

NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE FIVE MONTHS ENDED MAY 31, 2006

**Financial Reports
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NEW YORK POWER AUTHORITY FINANCIAL REPORT FOR THE FIVE MONTHS ENDED MAY 31, 2006

(\$ in millions)

<u>Financial Summary</u>	<u>2006 YTD</u>		<u>May 2006</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$63.8	\$ 35.5	\$22.6	\$13.5
Net revenues (loss)	41.3	11.8	17.9	9.2
O&M (incl. administrative)	102.8	100.9	21.0	22.1
Generation (gwh's)	10.890	10,419	2,086	2,057
	<u>Current</u>	<u>Prior Month</u>	<u>December 2005</u>	
Reserves	\$254	\$231	\$233	

Net revenues through May 31, 2006 were \$41.3 which was \$29.5 higher than budgeted including higher net operating revenues (\$28.3) and higher non-operating income (\$1.2). Higher net operating revenues at the hydro facilities (\$58.0) and the MSP market area (\$12.5) were substantially offset by negative variances at SENY (\$37.9) and Flynn (\$4.4). The positive results at the hydro facilities were due to higher than expected water flows resulting in 9% higher production. The MSP market area showed better than anticipated operating results due to lower prices on ISO purchases. The negative variance at SENY was due primarily to lower than expected prices on sales to the ISO. Net revenues at Flynn included lower customer revenues which were impacted by lower prices on Long Island in accordance with the terms of the LIPA agreement. Non-operating income included lower than anticipated costs on variable rate debt.

Net revenues for the month of May were \$17.9 which was \$8.7 higher than anticipated due primarily to higher net operating revenues. Net operating revenues were higher at the hydro facilities (\$11.4, 2% higher generation and lower purchased power costs), B-G (\$1.3, higher sales to the ISO) and the SCPP's (\$2.2, lower fuel costs). These positives were partially offset by lower net operating revenues at SENY (\$7.4, lower prices on sales to the ISO and higher purchased power costs). Higher purchased power at SENY included the cost to replace Entergy purchases during a longer than anticipated outage at IP-2. SENY operating results for the month reflected a loss of \$8.5 partially offset by an anticipated recovery from NYC Government customers (\$1.1). For the year-to-date, the total anticipated recovery under the cost sharing plan is now \$30.0 which is the maximum under the agreement. Production for May (2,086 gwh) was 1% higher than anticipated (2,057 gwh) resulting from higher generation at the hydro facilities (46 gwh) partially offset by lower fossil production (17 gwh).

NYPA
Net Revenues
For The Five Months ended May 31, 2006
(\$ in 000'S)

	<u>Annual Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
Operating Revenues				
Customer	\$1,829,029	\$717,618	\$745,909	(\$28,291)
ISO-Energy	947,271	267,877	406,143	(138,266)
Ancillary Services	64,654	41,129	24,118	17,011
NTAC and Other	80,134	34,657	32,689	1,968
Total ISO	<u>1,092,059</u>	<u>343,663</u>	<u>462,950</u>	<u>(119,287)</u>
	2,921,088	1,061,281	1,208,859	(147,578)
Operating Expenses				
Purchased Power:				
Entergy	158,785	63,402	62,301	(1,101)
Other	1,048,307	356,055	461,743	105,688
Ancillary Services	83,746	28,188	34,290	6,102
Fuel Consumed - Oil & Gas	623,649	209,081	272,589	63,508
Wheeling	302,119	98,988	102,260	3,272
Operations & Maintenance	259,964	102,761	100,889	(1,872)
Other expenses	137,914	69,768	68,414	(1,354)
Depreciation & Amortization	176,402	71,926	73,500	1,574
Allocation to Capital	(8,794)	(2,688)	(2,614)	74
	<u>2,782,092</u>	<u>997,481</u>	<u>1,173,372</u>	<u>175,891</u>
Net Operating Revenues	138,996	63,800	35,487	28,313
Interest Income and Realized Gains	63,763	25,920	26,153	(233)
Mark to Market Adjustment	(2,000)	(3,984)	(2,000)	(1,984)
Investment Income	61,763	21,936	24,153	(2,217)
Interest and Other Expenses	114,874	44,465	47,869	3,404
Net Revenues	<u>85,885</u>	<u>41,271</u>	<u>11,771</u>	<u>29,500</u>

