

NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(PRELIMINARY)

**Financial Reports
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NEW YORK POWER AUTHORITY FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2006

(\$ in millions)

<u>Financial Summary</u>	<u>2006 YTD</u>		<u>December 2006</u>	
	<u>PRELIMINARY*</u>		<u>Actual</u>	<u>Budget</u>
	<u>Actual</u>	<u>Budget</u>		
Net operating revenues (loss)	\$173.8	\$ 139.0	(20.0)	\$8.8
Net revenues (loss)	137.6	85.9	(22.9)	4.7
O&M (incl. administrative)	263.6	260.0	23.8	23.5
Generation (gwh's)	26,918	24,648	2,518	2,220
	<u>Current</u>	<u>Prior Month</u>	<u>December 2005</u>	
Reserves	\$348	\$444	\$233	

Net revenues for the year ended December 31, 2006 were \$137.6 which was \$51.7 higher than budgeted including higher net operating revenues (\$34.8) and higher non-operating income (\$16.9). Higher net operating revenues at the hydro facilities (\$96.8), the SCPP's (\$20.5) and the MSP market area (\$16.3) were partially offset by a negative variance at SENY (\$53.2) and an estimated potential voluntary contribution of \$40.0 to N.Y. State for the 2006/7 fiscal year. The positive results at the hydro facilities were due to higher than expected water flows resulting in 10% higher production. Higher capacity prices contributed to the positive variance at the SCPP's. The MSP market area showed better than anticipated operating results due to lower prices on ISO purchases and lower Power for Jobs rebates. The negative variance at SENY was due primarily to lower than expected prices on sales to the ISO. Non-operating income included higher investment earnings and lower costs on variable rate debt.

During the month of December the Authority experienced a loss of \$22.9 primarily due to the recognition of an estimated potential 2006/7 voluntary contribution of \$40.0 to N.Y. State. Net revenues for the month, before this charge, were \$17.1 which was \$12.4 higher than budgeted. This positive variance was attributable to higher net operating revenues (\$11.1) and higher non-operating income (\$1.3). Net operating revenues were higher primarily at the hydro facilities (\$14.8) due to 16% higher generation. Production for December (2,518 gwh) was 13% higher than anticipated (2,220 gwh) resulting from higher generation at the hydro (268 gwh) and fossil (30 gwh) facilities. Non-operating income was higher than anticipated as a result of higher earnings on the Authority's investment portfolio due to higher balances (partially offset by a mark-to-market loss) and lower costs on variable rate debt. The reserve balance decreased by \$96.0 during the month primarily due to the designation of \$100.0 for the future establishment of a trust for the payment of post-employment health benefits.

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

NYPA
Net Revenues
For The Year ended December 31, 2006
(\$ in 000'S)

	PRELIMINARY		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
Operating Revenues			
Customer	\$1,729,782	\$1,829,029	(\$99,247)
ISO-Energy	764,775	947,271	(182,496)
Ancillary Services	82,412	64,654	17,758
NTAC and Other	82,957	80,134	2,823
Total ISO	<u>930,144</u>	<u>1,092,059</u>	<u>(161,915)</u>
	2,659,926	2,921,088	(261,162)
Operating Expenses			
Purchased Power:			
Entergy	164,369	158,785	(5,584)
Other	813,929	1,048,271	234,342
Ancillary Services	82,469	83,746	1,277
Fuel Consumed - Oil & Gas	523,053	623,649	100,596
Wheeling	295,510	302,119	6,609
Operations & Maintenance	263,632	259,965	(3,667)
Other expenses	177,422	137,904	(39,518)
Depreciation & Amortization	173,365	176,402	3,037
Allocation to Capital	(7,668)	(8,794)	(1,126)
	<u>2,486,081</u>	<u>2,782,047</u>	<u>295,966</u>
Net Operating Revenues	173,845	139,041	34,804
Interest Income and Realized Gains	72,044	63,763	8,281
Mark to Market Adjustment	310	(2,000)	2,310
Investment Income	<u>72,354</u>	<u>61,763</u>	<u>10,591</u>
Interest and Other Expenses	108,591	114,874	6,283
Net Revenues	<u><u>137,608</u></u>	<u><u>85,930</u></u>	<u><u>51,678</u></u>

