New York Power Authority

Report of the Chief Financial Officer

For the Three Months Ended March 31, 2011

Report of the Chief Financial Officer
For the Three Months Ended March 31, 2011
Executive Summary

Results of Operations

Net income for the three months ended March 31, 2011 was $29.7 million which was $13.8 million below budget due to lower net margins on sales ($9.4 million), lower non-operating income ($0.4 million) and higher O&M ($2.6 million). Through March, lower net margins at Niagara ($18.4 million) primarily due to lower generation volumes (8%) were partially offset by higher net margins at St. Lawrence ($4.8 million) resulting from higher generation and higher prices on market-based sales. Net generation was lower than budgeted at Niagara due to low water flows and the need to manage ice conditions at the facility. In addition, higher than anticipated purchased power costs were incurred to support customer loads at Niagara due to an extended transmission line outage. Non-operating income reflected a mark-to-market loss on the Authority's investment portfolio resulting from an increase in market interest rates substantially offset by lower interest costs. O&M was higher due to several timing related differences including earlier than anticipated outage expenses at the 500MW plant and earlier than expected transmission maintenance expenses.

Net income through March 2011 ($29.7 million) was $45.6 million higher than the comparable period in 2010 (loss of $15.9 million). The positive impact of lower voluntary contributions to New York State during the period ($82 million) was partially offset by lower net margins on sales ($27.6 million) and lower investment income ($9 million). Year-to-date voluntary contributions were $25 million in 2011 compared to $107 million through March 2010. Net margins on sales were lower primarily due to lower water flows at Niagara and higher purchased power costs to support customer loads, due to an extended transmission line outage. Investment income was lower in 2011 due to mark-to-market losses on NYPA's investment portfolio in 2011 compared to market value gains in 2010. Higher market interest rates in 2011 resulted in the current year losses.

Year-end Projection

Year-end net income is currently projected at $135 million, an increase of approximately $10 million from last month's projection, but $44 million below the budget for the year. The primary drivers of the year-end variance to the budget are lower than forecasted hydro flows, decreased market prices for rest-of-state capacity, and an expected voluntary contribution associated with the recent extension of the Power for Jobs Program.

The current annual hydro generation forecast of 18.7 TWh is 0.4 TWh below the budget, and has a negative impact of approximately $14 million on 2011 net income. The lower hydro generation is attributable to an 18.8% decrease in average precipitation levels over the Great

Lakes over the past six months. (Precipitation in March was higher than average contributing to this month's increase in the year-end projection.) The net impact of lower capacity prices outside of New York City and higher in-city capacity prices was a reduction of projected net income of $14 million. The recently approved NY State budget included a $13.5 million voluntary contribution associated with the extension of the Power for Jobs Program which was $8.5 million higher than the amount included in the budget.

Cash & Liquidity

The Authority ended the month of March with total operating funds of $1,103 million as compared to $1,069 million at the end of 2010. The increase of $34 million was primarily attributable to net cash generated by operations and the Value Sharing payment received from Entergy in January partially offset by a voluntary contribution to New York State and scheduled debt service payments. Looking forward, we are anticipating the operating fund balance to increase to $1,171 million at the end of the year.

Energy Risk

At March 31, 2011, the fair market value of outstanding energy derivatives was an unrealized loss of $209 million for contracts extending through 2017. Year to date, energy derivative settlements resulted in a realized net loss of $11 million. The amount of these losses is subject to virtually full cost recovery, whereby the resulting hedge settlements are recovered through customer rates.

Net Income
Three Months ended March 31, 2011
($ in millions)

	Actual	Budget	Variance
Niagara	$14.7	$33.7	($19.0)
St. Lawrence	6.4	2.2	4.2
Blenheim-Gilboa	(4.4)	(3.3)	(1.1)
SENY	14.1	10.1	4.0
SCPP	(2.0)	(2.5)	0.5
Market Supply Power	(9.3)	(8.9)	(0.4)
Flynn	3.2	1.9	1.3
Transmission	11.8	12.3	(0.5)
Non-facility*	(4.8)	(2.0)	(2.8)
Total	**$29.7**	**$43.5**	**($13.8)**

Major Factors	**Better (Worse)**
Niagara Lower net margins on sales due to lower generation volumes (8%) resulting from lower hydro flows and ice management conditions. This resulted in lower market-based revenues and higher purchased power costs to support customer loads. Purchased power costs were also higher due to an extended outage at an upstate transmission line.	($19.0)
St. Lawrence Higher net margins ($4.8) resulting from 8% higher generation and higher prices on market sales ($42/mwh vs $38/mwh).	4.2
Other facilities Primarily SENY due to timing differences in recovery of fixed costs.	3.8
Non-facility (including investment income) Primarily mark-to-market loss on the Authority's investment portfolio due to an increase in market interest rates during the period.	(2.8)
Total	**($13.8)**

Net Income
Three Months Ended March 31, 2011 and March 31, 2010
($ in millions)

	2011	2010	Variance Favorable/ (Unfavorable)
Operating Revenues	**$620.1**	**$611.0**	**$9.1**
Operating Expenses			
Fuel consumed - oil & gas	70.6	73.7	3.1
Purchased power and ancillary services	250.1	211.1	(39.0)
Wheeling	106.7	105.9	(.8)
	427.4	390.7	(36.7)
Net Margin	**192.7**	**220.3**	**(27.6)**
Operations and maintenance	68.7	71.3	2.6
Other expenses	37.6	33.6	(4.0)
Depreciation and amortization	39.5	41.0	1.5
Allocation to capital	(1.3)	(2.2)	(.9)
Net Operating Income	**48.2**	**76.6**	**(28.4)**
Investment and other income	35.3	36.5	(1.2)
Mark to Market Adjustment	(5.1)	2.7	(7.8)
Total Nonoperating Income	**30.2**	**39.2**	**(9.0)**
Contributions to New York State	25.0	107.0	82.0
Interest and other expenses	23.7	24.7	1.0
Total Nonoperating Expenses	**48.7**	**131.7**	**83.0**
Net Nonoperating Income (Loss)	**(18.5)**	**(92.5)**	**74.0**
Net Income (Loss)	**$29.7**	**($15.9)**	**$45.6**