New York Power Authority
Net Revenues by Facility
For the Five Months ended May 31, 2006
(\$ in 000's)

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues									
Customer	\$ 158,808	\$ 6,565	\$ 392,616	\$ 4,329	\$ 126,256	\$ 51,671	\$ 35,132	\$ (57,759)	\$ 717,618
ISO-Energy	25,695	27,739	171,028	26,509	19,906			(3,000)	267,877
Ancillary Services	34,482	2,194	4,077	376					41,129
NTAC and Other							34,657		34,657
Total ISO	60,177	29,933	175,105	26,885	19,906	-	34,657	(3,000)	343,663
Operating Expenses									
Purchased Power:									
Energy			63,402						63,402
Other	30,049	23,618	230,797	1,289	130,450		19	(60,167)	356,055
Ancillary Services	7,904	124	16,962	20	3,178				28,188
Fuel Consumed - Oil & Gas			157,282	12,909		38,890			209,081
Wheeling	4,506		90,453		3,923	106			98,988
Operations & Maintenance	39,965	11,314	18,416	4,352	715	3,623	24,376	25,934	102,761
Other expenses	8,189	1,267	4,907	359	24,389	182	4,541		69,768
Depreciation & Amortization	13,882	2,471	24,584	12,118	353	2,179	16,339		71,926
Allocation to Capital	(1,158)	(325)	(455)	(12)		(89)	(649)		(2,688)
	103,337	38,469	606,348	31,035	163,008	44,891	44,626	(34,233)	997,481
Net Operating Revenues	115,648	(1,971)	(38,627)	179	(16,846)	6,780	25,163	(26,526)	63,800
Investment and Other Income			2,406					19,530	21,936
Interest and Other Expenses	(6,161)	5	(16,038)	(16)	(32)	(1,692)	(13,495)	(7,036)	(44,465)
Net Revenues (loss)	109,487	(1,966)	(52,259)	163	(16,878)	5,088	11,668	(14,032)	41,271
Budget	50,254	(4,224)	(14,450)	(475)	(29,400)	9,318	11,131	(10,383)	11,771
Variance	\$ 59,233	\$ 2,258	\$ (37,809)	\$ 638	\$ 12,522	\$ (4,230)	\$ 537	\$ (3,649)	\$ 29,500

* Reflects loss of \$82.3 million partially offset by \$30.0 million anticipated recovery from NYC Govt. customers (based on sharing plan elected for 2006 under L.T. Supplemental Energy Supply Agreement).

NEW YORK POWER AUTHORITY
VARIANCE FROM BUDGET
MAJOR FACTORS
For the Five Months Ended May 31, 2006
(Millions)

		<u>Better/(Worse) than budget</u>	
Niagara/St. Lawrence	o Lower customer & ISO energy revenues (lower prices)	(\$20.8)	
	o Higher ancillary service revenues (primarily higher prices for regulation & reserves)	13.9	
	o Lower purchased power costs (lower volumes & prices)	62.1	
	o Other (including lower interest costs)	<u>4.0</u>	59.2
Blenheim-Gilboa	o Higher ISO energy revenues (higher volumes)	12.6	
	o Higher purchased power costs (higher volumes)	(10.8)	
	o Other	<u>0.5</u>	2.3
SENY	o Lower revenues (primarily lower prices on sales to the ISO)	(96.3)	
	o Lower purchased power costs (lower prices)	27.4	
	o Lower fuel costs (lower generation & lower prices)	26.6	
	o Other (including lower interest costs)	<u>4.5</u>	(37.8)
SCPP	o Lower ISO revenues (lower volumes & prices)	(18.9)	
	o Lower fuel costs (lower generation & lower prices)	19.6	
	o Other	<u>(0.1)</u>	0.6
Market Supply Power	o Lower revenues (primarily lower prices on sales to the ISO)	(8.0)	
	o Lower purchased power costs (lower prices)	18.1	
	o Other	<u>2.4</u>	12.5
Flynn	o Lower revenues (lower prices on Long Island)	(21.5)	
	o Lower fuel costs (lower prices)	<u>17.3</u>	(4.2)
Transmission	o Higher revenues	0.6	
	o Higher allocated administrative costs	(0.2)	
	o Other	<u>0.1</u>	0.5
Consolidating adjustments (including mark-to-market loss on investment portfolio)			<u>(3.6)</u>
Net Revenues			<u><u>\$29.5</u></u>

