2012-2015
Approved Budget and Financial Plan

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In compliance with 2 NYCRR Part 203

New York Power Authority
Generating more than electricity

Background and Mission of the Power Authority of the State of New York

The mission of the Power Authority of the State of New York ("NYPA" or "Authority") is to provide clean, low-cost and reliable energy consistent with its commitment to the environment and safety, while promoting economic development and job development, energy efficiency, renewables and innovation, for the benefit of its customers and all New Yorkers. The Authority's financial performance goal is to have the resources necessary to achieve its mission, to maximize opportunities to serve its customers better, and to preserve its strong credit rating.

The Authority generates, transmits and sells electric power and energy, principally at wholesale. The Authority's primary customers are municipal and investor-owned utilities, rural electric cooperatives, high load factor industries and other businesses located throughout New York State, various public corporations located in Southeastern New York within the metropolitan area of New York City ("SENY governmental customers"), and certain out-of-state customers.

To provide electric service, the Authority owns and operates five major generating facilities, eleven small gas-fired electric generating facilities, and five small hydroelectric facilities in addition to a number of transmission lines, including major 765-kV and 345-kV transmission facilities. The Authority's five major generating facilities consist of two large hydroelectric facilities ("Niagara" and "St. Lawrence-FDR"), a large pumped-storage hydroelectric facility ("Blenheim-Gilboa"), the combined cycle electric generating plant located in Queens, New York (the "500-MW plant") and the Richard M. Flynn combined cycle plant located on Long Island ("Flynn").

To provide additional electric generation capacity to the Authority's NYC Governmental Customers, NYPA entered into a long-term electricity supply agreement with Astoria Energy II LLC in 2008 for the purchase of the output of an Astoria, Queens based natural-gas fueled generating plant. The new 550-MW plant ("Astoria Energy II plant") entered into commercial operation on July 1, 2011.

To achieve its goal of promoting energy efficiency, NYPA implements its energy services programs primarily for the benefit of its SENY governmental customers and various other public entities throughout the State. Under these programs, the Authority finances the installation of energy saving measures and equipment, which are owned by the customers and public entities upon their installation and which focus primarily on the reduction of the demand for electricity. These programs provide funding for, among other things, high efficiency lighting technology conversions, high efficiency heating, ventilating and air conditioning systems and controls, boiler conversions, replacement of inefficient refrigerators with energy efficient units in public housing projects, distributed generation technologies and clean energy technologies, and installation of non-electric energy saving measures.

(a) NYPA's Relationship with the New York State Government

The Power Authority of the State of New York (the "Authority" or "NYPA") is a corporate municipal instrumentality and political subdivision of the State of New York (the "State") created in 1931 by Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended from time to time (the "Act"), to help provide a continuous and adequate supply of dependable electric power and energy to the people of the State.

The Authority's operations are overseen by a Board of Trustees. NYPA's Trustees are appointed by the Governor of the State, with the advice and consent of the State Senate. The Authority is a fiscally independent public corporation that does not receive State funds or tax revenues or credits. NYPA generally finances construction of new projects through a combination of internally generated funds and the sale of bonds and notes to investors and pays related debt service with revenues from the generation and transmission of electricity. Income of the Authority and properties acquired by it for its projects are exempt from taxation.

(b) Budget Process

The following is an outline of the budget process and the four-year financial plan for 2012-2015:

- During July – October 2011, develop forecasts of electric prices (both energy and capacity) and fuel expenses; NYPA customer power and energy use; NYPA customer rates; generation levels at NYPA power projects reflecting scheduled outages; and purchased energy & power requirements and sources.
- During July – September 2011, developed preliminary operations & maintenance and capital expense targets.