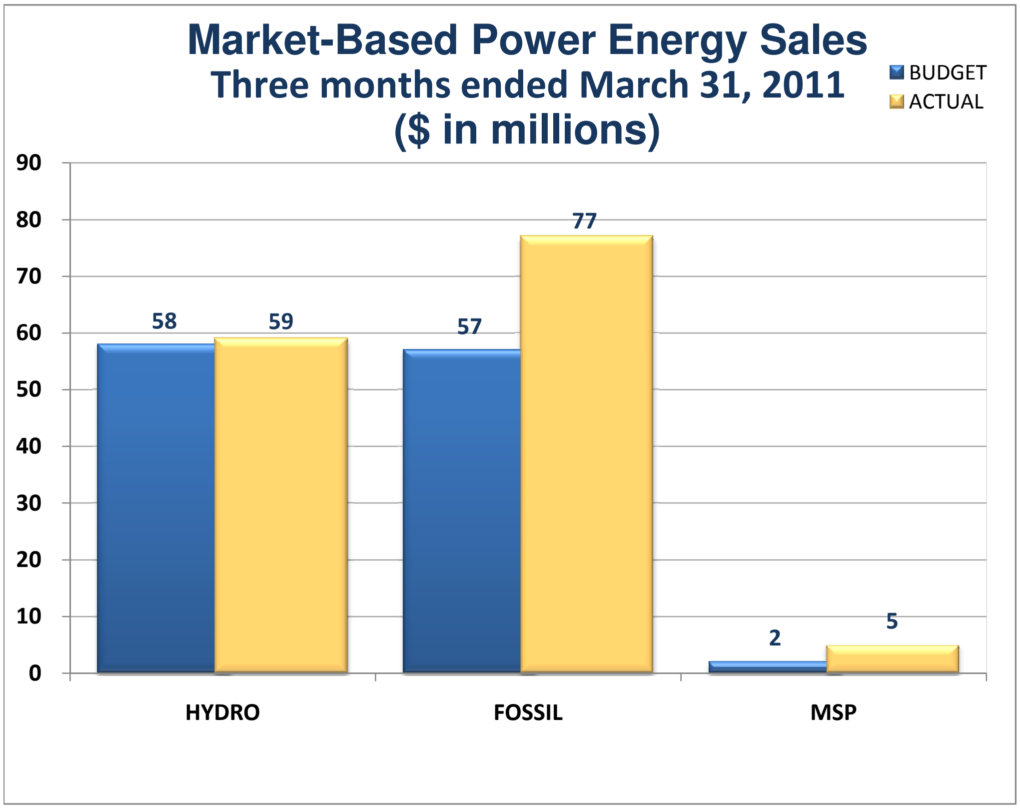
Net income through March 2011 ($29.7) was $45.6 higher than the comparable period in 2010 (loss of $15.9). The positive impact of lower voluntary contributions to New York State during the period ($82) was partially offset by lower net operating income ($28.4) and lower investment income ($9). Net operating income included lower net margins on sales at Niagara ($14) due to lower production resulting from low water flows and the need to manage ice conditions at the facility. In addition, higher purchased power costs were incurred to support customer loads at Niagara due to an extended transmission line outage. The negative variance in net operating income was also attributable to higher other operating expenses in 2011, including higher Western New York stimulus program payments and higher retiree health benefit costs.

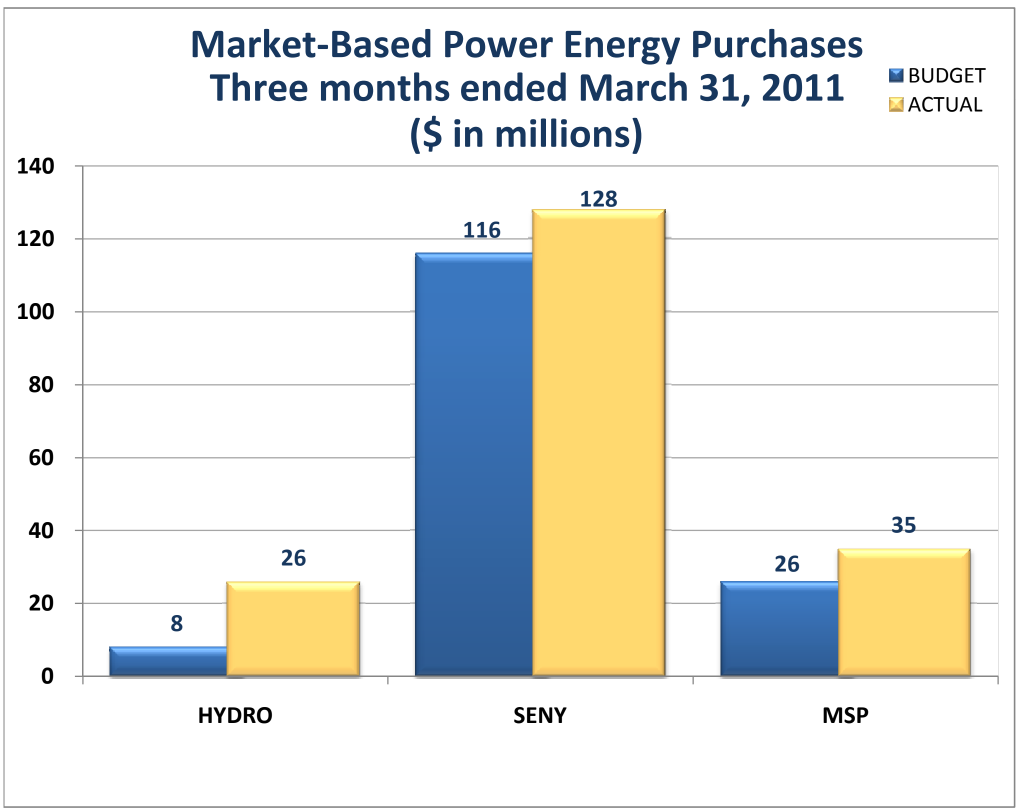
Investment income was lower in 2011 due to mark-to-market losses on NYPA's investment portfolio in 2011 compared to market value gains in 2010. Higher market interest rates in 2011 resulted in the current year losses.

Non-operating expenses in 2011 were lower than the prior year ($83) due to lower voluntary contributions to the State. A voluntary contribution of $107 was made in March 2010. Voluntary contributions to the State in 2011 include $25 made in January for the State's fiscal year 2010/2011.

NewYorkPower Authority

RESULTS OF OPERATIONS





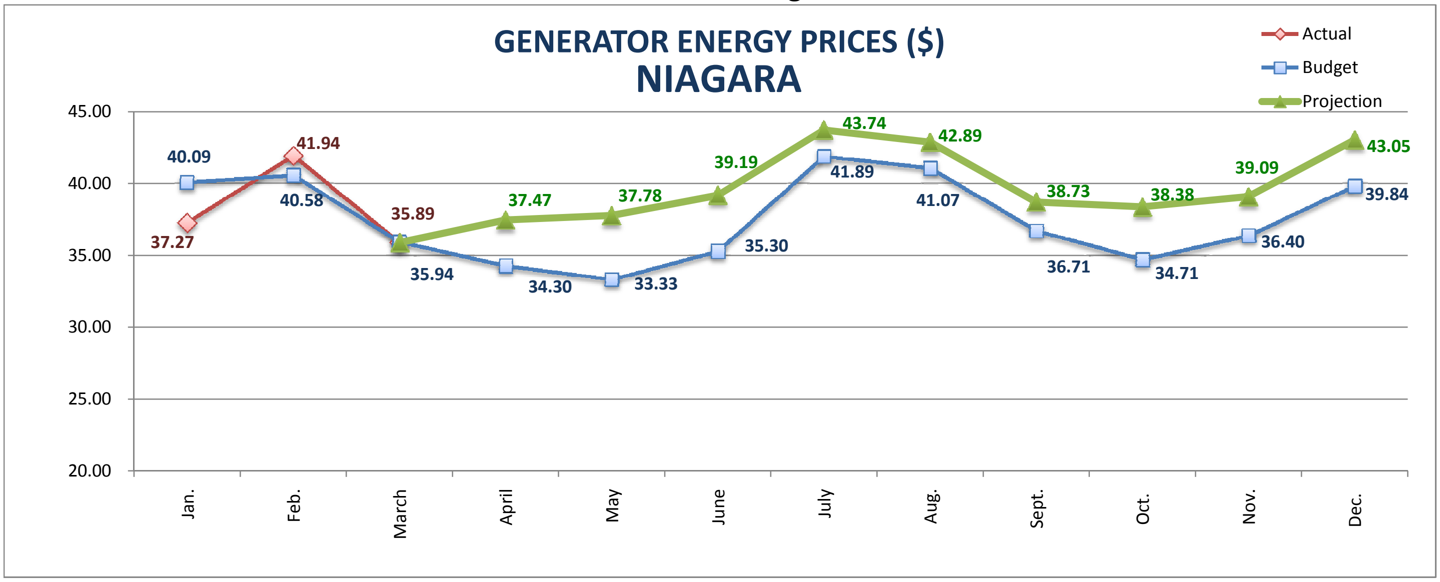
REVENUES		
SALES (MWH)		
	BUDGET	**ACTUAL**
Hydro*	1,327,372	1,282,740
Fossil	900,519	1,063,667
MSP	54,867	114,080
TOTAL	2,282,758	2,460,487
PRICES ($/MWH)		
Hydro*	$43.36	$45.60
Fossil	$63.96	$72.76
MSP	$36.58	$44.57
AVERAGE	$51.33	$57.29