NYPA
Operations & Maintenance
For the Five Months Ended May 31, 2006

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
Power Generation		
Headquarters Support	\$4.4	\$2.7
Blenheim-Gilboa	6.5	6.1
Charles Poletti	6.3	6.5
500 MW	2.8	3.6
R.M. Flynn	2.4	2.0
SCPP	3.9	3.9
Small Hydros	1.1	1.5
Niagara	16.9	16.4
St. Lawrence	<u>6.0</u>	<u>7.2</u>
	50.3	49.9
Transmission		
ECC/Headquarters	3.6	3.7
Transmission Facilities	<u>14.3</u>	<u>14.6</u>
	17.9	18.3
Corporate Support		
Executive Office	5.5	5.2
Business Services	12.1	10.5
HR & Corporate Support	9.1	9.6
Marketing & Econ. Devel.	3.2	3.0
Energy Services	<u>1.1</u>	<u>1.2</u>
	31.0	29.5
Research & Development & Other	3.6	3.2
Total	<u>\$102.8</u>	<u>\$100.9</u>

Through May, O&M expenses were \$1.9 million over budget.

Power Generation was over budget by \$0.4 million, or 1%. The Power Generation HQ overrun (\$1.7 million) reflected greater than anticipated work on recurring and non recurring O&M projects rather than capital (mainly in Environmental), and earlier than planned contractors and consultants for Maximo related issues. Niagara spending was over budget by \$0.5 million primarily due to some non-recurring tasks proceeding earlier than scheduled such as the LPGP feeder system and the LPGP overhaul. Flynn was over budget due to unbudgeted vibration remediation work on the turbine generator. Under spending at St. Lawrence (\$1.2 million) resulted primarily from greater than anticipated capital LEM work in conjunction with less than expected headquarters support. The 500MW underrun was due to less than expected materials and waste disposal charges.

Transmission spending was under budget by \$0.4 million due to less than anticipated maintenance charges for the Marcy South and the B-G transmission lines.

HQ Corporate Support expenses were collectively \$1.6 million over budget. The primary sources of the variance were overruns in IT contractor services, delays in capital IT initiatives, and to a lesser extent overruns in law, marketing and energy risk management consultant support.

**NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
(IN THOUSANDS)**

	<u>MAY 2006</u>	<u>DECEMBER 2005</u>	<u>NET CHANGE</u>
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	\$3,109,829	\$3,145,208	(35,379)
Construction Work In Progress	143,023	121,217	21,806
Net Utility Plant	<u>\$3,252,852</u>	<u>\$3,266,425</u>	<u>(13,573)</u>
Restricted Funds	76,624	79,258	(2,634)
Construction Funds	130,824	147,415	(16,591)
Investment In Decommissioning Trust Fund	866,944	851,346	15,598
Current Assets:			
Cash	72	72	-
Investments In Government Securities	579,868	572,457	7,411
Interest Receivable On Investments	11,963	12,069	(106)
Receivables-Customers	231,946	210,196	21,750
Materials & Supplies-Plant & General	65,328	63,352	1,976
-Fuel	33,996	26,442	7,554
Prepayments And Other	44,378	45,401	(1,023)
Notes Receivable-Nuclear Sale	269,404	257,349	12,055
Deferred Charges And Other Assets	<u>528,071</u>	<u>645,112</u>	<u>(117,041)</u>
TOTAL ASSETS	<u>\$6,092,270</u>	<u>\$6,176,894</u>	<u>(\$84,624)</u>
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	\$1,901,735	\$1,935,378	(33,643)
Notes	156,145	161,835	(5,690)
Short-Term Notes Payable	228,040	218,241	9,799
Accounts Payable And Accrued Liabilities	506,885	503,026	3,859
Spent Nuclear Fuel Disposal	195,886	192,374	3,512
Decommissioning Of Nuclear Plants	866,944	851,346	15,598
Deferred Revenue	<u>298,816</u>	<u>418,155</u>	<u>(119,339)</u>
TOTAL LIABILITIES AND OTHER CREDITS	<u>4,154,451</u>	<u>4,280,355</u>	<u>(125,904)</u>
ACCUMULATED NET REVENUES-JANUARY 1	1,896,548	1,838,026	58,522
NET REVENUES	<u>41,271</u>	<u>58,513</u>	<u>(17,242)</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$6,092,270</u>	<u>\$6,176,894</u>	<u>(\$84,624)</u>