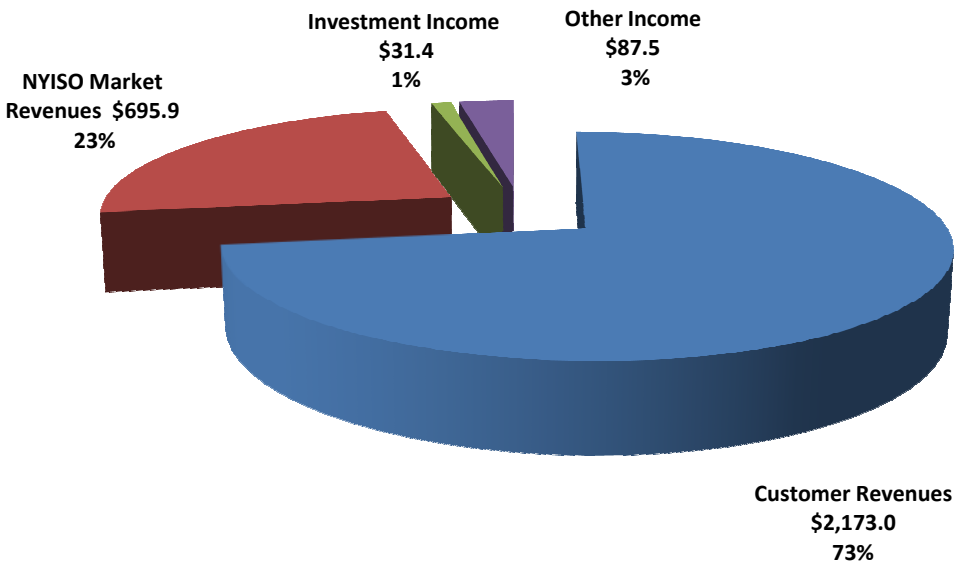
- November 2, 2011 – post proposed 2012 budget and 2012-2015 financial plan for public inspection at five convenient locations and on NYPA's internet website.
- During November 2011, finalize operations & maintenance expenses and capital costs estimates.
- During November 2011, integrate above data to produce final 2012 budget and 2012-2015 financial plan.
- December 15, 2011, seek authorization of NYPA's Trustees to approve the 2012 budget and 2012-2015 financial plan; submit the information to the State Comptroller's Office; and make the document available for public inspection and on NYPA's internet website.

NYPA's Four-Year Projected Income Statements

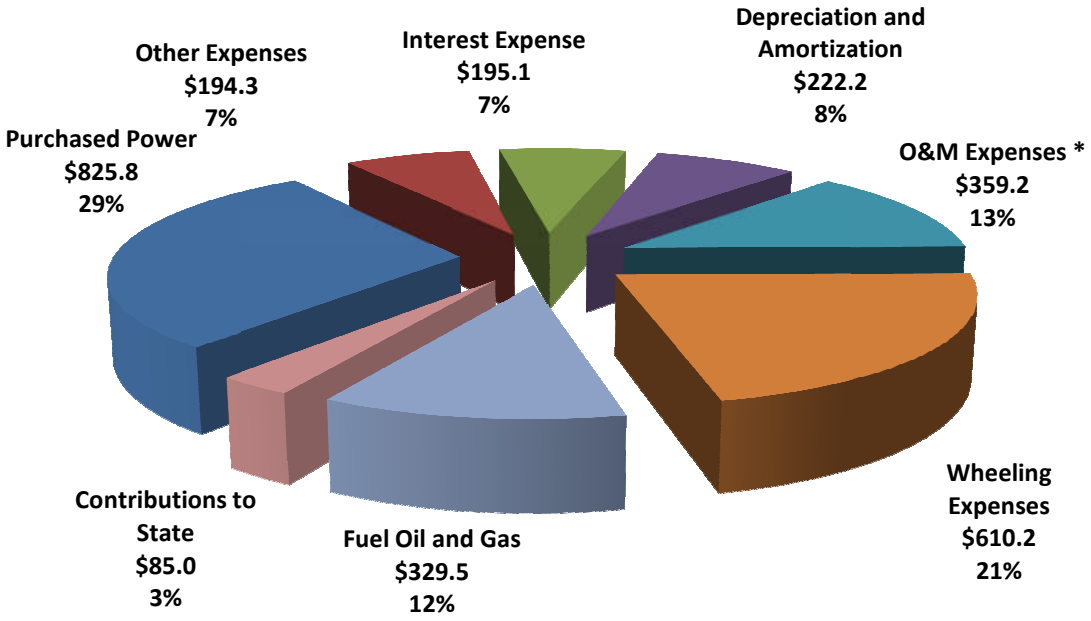
(in Millions)