New York Power Authority
Net Revenues by Facility
For the Year ended December 31, 2006
(\$ in 000's)
PRELIMINARY

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues									
Customer	\$ 383,535	\$ 21,531	\$ 996,958	\$ 12,496	\$ 254,019	\$ 120,700	\$ 86,345	\$ (145,802)	\$ 1,729,782
ISO-Energy	55,423	67,640	490,895	110,235	51,080			(10,498)	764,775
Ancillary Services	65,775	5,770	9,017	877				973	82,412
NTAC and Other							82,957		82,957
Total ISO	121,198	73,410	499,912	111,112	51,080		82,957	(9,525)	930,144
Operating Expenses									
Purchased Power:									
Entergy			164,369						164,369
Other	75,845	51,836	551,251	6,546	279,991		42	(151,582)	813,929
Ancillary Services	24,705	298	47,697	93	9,678			(2)	82,469
Fuel Consumed - Oil & Gas			388,025	50,580		84,448			523,053
Wheeling	9,577		274,926		10,621				295,510
Operations & Maintenance	99,812	27,898	47,920	13,135	1,635		64,863		263,632
Other expenses	20,395	3,219	12,387	868	47,770		12,647	79,421	177,422
Depreciation & Amortization	33,691	5,961	59,182	29,288	849		39,158		173,365
Allocation to Capital	(3,302)	(928)	(1,299)	(34)		(254)	(1,851)		(7,668)
	260,723	88,284	1,544,458	100,476	350,544	98,900	114,859	(72,163)	2,486,081
Net Operating Revenues	244,010	6,657	(47,588)	23,132	(45,445)	21,800	54,443	(83,164)	173,845
Investment and Other Income	2		7,868	1,717			8		72,354
Interest and Other Expenses	(15,586)	333	(38,497)	(36)	(72)	(3,854)	(30,900)	(19,979)	(108,591)
Net Revenues (loss)	228,426	6,990	(78,217)	24,813	(45,517)	17,946	23,551	(40,384)	137,608
Budget	129,385	(4,779)	(26,860)	2,578	(57,824)	15,561	23,102	4,767	85,930
Variance	\$ 99,041	\$ 11,769	\$ (51,357)	\$ 22,235	\$ 12,307	\$ 2,385	\$ 449	\$ (45,151)	\$ 51,678

* Reflects loss of \$108.2 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 Year Ended December 31, 2006
(Millions)
PRELIMINARY

		Better/(Worse) than budget	
Niagara/St. Lawrence	o Lower customer & ISO energy revenues (lower prices)	\$ (61.8)	
	o Higher ancillary service revenues (primarily higher prices for regulation & reserves)	9.6	
	o Lower purchased power costs (lower volumes & prices)	144.3	
	o Lower O&M (primarily lower contractor services at Niagara)	4.9	
	o Other (lower interest costs)	2.0	
			\$ 99.0
Blenheim-Gilboa	o Higher customer & ISO revenues (higher capacity prices)	18.3	
	o Higher purchased power costs (higher volumes)	(4.4)	
	o Higher site O&M (thrust bearing repair)	(1.2)	
	o Higher allocated administrative expenses	(0.9)	
			11.8
SENY	o Lower revenues (primarily lower prices on sales to the ISO)	(122.0)	
	o Lower purchased power costs (lower prices)	37.7	
	o Lower fuel costs (primarily lower prices)	30.1	
	o Other (including lower interest costs)	2.9	
			(51.3)
SCPP	o Lower ISO energy revenues (lower prices) partially offset by higher capacity revenues	(7.7)	
	o Lower fuel costs (lower prices)	30.3	
	o Higher site O&M (Kent turbine blade repair)	(1.5)	
	o Other (mainly insurance recovery-Harlem River turbine repair)	1.1	
			22.2
Market Supply Power	o Lower revenues (primarily lower prices on sales to the ISO)	(33.3)	
	o Lower purchased power costs (lower prices)	32.0	
	o Other (primarily lower PFJ customer rebates)	13.6	
			12.3
Flynn	o Lower revenues (lower prices on Long Island)	(37.7)	
	o Lower fuel costs (primarily lower prices)	40.2	
	o Other	(0.1)	
			2.4
Transmission	o Higher revenues (NTAC)	1.9	
	o Higher O&M (right-of-way maintenance)	(0.8)	
	o Other	(0.7)	
			0.4
Consolidating adjustments	(includes estimated potential voluntary contribution of \$40.0 to NY State for the 2006/7 fiscal year)		(45.1)
Net Revenues			\$ 51.7