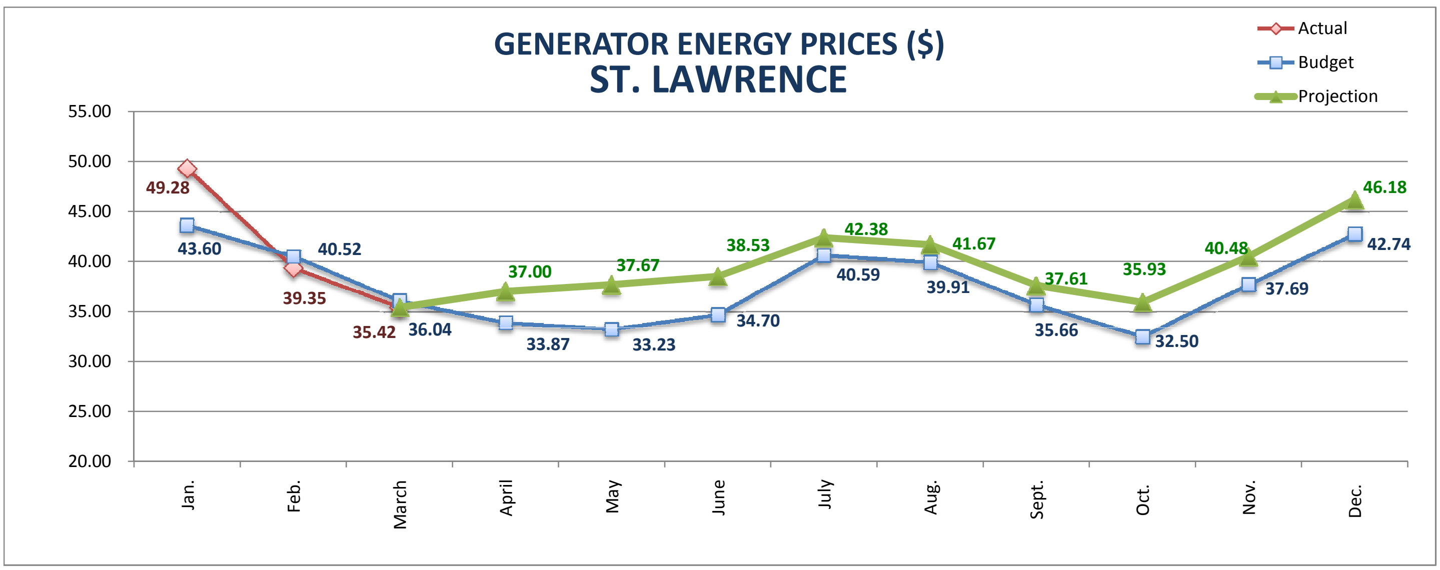
** Includes Niagara, St. Lawrence, B-G, and Small Hydro.*

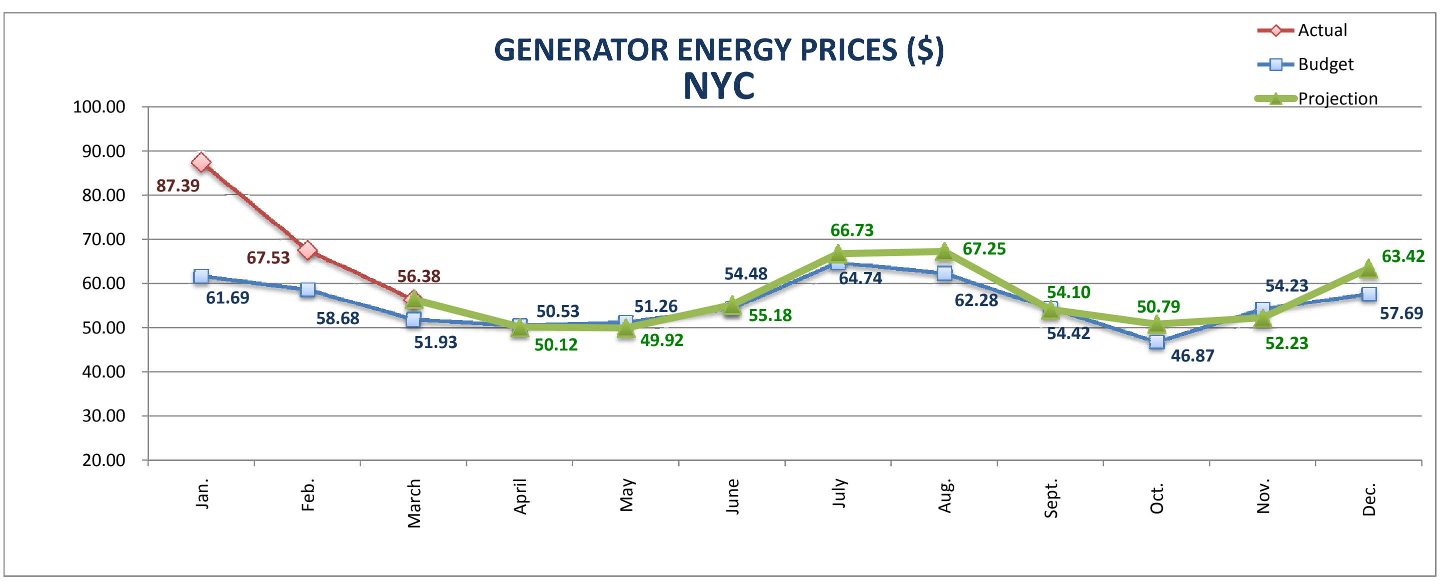
REVENUES		
SALES (MWH)		
	BUDGET	**ACTUAL**
Niagara	777,202	717,135
St. Law.	359,110	448,212
PRICES ($/MWH)		
Niagara	$38.19	$38.55
St. Law.	$37.77	$41.79