	2012	2013	2014	2015
Operating Income:				
Customer Revenues	$2,173.0	$2,210.0	$2,313.0	$2,368.4
NYISO Market Revenues	$695.9	$714.1	$740.3	$764.7
Total Operating Income	$2,869.0	$2,924.1	$3,053.4	$3,133.1
Operating Expenses:				
Purchased Power	$825.8	$823.7	$869.8	$896.9
Fuel oil and gas	$329.5	$355.2	$365.1	$366.8
Wheeling Expenses	$610.2	$627.9	$635.0	$642.5
O&M Expenses	$370.9	$425.6	$476.2	$492.3
Other Expenses	$194.3	$161.7	$150.4	$125.4
Depreciation and Amortization	$222.2	$222.2	$223.7	$224.1
Allocation to Capital	($11.7)	($13.8)	($13.0)	($13.0)
Total Operating Expenses	$2,541.2	$2,602.5	$2,707.2	$2,734.9
NET OPERATING INCOME	**$327.7**	**$321.6**	**$346.2**	**$398.2**
Other Income:				
Investment Income	$31.4	$34.1	$34.0	$38.1
Other Income	$87.5	$76.6	$75.4	$4.5
Total Other Income	$119.0	$110.6	$109.3	$42.7
Non-Operating Expenses:				
Interest Expense	$195.1	$194.5	$204.7	$200.5
Contributions to State	$85.0	$65.0	$65.0	$65.0
Total Non-Operating Expenses	$280.1	$259.5	$269.7	$265.5
NET INCOME	**$166.6**	**$172.8**	**$185.8**	**$175.3**

2012 Budget – Sources
(in Millions)



2012 Budget – Uses
(in Millions)



* Reflects NYPA's Base O&M Expenses ($345.1) plus the O&M component of the Astoria energy facility lease payment ($25.8) less the Allocation to Capital ($11.7).

NYPA's Four-Year Statement of Cash Flows

(in Millions)

Cash flows from Operating Activities:	2012	2013	2014	2015
Received from customers for the sale of power, transmission and wheeling	**$ 2,807.1**	**$ 2,865.2**	**$ 2,997.7**	**$ 3,081.1**
Disbursements for:				
Purchased Power	(825.8)	(823.7)	(869.8)	(896.9)
Operations and Maintenance	(359.2)	(406.8)	(453.2)	(469.2)
Fuel oil and gas	(329.5)	(355.2)	(365.1)	(366.8)
Wheeling of Power by other utilities	(610.2)	(627.9)	(635.0)	(642.5)
Other Expenses	(289.6)	(294.8)	(249.7)	(226.2)
Total Disbursements	**(2,414.4)**	**(2,508.4)**	**(2,572.8)**	**(2,601.6)**
Net cash provided by operating activities	**392.8**	**356.8**	**424.9**	**479.4**
Cash flows from capital and related financing activities:				
Earnings received on capital fund investments	1.4	0.5	0.7	0.7
Issuance of commercial paper	0.0	45.5	73.0	83.9
Issuance of General Purpose Bonds	0.0	0.0	0.0	202.4
Repayment of Notes	(8.2)	(8.8)	(9.5)	(10.3)
Retirement of Bonds	(43.9)	(49.0)	(51.9)	(54.4)
Repayment of Commercial Paper	(37.3)	(36.6)	(31.4)	(217.6)
Gross additions to capital assets	(166.7)	(198.2)	(196.5)	(214.8)
Interest paid, net	(66.0)	(63.0)	(66.8)	(69.0)
Change in Construction Fund	31.8	10.9	4.2	5.0
Net cash used in capital and related financing activities	**(288.9)**	**(298.8)**	**(278.3)**	**(274.0)**
Cash flows from noncapital - related financing activities:				
Energy conservation program payments received from participants	137.4	180.1	291.2	264.9
Energy conservation program costs	(200.0)	(219.7)	(195.4)	(179.4)
Issuance of commercial paper	197.4	212.5	181.7	179.0
Issuance of Bonds for HTP	0.0	100.0	0.0	0.0
Repayment of commercial paper	(136.7)	(179.5)	(290.8)	(264.5)
Interest paid on commercial paper	(4.8)	(7.6)	(9.9)	(9.8)
Other Postemployment Benefits (OPEB) funding	(15.0)	(15.0)	(15.0)	(15.0)
Contributions to New York State	(85.0)	(65.0)	(65.0)	(65.0)
New York State Temporary asset transfer	0.0	0.0	103.0	0.0
Entergy Value sharing agreement	72.0	72.0	72.0	74.5
Entergy notes receivable	30.0	20.0	20.0	20.0
Payment for HTP System Upgrade	0.0	(200.0)	0.0	0.0
Net cash used in noncapital - related financing activities	**(4.7)**	**(102.2)**	**91.8**	**4.6**
Cash flows from investing activities:				
Earnings received on investments and other Receipts	30.8	30.6	31.5	38.4
Sale/(Purchase) of investment securities	(130.0)	13.6	(269.8)	(248.5)
Net cash provided by (used in) investing activities	**(99.3)**	**44.2**	**(238.3)**	**(210.0)**
Net increase (decrease) in cash	**$0.0**	**$0.0**	**$0.0**	**$0.0**