NYPA
Operations & Maintenance
For the Year Ended December 31, 2006
PRELIMINARY

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
Power Generation		
Headquarters Support	\$10.8	\$7.1
Blenheim-Gilboa	16.1	14.9
Charles Poletti	15.1	16.0
500 MW	9.5	8.7
R.M. Flynn	5.4	5.2
SCPP	11.9	10.5
Small Hydros	3.1	3.8
Niagara	42.2	45.5
St. Lawrence	<u>16.0</u>	<u>17.5</u>
	130.1	129.2
Transmission		
ECC/Headquarters	8.6	9.1
Transmission Facilities	<u>39.5</u>	<u>38.8</u>
	48.1	47.9
Corporate Support		
Executive Office	11.0	10.3
Business Services	32.8	30.8
HR & Corporate Support	23.1	23.2
Marketing & Econ. Devel.	6.6	7.0
Energy Services	<u>3.1</u>	<u>2.8</u>
	76.6	74.1
Research & Development & Other	8.8	8.8
Total	<u>\$263.6</u>	<u>\$260.0</u>

For 2006, O&M expenses were \$3.6 million over budget. Power Generation expenditures were \$0.9 million higher than budgeted. The Power Generation HQ overrun (\$3.7 million) reflected greater than anticipated work on recurring and non recurring O&M projects rather than capital (mainly in Environmental). The SCPP's were over budget by \$1.4 million due to the unanticipated turbine blade repair at the Kent unit. The overspending for Blenheim-Gilboa (\$1.2 million) was due to emergency repair work on the Unit 4 thrust bearings. The \$0.8 million overrun at the 500 MW plant was due to unbudgeted heat tracing modification work. These negatives were substantially offset by underruns at the hydro facilities. Niagara spending was \$3.3 million under budget primarily due to lower than expected direct charges for contractor services for the Robert Moses 480/508 Elevated Drain Rehabilitation project due to the implementing a lower cost alternate solution. The positive variance at St. Lawrence (\$1.5 million) reflected lower labor charges to O&M resulting from higher than anticipated activity on the capital LEM work. HQ Corporate Support expenses were collectively \$2.5 million over budget due mainly to overruns in legal and risk consultant support , IT communications expenses and less than anticipated payroll charged to capital projects (Billing System).

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

PRELIMINARY

	DECEMBER <u>2006</u>	DECEMBER <u>2005</u>	<u>NET CHANGE</u>
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	\$3,078,361	\$3,145,208	(66,847)
Construction Work In Progress	<u>161,247</u>	<u>121,217</u>	<u>40,030</u>
Net Utility Plant	\$3,239,608	\$3,266,425	(26,817)
Restricted Funds	67,247	79,258	(12,011)
Construction Funds	105,588	147,415	(41,827)
Investment In Decommissioning Trust Fund	923,622	851,346	72,276
Current Assets:			
Cash	72	72	-
Investments In Government Securities	749,988	572,457	177,531
Interest Receivable On Investments	15,114	12,069	3,045
Receivables-Customers	165,002	210,196	(45,194)
Materials & Supplies-Plant & General	66,297	63,352	2,945
-Fuel	32,800	26,442	6,358
Prepayments And Other	62,056	45,401	16,655
Notes Receivable-Nuclear Sale	192,001	257,349	(65,348)
Deferred Charges And Other Assets	<u>529,406</u>	<u>681,305</u>	<u>(151,899)</u>
TOTAL ASSETS	<u>\$6,148,801</u>	<u>\$6,213,087</u>	<u>(\$64,286)</u>
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	\$1,735,262	\$1,935,378	(200,116)
Notes	156,145	161,835	(5,690)
Short-Term Notes Payable	272,282	218,241	54,041
Accounts Payable And Accrued Liabilities	629,083	539,219	89,864
Spent Nuclear Fuel Disposal	201,575	192,374	9,201
Decommissioning Of Nuclear Plants	923,622	851,346	72,276
Deferred Revenue	<u>196,676</u>	<u>418,155</u>	<u>(221,479)</u>
TOTAL LIABILITIES AND OTHER CREDITS	4,114,645	4,316,548	(201,903)
ACCUMULATED NET REVENUES-JANUARY 1	1,896,548	1,838,026	58,522
NET REVENUES	<u>137,608</u>	<u>58,513</u>	<u>79,095</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$6,148,801</u>	<u>\$6,213,087</u>	<u>(\$64,286)</u>

