

New York Power Authority
Net Income - Actual vs. Budgeted
For The Year ended December 31, 2014
(\$ in millions)

	<u>Actual</u>	<u>Budget</u>	Variance Favorable/ (Unfavorable)
Operating Revenues			
Customer	\$ 2,088	\$ 2,138	\$ (51)
NYISO Market Revenues	1,088	786	302
	<u>3,175</u>	<u>2,924</u>	<u>251</u>
Operating Expenses			
Purchased Power	995	835	(160)
Fuel Consumed - Oil & Gas	361	300	(62)
Wheeling	614	614	0
Operations & Maintenance	555	605	50
Depreciation & Amortization	232	229	(3)
	<u>2,757</u>	<u>2,582</u>	<u>(175)</u>
Operating Income	<u>418</u>	<u>342</u>	<u>76</u>
Nonoperating Revenues			
Investment Income	43	28	15
Other Income	73	75	(1)
	<u>116</u>	<u>102</u>	<u>14</u>
Nonoperating Expenses			
Contribution to New York State	90	90	-
Interest and Other Expenses	172	176	4
	<u>262</u>	<u>266</u>	<u>4</u>
Net Income	<u>\$ 272</u>	<u>\$ 178</u>	<u>\$ 94</u>

Net income for the year ended December 31, 2014 was \$272 compared to a budget of \$178 resulting in a \$94 favorable variance including higher operating income (\$251) and higher investment income (\$15), significantly offset by higher operating expenses (\$175).

Operating income was higher than anticipated primarily due to higher prices on market-based sales of energy into the NYISO market and higher hydro production. Severe winter weather conditions caused a significant spike in market energy prices in early 2014. The impact of lower energy prices due to mild summer weather offset a portion of this positive variance. Operating expenses included higher purchased power and fuel costs, partially offset by lower operations and maintenance expenses. Higher purchased power costs were due primarily to higher prices. Fuel costs exceeded the budget as a result of higher prices and higher generation. Operations and maintenance expenses reflected lower than anticipated costs, due to the timing of Industrial Incentive awards and certain economic development fund and Solar and Energy Efficiency Market Acceleration program expenditures. Investment income included a lower than anticipated mark-to-market loss on the Authority's investment portfolio due to fluctuations in market interest rates.