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE FIVE MONTHS ENDED MAY 31, 2006

Facility	Year-to-date May			Month of May 2006				
	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
<u>Niagara</u>	<u>5,779,826</u>	<u>5,270,000</u>	<u>509,826</u>	<u>9.67%</u>	<u>1,038,644</u>	<u>990,000</u>	<u>48,644</u>	<u>4.91%</u>
St. Lawrence	2,757,997	2,540,000	217,997	8.58%	558,971	570,000	(11,029)	-1.93%
Combined	8,537,823	7,810,000	727,823	9.32%	1,597,615	1,560,000	37,615	2.41%
Poletti	634,044 (1)	1,036,376	(402,332)	-38.82%	119,486 (1)	167,490	(48,004)	-28.66%
500MW	1,145,058	875,790	269,268	30.75%	248,558	201,664	46,894	23.25%
SCPP	127,106	197,553	(70,447)	-35.66%	40,312	50,328	(10,016)	-19.90%
Blenheim Gilboa	(149,930)	(76,970)	(72,960)	94.79%	(23,070)	(26,794)	3,724	-13.90%
Small Hydro	97,791	60,244	37,547	62.32%	16,958	12,367	4,591	37.12%
R. M. Flynn	497,836 (2)	515,688	(17,852)	-3.46%	86,590 (2)	91,838	(5,248)	-5.71%
<u>Total</u>	<u>10,889,728</u>	<u>10,418,681</u>	<u>471,047</u>	<u>4.52%</u>	<u>2,086,449</u>	<u>2,056,893</u>	<u>29,556</u>	<u>1.44%</u>

(1) Scheduled maintenance outage April 1 of April 10, 2006. Continued on reserve shutdown through April 13, 2006.

(2) Scheduled maintenance outage April 24 - May 4, 2006.

NYPA
Capital Expenditures
For the Five Months Ended May 31, 2006

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
New Generation	\$6.9	\$9.4
Energy Services	41.2	35.9
Existing Facilities	35.9	29.4
Transmission	3.3	9.2
Headquarters	4.7	5.6
General Plant and Minor Additions	<u>2.7</u>	<u>2.8</u>
	<u>\$94.7</u>	<u>\$92.3</u>

Capital expenditures through May 2006 (\$94.7 million) were 2.6% higher than the budget. Expenditures for **Existing Facilities** improvements were \$6.5 million over budget. The overrun was primarily the result of the cost of \$10.0 million to establish the Seaway Private Equity Corporation, not included in the budget. Since NYPA has withdrawn from the agreement with the St. Lawrence Aquarium and Ecological Center, NYPA has agreed to establish this fund for new economic development in the North Country. This overrun was partially offset by less than anticipated work on the Niagara Upgrade and the Stator Rewind projects, and a decreased usage of consultants for the Niagara Relicensing project. **Energy Services** was \$5.3 million over budget primarily due to accelerated construction activity for the NYC governmental customers under the Long Term Agreement Programs. The temporary underrun in **Transmission** of \$5.9 million will diminish as work proceeds on the Static Var Compensator and Tri Lake Transmission project.

Under the Expenditure Authorization Procedure, the President did not authorize any new expenditures during the month.