NYPA
**SUMMARY OF NET GENERATION (MWH'S)
 FOR THE YEAR ENDED DECEMBER 31, 2006 - PRELIMINARY**

Facility	Year-to-date December			Month of December 2006				
	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
Niagara	13,533,003	12,190,000	1,343,003	11.02%	1,381,368	1,200,000	181,368	15.11%
St. Lawrence	6,797,312	6,270,000	527,312	8.41%	619,781	520,000	99,781	19.19%
Combined	20,330,315	18,460,000	1,870,315	10.13%	2,001,149	1,720,000	281,149	16.35%
Poletti	1,885,370 (1)	2,275,999	(390,629)	-17.16%	148,915	190,029	(41,114)	-21.64%
500MW	3,052,375	2,275,662	776,713	34.13%	253,735	183,120	70,615	38.56%
SCPP	587,430	590,493	(3,063)	-0.52%	26,999	25,307	1,692	6.69%
Blenheim Gilboa	(365,857) (3)	(277,809)	(88,048)	31.69%	(43,337)	(22,034)	(21,303)	96.68%
Small Hydro	215,704	145,619	70,085	48.13%	20,592	12,367	8,225	66.51%
R. M. Flynn	1,212,595 (2)	1,177,765	34,830	2.96%	109,584	111,148	(1,564)	-1.41%
Total	26,917,932	24,647,729	2,270,203	9.21%	2,517,637	2,219,937	297,700	13.41%

(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.

(3) Scheduled outage (10/06) to facilitate the Life Extension and Modernization (LEM) project.

**NYPA
Capital Expenditures
For the Year Ended December 31, 2006**

PRELIMINARY

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
New Generation	\$13.9	\$14.8
Energy Services	117.7	102.8
Existing Facilities	89.6	103.7
Transmission	17.4	23.4
Headquarters	12.6	30.3
General Plant and Minor Additions	<u>8.4</u>	<u>8.2</u>
	<u>\$259.6</u>	<u>\$283.2</u>

Capital expenditures for 2006 were 8.3% lower than the budget. **New Generation** was under budget by \$0.9 million with underruns in the SCPP projects due to a delay in starting various community improvement projects. **Energy Services** was \$14.9 million over budget primarily due to accelerated construction activity for the NYC governmental customers under the Long Term Agreement Programs. Expenditures for **Existing Facilities** improvements were \$14.1 million under budget due to less than anticipated usage of consultants for the Niagara Relicensing project and underruns in the Niagara Upgrade, Robert Moses Stator Rewind, Niagara Gantry Crane and B-G LEM projects. This underrun was partially offset by a payment 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. The underrun in **Transmission** of \$6.0 million was due to a lag in procurement related to the Static Var Compensator and Tri Lake Transmission project. **Headquarters** was underrunning the budget by \$17.7 million due to delays in choosing the system implementation consultant for the Billing System Replacement project and delays in finalizing the scope for security improvement projects at various facilities.

Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$2.5 million for 2006. There were no new expenditures this month.