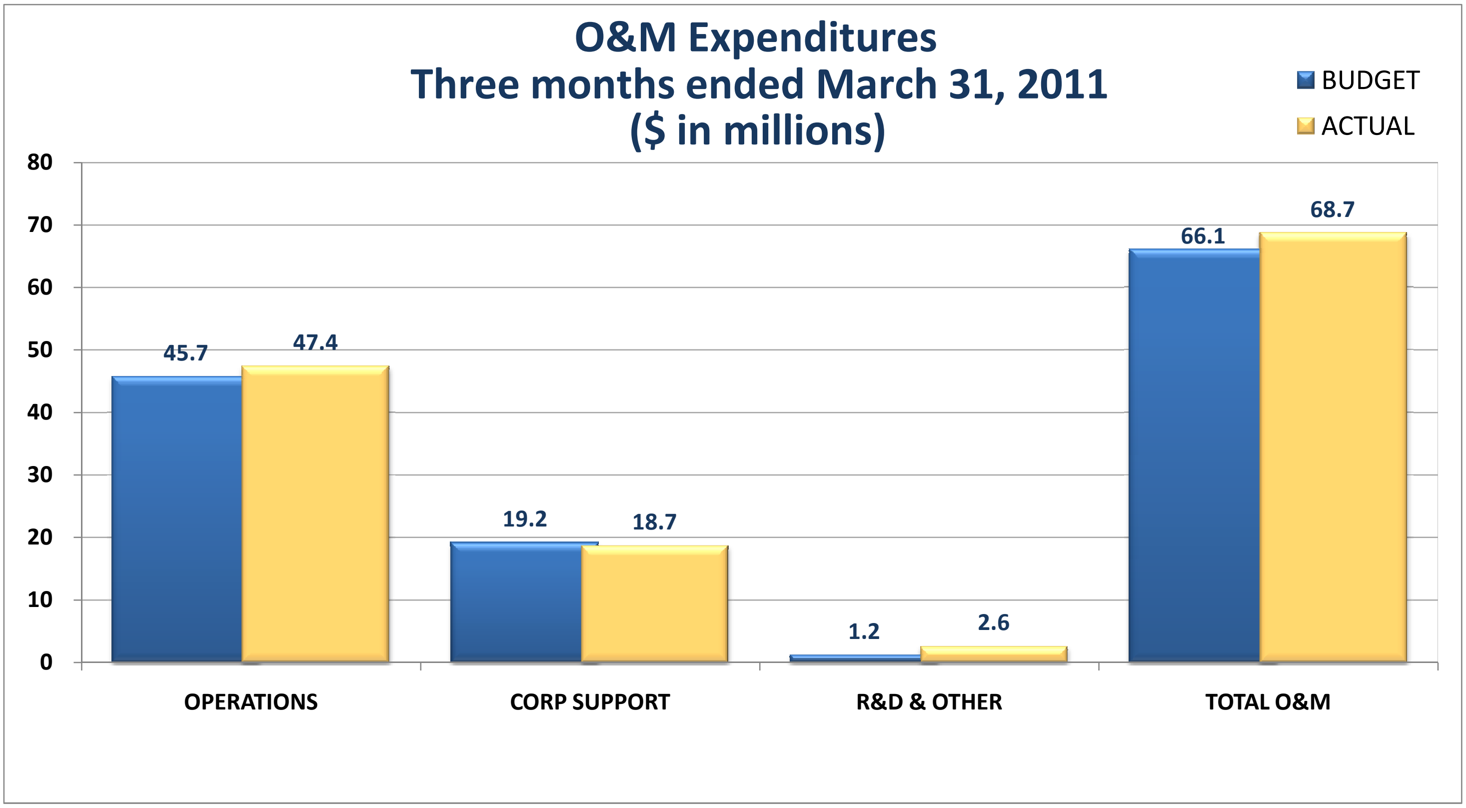
COSTS		
PURCHASES (MWH)		
	BUDGET	**ACTUAL**
Hydro	333,241	645,457
SENY	2,210,435	2,341,296
MSP	689,750	776,026
TOTAL	3,233,426	3,762,779
COSTS ($/MWH)		
Hydro	$24.98	$39.87
SENY	$52.36	$54.64
MSP	$38.04	$45.56
AVERAGE	$46.49	$50.23

RESULTS OF OPERATIONS
Market Energy Prices
Actual vs Budget







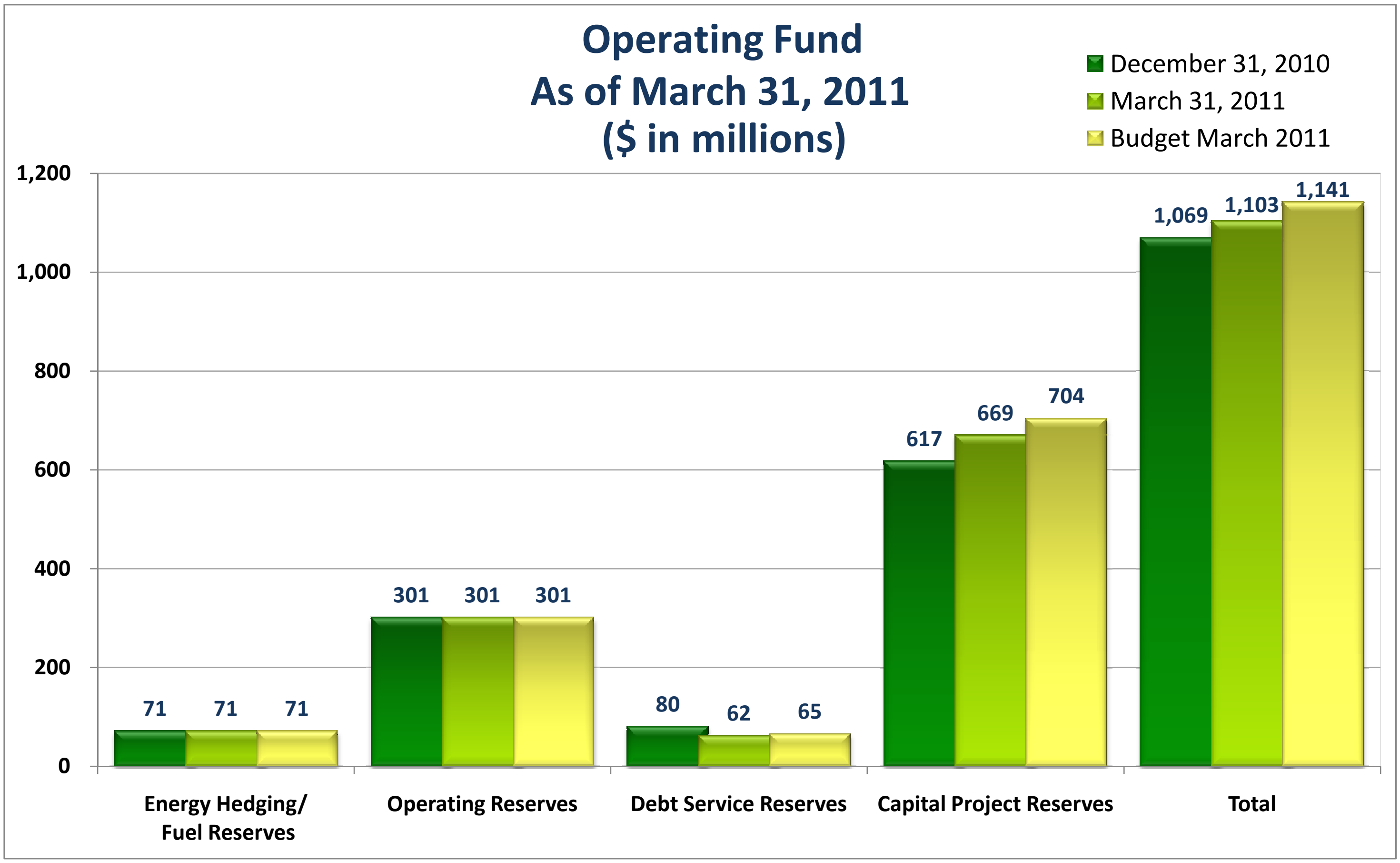


- Through March, O&M expenses were $2.6 higher than the budget.