(c) Budget Assumptions

NYISO Revenue and Expenses

Based upon scheduled customer power needs and available electricity generated by NYPA's operating assets, the Authority buys and sells energy in an electricity market operated by the NYISO. The majority of NYPA's operating expenses are due to various NYISO purchased power charges in combination with generation related fuel expenses. A significant amount of the Authority's revenues results from sales of the Authority's generation into the NYISO market for which the energy revenues are projected based on available forward price curves while the capacity revenues are estimated using the NYISO demand curve formula.

Customer and Project Revenue

The customers served by the Authority and the rates paid by such customers vary with the NYPA facilities designated to serve such loads. These customers are served under contracts and tariffs approved by the Trustees.

St. Lawrence-FDR and Niagara Customers. Power and energy from the St. Lawrence-FDR and Niagara hydroelectric facilities are sold to municipal electric systems, rural electric cooperatives, industrial and other business customers, certain public bodies, investor-owned utilities, and out-of-state customers. The charges for firm and firm peaking power and associated energy sold by the Authority, as applicable, to the municipal electric systems and rural electric cooperatives in New York State, two public transportation agencies, three investor-owned utilities for the benefit of rural and domestic customers, and seven out-of-state public customers have been established on the basis of the cost to serve these loads.

In March 2009, the Authority's Trustees approved the deferral for recovery in the future of a proposed hydropower rate increase for these customers that was scheduled to go into effect on May 1, 2009. The deferral amounted to approximately $18.5 million through the end of 2010. The 2012-2015 financial plan reflects the four-year rate plan approved by the Authority's Trustees in November 2011 to recover the cost of providing service to these customers and to begin the recovery of the deferral amount.

Niagara's expansion and replacement power industrial customers and St. Lawrence-FDR's industrial customers may aggregate to as much as 1,081mw or 41% of the firm capacity of the plants. The rates are subject to annual adjustment based on the average of three contractually agreed upon economic indices reflecting changes in industrial energy prices. In March 2009, the Authority suspended the application of these indices so as to avoid rate increases, and effective September 1, 2011, the application of these indices was reinstated by the Authority. For the years in the four year plan, these rates are assumed to adjust annually in accordance with the contracts.

In August 2010, new legislation established a Western New York Economic Development Fund Benefit program and authorized the Authority to fund the program from net earnings from the Authority's sale of unallocated, relinquished, and withdrawn Expansion Power and Replacement Power into the wholesale market. Net earnings are defined as any excess revenues earned from such power allocated to the wholesale market over the revenues that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara plant that qualify under applicable criteria. The law authorizes the Authority to administer this new program with assistance from public and private entities. Payments from the Power Authority to the fund have been incorporated into this four-year plan and are estimated to range between $6.1 million in 2012 declining to $0 by 2015 when the power is assumed to be fully sold.

SENY Governmental Customers. Capacity from the Authority's 500 mw plant and the five small hydroelectric plants, the contracted generation from the Astoria Energy II plant, together with capacity and energy purchased by the Authority in the NYISO markets, are sold to various municipalities, school districts and public agencies in New York City and Westchester County. Sales into the NYISO of energy generated by Authority resources at the 500-MW plant and the small hydro projects offset the cost of the energy purchased. A set amount of capacity from the Blenheim-Gilboa project is also dedicated to serving a segment of this customer class.