**Demand Side Management
Cost Summary (Inception to Date)
December 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	\$1,787		\$1,787	\$330	\$1,457
183,050	Electrotechnologies LTEPA	ES-EPN	8,520	74,534	83,054	47,562	35,492
433,000	NYPA Energy Services Program	ES-ESN	57,060	90,196	147,256	44,382	102,874
530,000	SENY Govt Cust Energy Serv	ES-GSN	47,751	9,274	57,025	4,981	52,044
26,000	Landfill Gases Program	ES-LFN	662		662		662
130,000	SENY HELP LTEPA	ES-LTN	9,611	78,007	87,618	62,010	25,608
1,200	MUNI Vehicle Program	ES-MVN	-	458	458	206	252
140,000	Non-Elect End Use LTEPA	ES-NEN	28,868	57,634	86,502	26,353	60,149
35,000	Peak Load Mgmt	ES-PLN	1,386	165	1,551		1,551
Completed Programs							
5,000	Coal Conversion LTEPA	ES-CCN		5,000	5,000	3,466	1,534
5,000	County & Muni's	ES-CMN		1,919	1,919	1,820	99
14,600	Industrial	ES-IPN		6,875	6,875	6,635	240
51,000	LI HELP	ES-LIN		47,505	47,505	47,058	447
15,000	SENY New Constr	ES-NCN		2,992	2,992	2,992	0
75,000	Public Housing LTEPA	ES-PHN		72,081	72,081	72,081	0
40,000	Public Schools	ES-PSN		38,941	38,941	38,756	185
130,000	SENY HELP	ES-SEN		134,305	134,305	134,305	0
60,000	Statewide	ES-SWN		56,733	56,733	54,645	2,088
4,085	Other			746	746	746	0
7,500	Wattbusters			5,441	5,441	5,441	0
<u>\$1,898,435</u>			<u>\$155,645</u>	<u>\$682,806</u>	<u>\$838,451</u>	<u>\$553,769</u>	<u>\$284,682</u>

(B) POCR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
\$ 16,390	Colleges & Universities	\$ 16,390	\$ 15,933 (1)	\$ 457

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
23,449 (1)	Energy Services Programs	14,448
29,834 (1)	POCR Grants	12,599
<u>\$ 70,609</u>		<u>\$ 44,373</u>

(C) CASP Funding

Authorized	Program	Issued
\$132,541 (2)	Coal Conversion	\$118,819

(D) Board of Ed Funding

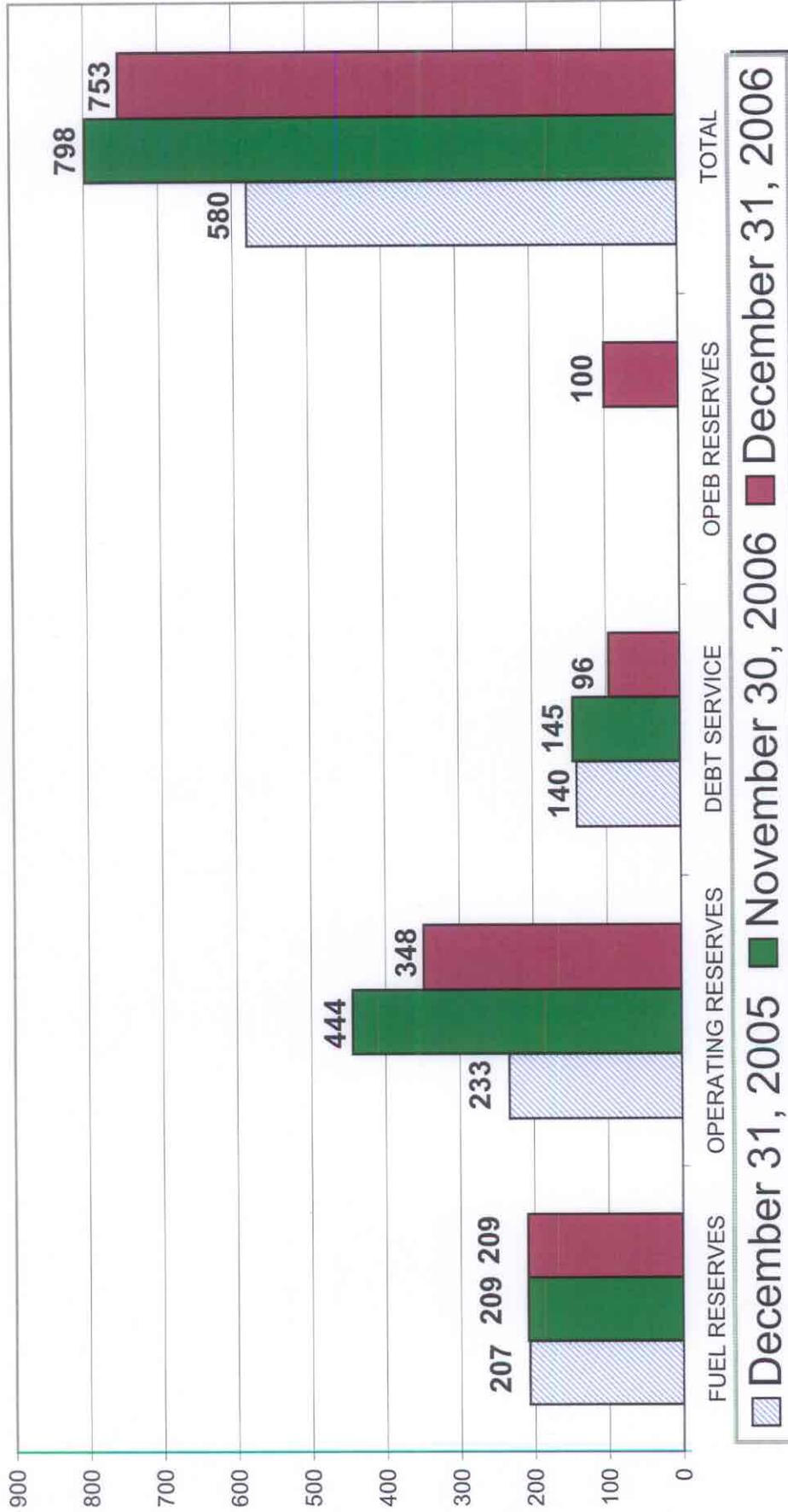
Authorized	Program	Issued
\$38,798 (2)	Climate Controls (NYC BOE)	\$34,677