- Operations expenditures were over budget by $1.7. This overrun was due to several timing related differences including earlier than expected outage expenses (500MW plant, budgeted in April) and timing for recurring maintenance (mainly transmission, right-of-way maintenance).

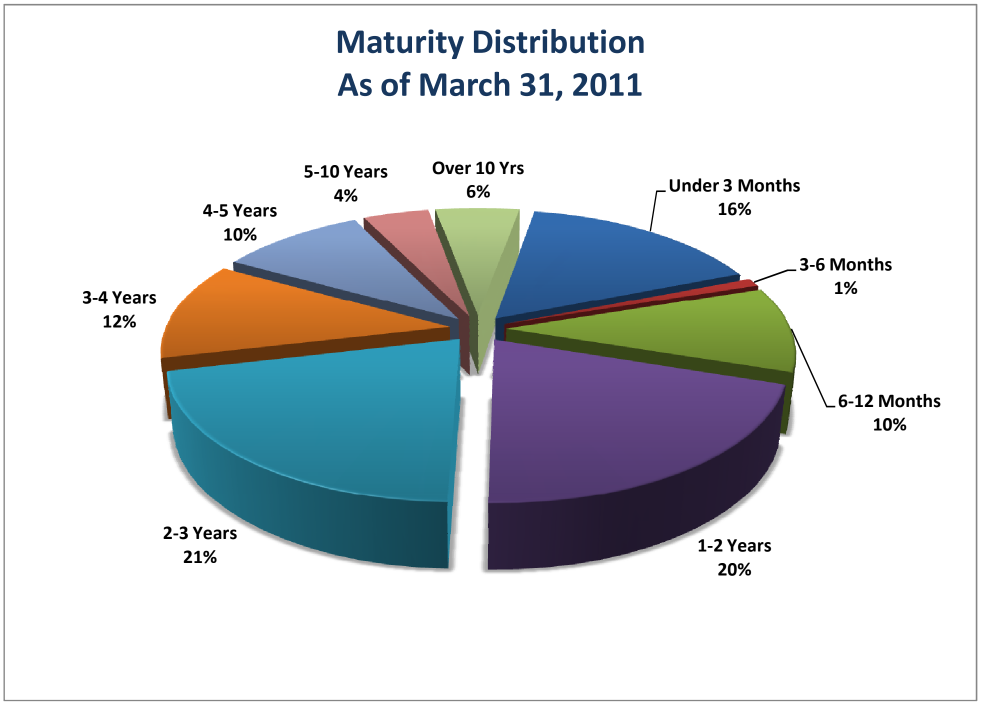
- HQ Corporate Support was under budget due to lower expenditures for outside legal counsel and lower than expected WPO building expenses, partially offset by greater hardware and software purchases.

- Research and Development was over budget due to earlier than expected spending by Energy Services on renewable energy related projects.

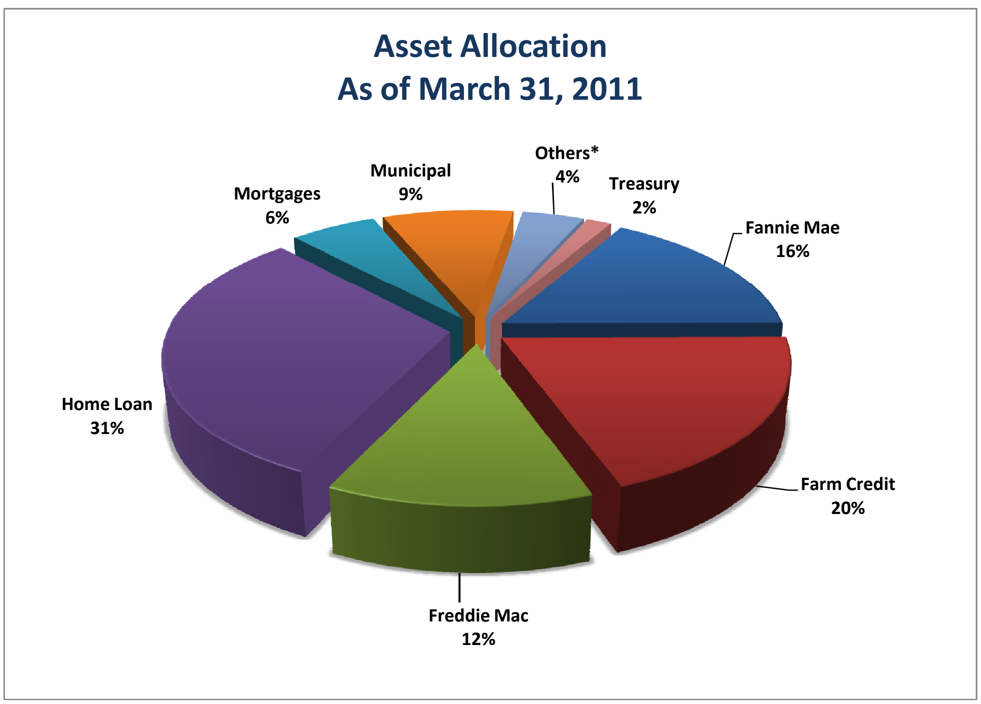


The increase of $34 in the Operating Fund (from $1,069 to $1,103) was primarily attributable to positive net cash provided by operating activities and the Value Sharing payment of $72 received from Entergy, substantially offset by voluntary contributions to New York State ($25) and repayments on commercial paper ($50) and ART Notes ($8). The variance from budget is the result of lower net income for the period and the timing of cash payments related to prior year accruals.

