New York Power Authority
Net Income - Actual vs. Budgeted
For the Year ended December 31, 2011
($ in millions)

	Actual	Budget	Variance Favorable/ (Unfavorable)
Operating Revenues			
Customer	$ 1,960	$ 2,070	$ (110)
NYISO Market Revenues	696	609	87
Total Operating Revenues	**2,656**	**2,679**	**(23)**
Operating Expenses			
Purchased Power	853	913	60
Fuel Consumed - Oil & Gas	258	296	38
Wheeling	548	543	(5)
Operations & Maintenance	512	452	(60)
Depreciation & Amortization	194	195	1
	2,365	**2,399**	**34**
Operating Income	**291**	**280**	**11**
Nonoperating Revenues and Expenses			
Nonoperating Revenues			
Investment Income	47	33	14
Other income	99	88	11
Total Nonoperating Revenues	**146**	**121**	**25**
Nonoperating Expenses			
Contribution to New York State	65	65	-
Interest and Other Expenses	137	157	20
Total Nonoperating Expenses	**202**	**222**	**20**
Nonoperating Income (Loss)	**(56)**	**(101)**	**45**
Net Income	**$ 235**	**$ 179**	**$ 56**

Net income for the year ended December 31, 2011 was $235 which was $56 higher than budgeted. Positive variances attributable to higher net margins* on sales ($70) and higher non-operating income ($45) were partially offset by higher operations and maintenance expenses ($60).

Net margins were higher primarily at St. Lawrence ($45) and Niagara ($39) due to higher generation and higher prices on market-based sales. Net generation at Niagara and St. Lawrence was 14% higher than budgeted for the year. These positives were partially offset by a lower net margin at Blenheim-Gilboa ($12) primarily due to lower prices on capacity sales. Non-operating income included a mark-to-market gain on the Authority's investment portfolio ($13), lower interest costs ($20) and the settlement of the spent nuclear fuel claim ($11) against the United States Department of Energy not included in the budget. The mark-to-market gain and lower interest costs resulted primarily from lower than budgeted market interest rates. Operations and maintenance expenses were higher due to additional Power for Jobs related voluntary contributions to New York State ($14) and the recognition of residential consumer discounts ($42) included in the Recharge New York (RNY) Power Program legislation. The additional Power for Jobs voluntary contribution includes $8 relating to 2010 and $6.0 for 2011. On June 28, 2011, the Authority's Trustees authorized the use of revenues from the sale of withdrawn hydropower under the RNY legislation into the wholesale market or, as necessary, internal funds to fund the residential consumer discount program for its first six months.

** Operating revenues less purchased power, fuel and wheeling expenses.*