision for depreciation and amortization	339	299	14	8	-	-	-	-	353	307
Net (increase) in miscellaneous prepayments and other	(52)	(49)	-	-	-	-	-	-	(52)	(49)
Net (increase) decrease in receivables and materials and supplies	(76)	110	(43)	-	4	(1)	-	-	(115)	109
Net (decrease) in accounts payable/accrued liabilities and other	(20)	(62)	-	-	-	-	-	-	(20)	(62)
Net cash provided by operating activities	279	339	122	81	11	1	-	-	412	421

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