CASH AND LIQUIDITY
INVESTMENT PORTFOLIO

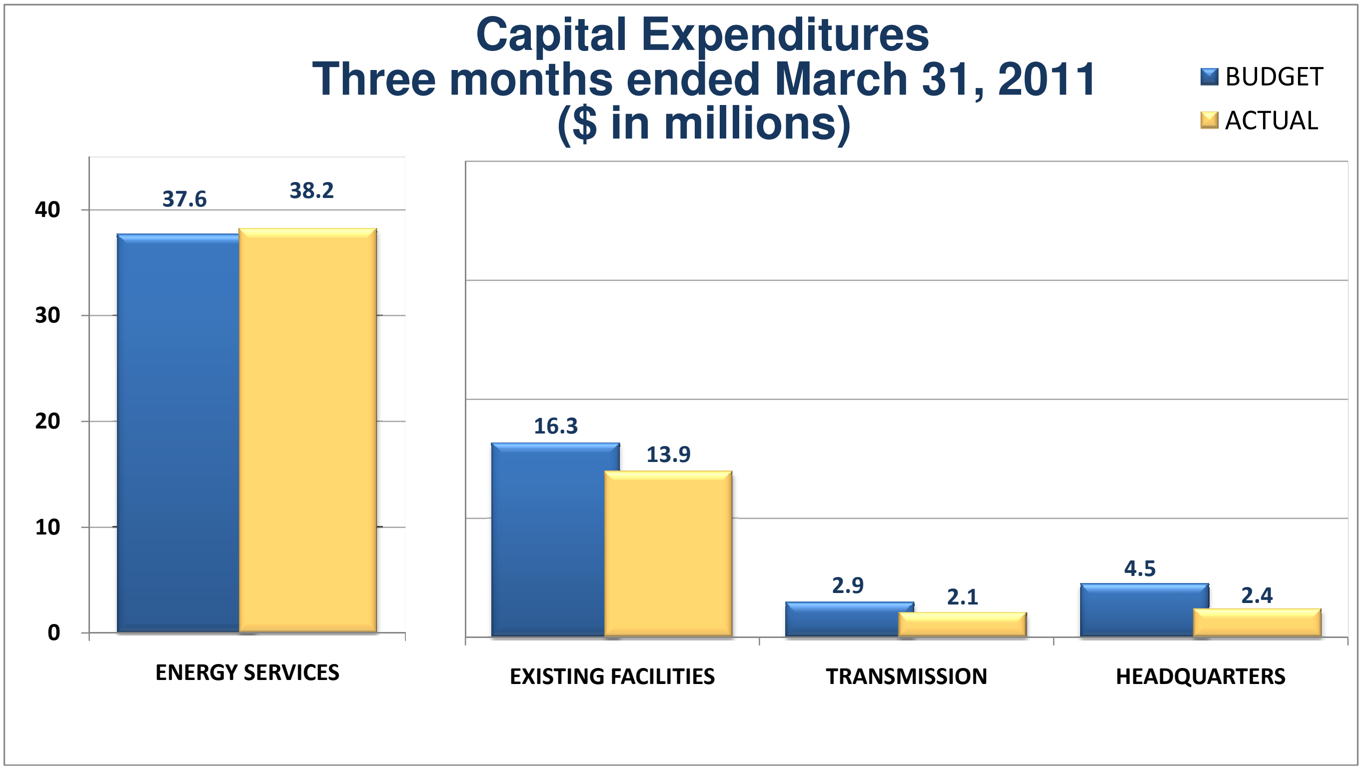


MATURITY DISTRIBUTION	
($ in millions)	
Under 3 Months	$197.9
3-6 Months	11.9
6-12 Months	126.4
1-2 Years	249.5
2-3 Years	257.0
3-4 Years	145.6
4-5 Years	118.8
5-10 Years	53.5
Over 10 Yrs	69.0
Total	**$1,229.6**



ASSET ALLOCATION	
($ in millions)	
Fannie Mae	$203.9
Farm Credit	240.9
Freddie Mac	154.7
Home Loan	380.2
Mortgages	70.9
Municipal	108.2
Others*	50.8
Treasury	20.0
Total	**$1,229.6**

*Includes CDs and Repos



• Existing facilities expenditures were under budget by $2.4 primarily due to the delays in permitting for projects related to St. Lawrence Relicensing Implementation and Compliance.

• Headquarters expenditures were under budget by $2.1 due to timing for several IT projects.

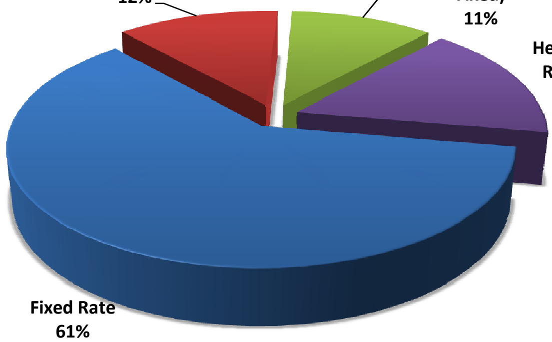
• Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of $10.1 for 2011. In March the President authorized $2.9 in preliminary funding for various capital projects budgeted in 2011 primarily for engineering and design work.

YTD March 31, 2011 Debt Activity
($ in millions)

	Beginning Balance	New Issues	Scheduled Retirements	Additional Retirements	Ending Balance
Fixed Rate Debt	$1,134.4	-	-	-	$1,134.4
Variable Rate Debt	443.0	-	57.0	-	386.0
Variable Rate Energy Srvcs Debt	347.2	36.5	-	33.6	350.1
Sub-total Variable Rate Debt	790.2	36.5	57.0	33.6	736.1
Total	**$1,924.6**	**$36.5**	**$57.0**	**$33.6**	**$1,870.5**

NewYork Power Authority

DEBT



DEBT PROFILE	
($ in millions)	
Fixed Rate	1,134.4
Unhedged Variable Rate	231.4
Hedged Variable Rate (Swapped)	204.7
Hedged Variable Rate (Capped) **(1)**	300.0
Total	**1,870.5**

(1) In January 2011 the Authority purchased a SIFMA based interest rate cap on a $300 notional amount of Commercial Paper Series 1 Notes.

Interest Rate Derivatives

The Authority periodically enters into Interest Rate Swaps and Caps to manage interest rate volatility associated with variable rate debt and to hedge future debt issuance. Each transaction is approved by the Board of Trustees and is governed by NYPA's SWAP policy and an ISDA Master Agreement and Schedule to the Agreement with authorized Counterparties. The EVP, CFO and the Treasury department, in consultation with the Authority's financial advisor Public Financial Management, continually monitor market conditions for potential hedging strategies that may benefit the Authority and its customers. All transactions were competitively bid.

Open Positions

The 1998B transaction is an interest rate swap that was bid March 13, 1998 with an effective date of November 15, 2002. The swap had the effect of fixing the rate on tax-exempt commercial paper at 5.123% on a forward starting basis. It was one component of the 1998 debt refinancing that reduced debt service costs by $740 million and allowed the Authority to adopt a new *General Resolution authorizing Revenue Obligations* in preparation for the competitive marketplace.

The ARTN transaction is an interest rate swap that was bid July 27, 2006 with an effective date of September 1, 2006. It allowed the Authority to lock in a 3.7585% synthetic fixed rate on the Adjustable Rate Tender Notes ("ARTN's"). The synthetic fixed rate was below the historical average rate on the ARTN's and below the rate used in developing NYPA's transmission tariff.

On January 24, 2011 the Authority purchased an interest rate cap on the Series 1 Commercial Paper with a strike rate of 5.50% and term of 2 years. The transaction provides customers participating in the energy services program an interest rate ceiling on their financial rate. The cap was approved by the Board in October 2010 and PFM Asset Management, the Authority's swap advisor, administered the competitive bid.