**Demand Side Management
Cost Summary (Inception to Date)
May 31, 2006
(\$ In 000's)**

(A) DSM Projects

Authorized	Program	Prog	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
13,000	Distributed Generation	ES-DGN	1,701		1,701		1,701
183,050	Electrotechnologies LTEPA	ES-EPN	13,094	68,876	81,970	45,404	36,566
433,000	NYPA Energy Services Program	ES-ESN	42,807	83,098	125,905	39,186	86,719
500,000	SENY Govt Cust Energy Serv	ES-GSN	28,662		28,662	1,940	26,722
26,000	Landfill Gases Program	ES-LFN	903		903		903
130,000	SENY HELP LTEPA	ES-LTN	19,533	71,918	91,451	58,452	32,999
1,200	MUNI Vehicle Program	ES-MVN	-	372	372	117	255
140,000	Non-Elect End Use LTEPA	ES-NEN	19,112	57,634	76,746	24,258	52,488
35,000	Peak Load Mgmt	ES-PLN	1,317	165	1,482		1,482
Completed Programs							
5,000	Coal Conversion LTEPA	ES-CCN	-	5,000	5,000	673	4,327
5,000	County & Muni's	ES-CMN	-	1,799	1,799	1,791	8
14,600	Industrial	ES-IPN	-	6,876	6,876	6,392	484
51,000	LI HELP	ES-LIN	-	48,615	48,615	47,859	756
15,000	SENY New Constr	ES-NCN	-	3,372	3,372	2,502	870
75,000	Public Housing LTEPA	ES-PHN	-	70,825	70,825	60,943	9,882
40,000	Public Schools	ES-PSN	-	39,841	39,841	38,175	1,666
\$130,000	SENY HELP	ES-SEN	-	\$133,983	\$133,983	\$133,983	\$0
60,000	Statewide	ES-SWN	-	57,620	57,620	57,620	0
4,085	Other		-	746	746	687	59
7,500	Wattbusters		-	6,131	6,131	5,045	1,086
<u>\$1,868,435</u>			<u>\$127,129</u>	<u>\$656,871</u>	<u>\$784,000</u>	<u>\$525,027</u>	<u>\$258,973</u>

(B) POCR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
<u>\$ 16,390</u>	Colleges & Universities	<u>\$ 16,390</u>	<u>\$ 15,716 (1)</u>	<u>\$ 674</u>

GRANTS

Authorized	Program	Issued
9,105	Coal Conversion Pilot	9,105
4,558	Hybrid Bus Program	\$ 4,558
663	Solar Grants	663
3,000	NYSERDA	3,000
19,876 (1)	Energy Services Programs	13,915
<u>31,042 (1)</u>	POCR Grants	<u>12,373</u>
<u>\$ 68,244</u>		<u>\$ 43,614</u>