(D) NYC Housing Auth Funding

Authorized	Program	Issued
\$12,833 (2)	NYCHA Hot Water Heaters	\$10,838

- (1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POCR Grant Program.
(2) Authorized funds reflect both principal received and the interest earned on such principal.

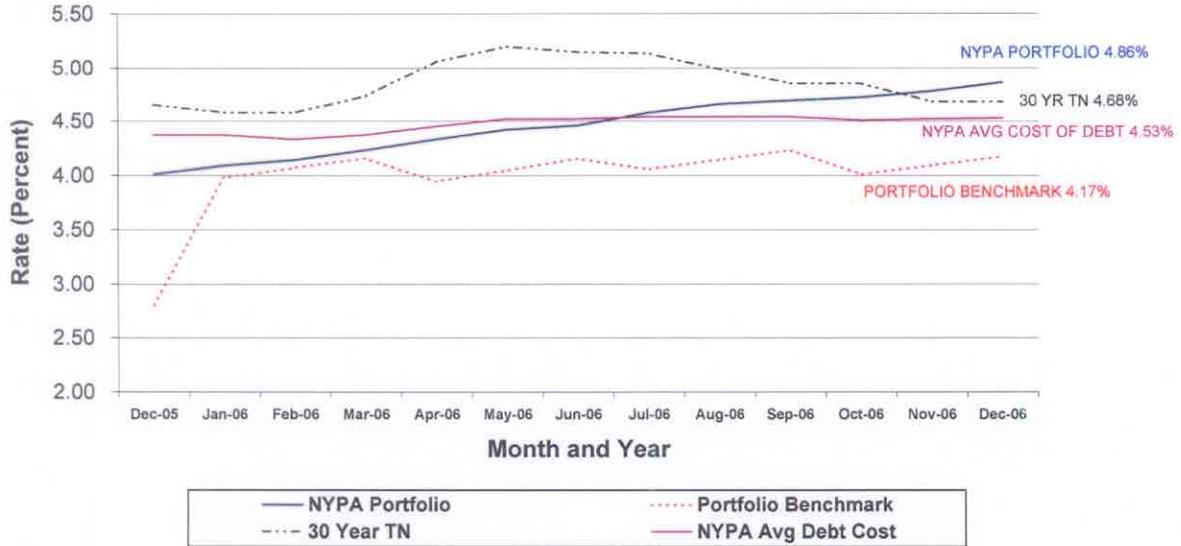
**NEW YORK POWER AUTHORITY
OPERATING FUND
(\$ MILLIONS)**



Fuel Reserves include \$202 million for Nuclear Spent Fuel and \$7 million for Energy Hedging Reserve Fund.

OPEB (Other Post Employment Benefits): The Authority's Trustees have authorized staff to initiate the establishment of a trust for its OPEB obligations and have designated \$100 million as a reserve within the Operating fund for this purpose.

Portfolio Performance



Financing Rates