Summary of Derivative Positions ($ in millions)

Transaction	Counterparty	Notional Amount*	Effective Date	Type of Swap	Mark-to-Market
1998B	Goldman Sachs Mitsui Marine Derivatives	$24.5	11/15/2002	Floating-to-Fixed	($2.4)
1998B	Merrill Lynch Cap. Srvcs	40.9	11/15/2002	Floating-to-Fixed	(4.1)
1998B	Citigroup Financial Prod.	16.4	11/15/2002	Floating-to-Fixed	(1.6)
ARTN	Merrill Lynch Cap. Srvcs	122.9	9/1/2006	Floating-to-Fixed	(11.8)
CP - 1	Morgan Stanley Cap. Srvcs	300.0	1/26/2011	CAP	-
Totals		**$504.7**			**($19.9)**

** The notional amount of each SWAP amortizes according to the provisions contained in the transaction documents.*

ENERGY DERIVATIVES

Results

Year-to-date, energy derivative settlements have resulted in a net loss of $10.71 million by entering into hedge positions as requested by or transacted on behalf of the Authority's Customers. Gains and losses on these positions are substantially passed through to customers as resulting hedge settlements are incorporated into and recovered through customer rates.

Year-to-Date 2011 Energy Derivative Settlements & Fair Market Valuation of Outstanding Positions
($ in Millions)

	Settlements	Fair Market Value			
	YTD	**2011**	**2012**	**>=2013**	**Total**
NYPA	$ (0.15)	$ 0.67	$ -	$ -	$ 0.67
Customer Contracts	$ (10.56)	$ (61.36)	$ (75.74)	$ (72.24)	$ (209.34)
Total	**$ (10.71)**	**$ (60.69)**	**$ (75.74)**	**$ (72.24)**	**$ (208.67)**

At the end of March, the fair market value of outstanding positions was valued at an unrealized loss of $208.67 million for positions extending through 2017.

Market Summary

Exhibit 1 shows the average price of May to December 2011 futures contracts and how they have traded since the beginning of 2010, while Exhibit 2 illustrates the average price of futures contracts for entire year 2012.

Exhibit 1: Average May to December 2011 Forward Price

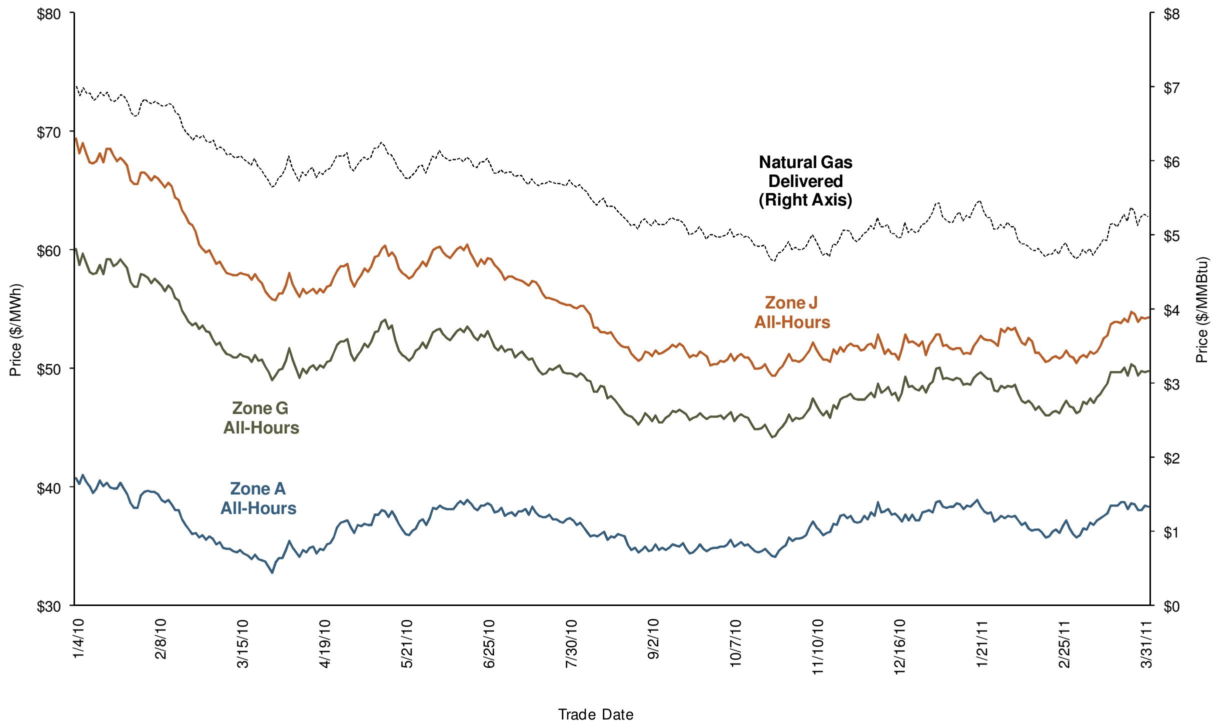
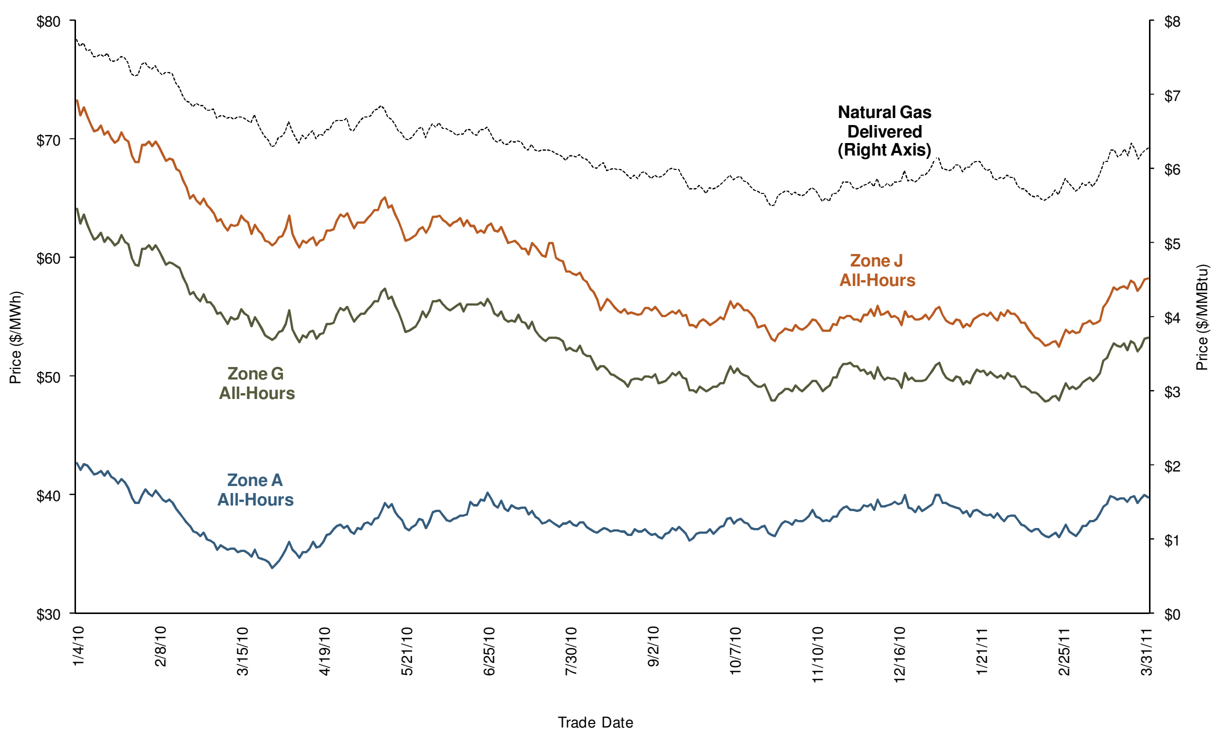