(C) CASP Funding

Authorized	Program	Issued
132,047 (2)	Coal Conversion	118,819

(D) Board of Ed Funding

Authorized	Program	Issued
38,628 (2)	Climate Controls (NYC BOE)	34,414

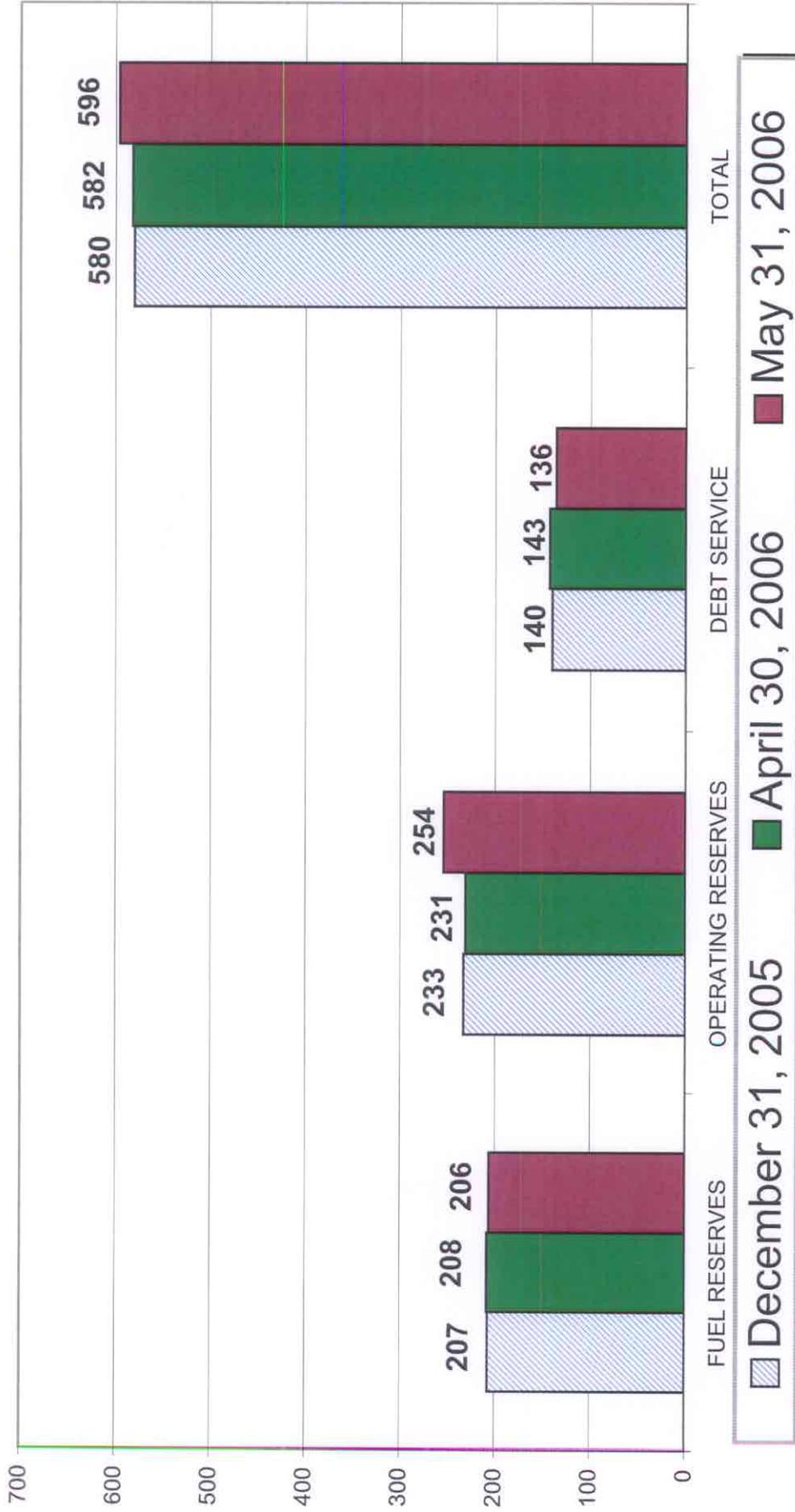
(D) NYC Housing Auth Funding

Authorized	Program	Issued
12,642 (2)	NYCHA Hot Water Heaters	3,221

(1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POGR Grant Program.

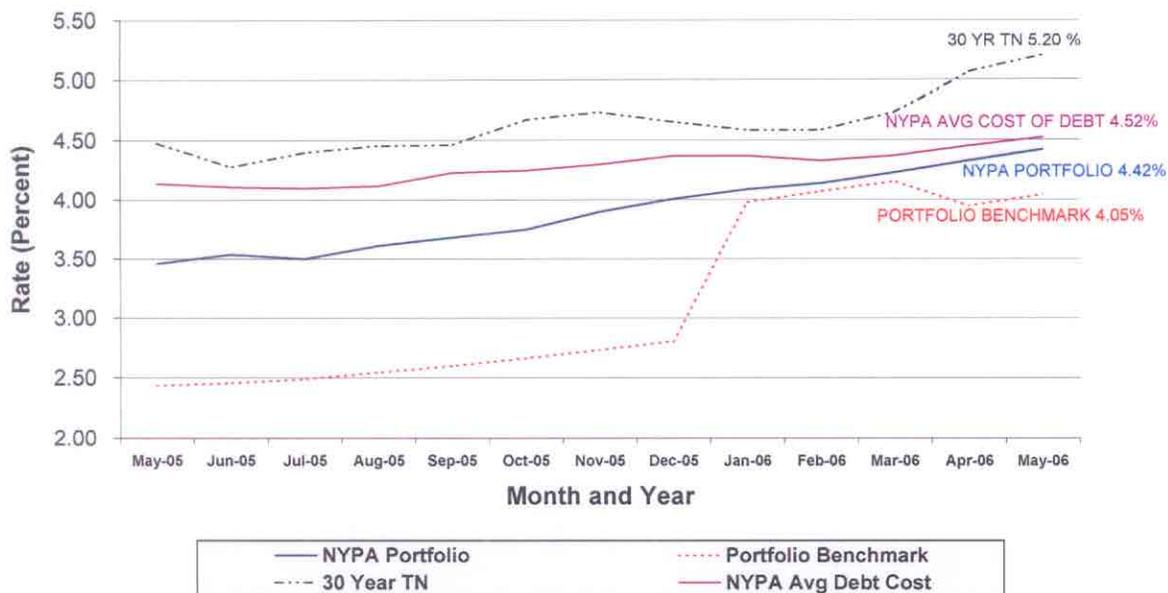
(2) Authorized funds reflect both principal received and the interest earned on such principal.

**NEW YORK POWER AUTHORITY
OPERATING FUND
(\$ MILLIONS)**



Fuel Reserves include \$196 million for Nuclear Spent Fuel and \$10 million for Energy Hedging Reserve Fund.

Portfolio Performance



Financing Rates