It is assumed that the Kensico small hydro facility will be decommissioned by December 31, 2013.

In 2005, the Authority and its major New York City governmental customers entered into long-term supplemental electricity supply agreements ("2005 LTA"). Under the 2005 LTA, the NYC governmental customers agreed to purchase their electricity from the Authority through December 31, 2017, with the NYC governmental customers having the right to terminate service from the Authority at any time on three years' notice and, under certain limited conditions, on one year's notice, provided that they compensate the Authority for any above-market costs associated with certain of the resources used to supply the NYC governmental customers.

Under the 2005 LTA, the Authority modifies rates annually through a formal rate proceeding if there is a change in fixed costs to serve the New York City governmental customers. Generally, changes in variable costs, which include fuel and purchased power, are captured through annual contractual pricing adjustment mechanisms.

In 2007, the Authority entered into new supplemental electricity supply agreements with 104 governmental customers in Westchester County resulting in the Westchester governmental customers remaining full requirements customers of NYPA. The Westchester County customers can terminate the contract upon one year's notice effective no sooner than January 1 following such notice. The Authority may modify the rates charged the customer pursuant to a specified procedure; an energy charge adjustment mechanism is applicable; the customer is committed to pay for any supply resources secured for it by the Authority under a collaborative process; and NYPA will continue to make available financing for energy efficiency projects and initiatives, with costs thereof to be recovered from the customer. For purposes of the four-year financial plan, it is assumed that the New York City and Westchester governmental customers will continue to be served and rates will be set on the basis of the cost to serve these loads.

Market Supply Power Customers. The Authority administers an array of power programs for economic development that supply power to businesses and not-for-profit institutions in New York State. Currently more than 300,000 jobs across the State are linked to these power programs. For a number of these programs, such as Power for Jobs, Economic Development Power, High Load Factor Power, and Municipal Distribution Agency Power, the Authority has no physical assets to supply power and energy to these customers and NYPA must buy these products in the NYISO market or negotiate bilateral arrangements with other power suppliers. The Authority, as authorized by legislation, provides electricity savings reimbursements to certain of the Power for Jobs customers, which is calculated as the difference between the current cost of electricity to such customer and the cost of electricity under a prior Power for Jobs contract period. Customers under the Economic Development Power, High Load Factor Power, and Municipal Distribution Agency Power programs are eligible for Energy Cost Savings Benefits discounts which result from the net earnings of the sale into the wholesale market of certain amounts of hydroelectric power as authorized by law, which, along with other funds of the Authority as deemed feasible and advisable by the Authority's Trustees, may be used for such discounts.

Legislation enacted into law in March 2011 creates a new economic development power program to commence July 1, 2012, the Recharge New York Power Program ("RNYPP"), to replace and expand upon the Authority's Power for Jobs and Energy Cost Savings Benefits programs. This is a new, permanent power program administered by the Authority and the Economic Development Power Allocation Board ("EDPAB"). The RNYPP will utilize 455 MW of hydropower from the Authority's Niagara and St. Lawrence-FDR projects combined with up to 455 MW of market-based power purchases. The 455 MW of hydropower was, until August 1, 2011, provided to residential and farm customers of three upstate utilities. The power will be available for allocation to eligible new and existing businesses and not-for-profit corporations under contracts of up to seven years effective no sooner than July 1, 2012. The legislation also temporarily extends the Power for Jobs and ECSB Programs through June 30, 2012, at which time those programs will end and be replaced with the RNYPP. The PFJ and ECSB Program customers that do not receive RNYPP allocation will be eligible to apply for certain "transitional electricity discounts". These transitional discounts, payable if deemed feasible and advisable by the Authority's Trustees, will gradually decline to zero by June 30, 2016. The RNYPP legislation also authorizes the Authority, as deemed feasible and advisable by its Trustees, to provide annual funding of $100 million for the first three years following withdrawal of the hydropower from the residential and farm customers, $70 million for the fourth year, $50 million for the fifth year, and $30 million each year thereafter, for the purpose of funding a residential consumer discount program for those customers that had received the hydropower that will be utilized in the RNYPP.