Exhibit 2: Average January to December 2012 Forward Price



STATEMENT OF NET INCOME
For the Three Months Ended March 31, 2011
($ in millions)

Annual Budget		Actual	Budget	Variance Favorable/ (Unfavorable)
	Operating Revenues			
$2,070.5	Customer	**$459.1**	**$463.9**	**($4.8)**
463.4	Market-based power sales	122.7	86.5	36.2
30.6	Ancillary services	8.6	8.1	.5
114.9	NTAC and other	29.7	30.7	(1.0)
608.9	Total	**161.0**	**125.3**	**35.7**
2,679.4	**Total Operating Revenues**	**620.1**	**589.2**	**30.9**
	Operating Expenses			
804.7	Purchased power	234.7	187.4	(47.3)
295.6	Fuel consumed - oil & gas	70.6	67.7	(2.9)
108.2	Ancillary services	15.4	25.5	10.1
543.4	Wheeling	106.7	106.4	(.3)
327.1	Operations and maintenance	68.7	66.1	(2.6)
194.9	Depreciation and amortization	39.5	40.6	1.1
135.5	Other expenses	37.6	35.6	(2.0)
(10.9)	Allocation to capital	(1.3)	(1.7)	(.4)
2,398.5	**Total Operating Expenses**	**571.9**	**527.6**	**44.3**
280.90	**Net Operating Income**	**48.2**	**61.6**	**(13.4)**
	Nonoperating Revenues			
88.0	Post nuclear sale income	25.6	25.6	-
39.9	Investment income	9.6	9.5	.1
(7.0)	Mark to market - investments	(5.1)	(1.7)	(3.4)
120.9	**Total Nonoperating Revenues**	**30.1**	**33.4**	**(3.3)**
	Nonoperating Expenses			
65.0	Contributions to New York State	25.0	25.0	-
157.5	Interest and other expenses	23.6	26.5	2.9
222.5	**Total Nonoperating Expenses**	**48.6**	**51.5**	**2.9**
(101.6)	**Net Nonoperating Income (Loss)**	**(18.5)**	**(18.1)**	**(.4)**
$179.3	**Net Income**	**$29.7**	**$43.5**	**($13.8)**

COMPARATIVE BALANCE SHEETS
March 31, 2011
($ in millions)

Assets		March 2011	March 2010	December 2010
Current Assets				
	Cash	$0.1	$0.1	$0.1
	Investments in government securities	1,120.4	870.5	1,091.1
	Interest receivable on investments	5.4	6.1	5.5
	Accounts receivable - customers	213.5	194.0	204.0
	Materials and supplies, at average cost:			
	Plant and general	77.1	84.6	75.1
	Fuel	14.9	17.4	15.3
	Prepayments and other	174.8	169.7	190.5
	Total Current Assets	**1,606.2**	**1,342.4**	**$1,581.6**
Noncurrent Assets				
Restricted Funds	Investment in decommissioning trust fund	1,057.9	972.0	1,032.4
	Other	83.3	94.4	83.3
	Total Restricted Funds	**1,141.2**	**1,066.4**	**1,115.7**
Capital Funds	Investment in securities and cash	129.1	193.4	144.8
	Total Capital Funds	**129.1**	**193.4**	**144.8**
Net Utility Plant	Electric plant in service, less accumulated depreciation	3,330.5	3,317.4	3,344.1
	Construction work in progress	115.6	156.7	123.3
	Net Utility Plant	**3,446.1**	**3,474.1**	**3,467.4**
Other Noncurrent Assets	Receivable - NY State	318.0	318.0	318.0
	Deferred charges, long-term receivables and other	594.8	690.3	604.6
	Notes receivable - nuclear plant sale	110.7	124.0	157.1
	Total other noncurrent assets	**1,023.5**	**1,132.3**	**1,079.7**
	Total Noncurrent Assets	**5,739.9**	**5,866.2**	**5,807.6**
	Total Assets	**$7,346.1**	**$7,208.6**	**$7,389.2**
Liabilities and Net Assets				
Current Liabilities	Accounts payable and accrued liabilities	$872.8	$838.6	$880.4
	Short-term debt	325.1	298.0	323.2
	Total Current Liabilities	**1,197.9**	**1,136.6**	**1,203.6**
Noncurrent Liabilities				
Long-term Debt	Revenue bonds	1,150.5	1,192.1	1,151.2
	Adjustable rate tender notes	123.0	130.5	130.5
	Commercial paper	288.1	341.1	336.5
	Total Long-term Debt	**1,561.6**	**1,663.7**	**1,618.2**
Other Noncurrent Liabilities	Nuclear plant decommissioning	1,057.9	972.0	1,032.4
	Disposal of spent nuclear fuel	216.2	215.9	216.1
	Deferred revenues and other	281.7	415.9	316.5
	Total Other Noncurrent Liabilities	**1,555.8**	**1,603.8**	**1,565.0**
	Total Noncurrent Liabilities	**3,117.4**	**3,267.5**	**3,183.2**
	Total Liabilities	**4,315.3**	**4,404.1**	**4,386.8**
Net Assets	Accumulated Net Revenues - January 1	3,001.1	2,820.4	2,820.4
	Net Income (Loss)	29.7	(15.9)	182.0
	Total Net Assets	**3,030.8**	**2,804.5**	**3,002.4**
	Total Liabilities and Net Assets	**$7,346.1**	**$7,208.6**	**$7,389.2**

SUMMARY OF OPERATING FUND CASH FLOWS
For the Three Months Ended March 31, 2011
($ in millions)

Operating Fund	
Opening	$1,069.2
Closing	1,103.1
Increase/(Decrease)	**33.9**
Cash Generated	
Net Operating Income	48.2
Adjustments to Reconcile to Cash Provided from Operations	
Depreciation & Amortization	39.5
Net Change in Receivables, Payables & Inventory	(34.5)
Other	(1.5)
Net Cash Generated from Operations	**51.7**
(Uses)/Sources	
Utility Plant Additions	(12.7)
Debt Service	
Commercial Paper 2	(44.8)
Commercial Paper 3 & Extendible Municipal Commercial Paper 1	(4.7)
ART Notes	(7.6)
Investment Income	6.3
Entergy Value Sharing Agreement	72.0
Voluntary Contribution to NY State	(25.0)
Other	(1.3)
Total (Uses)/Sources	**(17.8)**
Net Increase in Operating Fund	**$33.9**