Blenheim-Gilboa Customers. The Authority has a contract for the sale of 50 MW of firm capacity from the Blenheim-Gilboa plant to the Long Island Power Authority ("LIPA") and provides another 250 MW to the Authority's New York City governmental customers, the rates for which are reset periodically on the basis of cost, with the remainder of the plant's capacity used to meet the requirements of some of the Authority's other business and governmental customers and to provide services in the NYISO market at the projected NYISO capacity rate.

Small Clean Power Plants ("SCPPs"). To meet capacity deficiencies and ongoing local requirements in the New York City metropolitan area, which could have also adversely affected the statewide electric pool, the Authority placed in operation, in the summer of 2001, eleven 44-MW natural-gas-fueled SCPPs at various sites in New York City and one site in the service territory of LIPA.

For the 2012-2015 financial plan, it is assumed the installed capacity of the SCPPs is used by the Authority to meet its customers' NYISO-mandated installed capacity needs or, if not needed for that purpose, is subject to sale to other users via bilateral arrangements or by sale into the NYISO capacity auction. NYPA sells the energy produced by the SCPPs into the NYISO energy market.

Flynn. The Flynn Project is a combined-cycle facility with a nameplate rating of 164 MW. The Authority is supplying the full output of the Project to LIPA pursuant to a capacity supply agreement between the Authority and LIPA, which commenced in 1994 and had an initial term of 20 years. Amendment No. 7, effective as of January 1, 2009, sets forth pricing terms subject to expiration in 2014 should the customer elect to initiate the termination clause by 2012. Otherwise, this contract may extend to 2020. As of December 31, 2014 the current pricing agreement ends with LIPA. For planning purposes, current pricing and dispatch levels have been modified and incorporated in the 2015 Flynn forecast.

Transmission Projects. The Authority owns approximately 1,400 circuit miles of high voltage transmission lines, the major lines being the 765-kV Massena-Marcy line, the 345-kV Marcy-South line, the 345-kV Niagara-to-Edic transmission line, and the 345-kV Long Island Sound Cable.

In an Order issued January 27, 1999, FERC approved the use of the Authority's present transmission system revenue requirement in developing the rates for service under the NYISO tariff. FERC also approved, among other things, the imposition of the NYPA Transmission Adjustment Charge ("NTAC") and the NYPA Transmission Service Charges ("TSC") which are the tariff elements established to effect full recovery of the Authority's annual transmission revenue requirement.

With the implementation of the NYISO arrangement in November 1999, all transmission service over the Authority's facilities is either pursuant to the NYISO tariffs or pre-existing Authority contracts, with NYPA realizing its annual revenue requirement via the NTAC, TSC or through existing customer contracts.

Hudson Transmission Project. Following a request for proposals issued by the Authority in March 2005, the Authority executed a firm transmission capacity purchase agreement with Hudson Transmission Partners, LLC ("HTP") in April 2011. HTP is constructing a 345 kV underground/submarine transmission line extending from Bergen County, New Jersey to Con Edison's West 49th Street substation in midtown Manhattan. The transmission line will serve to improve electric system reliability and promote network security by enhancing New York City's transmission infrastructure and its access to generation resources outside of the City. Construction of the transmission line commenced in May 2011 and completion of construction is expected to be July 1, 2013.

Purchased Power Expenses

Capacity, energy and NYISO ancillary service purchases made on behalf of customers (except for those made through previously approved purchased power agreements) are assumed to be transacted at the market clearing price in the wholesale market. For purposes of developing the financial plan, projected energy rates are based on available forward price curves while the capacity rates are estimated using the NYISO demand curve formulas.

Fuel Expenses

Fossil-fuel purchases in the plan are based on expected net generation levels determined through the use of an economic dispatch model for the Authority's plants and on available forward price curves for the fuel. Fuel expenses also include the costs associated with emission credit requirements under the Regional Greenhouse Gas Initiative ('RGGI'). The RGGI requires the Authority to buy emission credits for its fossil-fuel plants, and the Authority also purchases such credits for the contracted Astoria Generating II plant. The projections for RGGI costs are based on historical emission rates and forecasted consumption of natural gas and oil with such costs recovered either through specific customer contract pass-through provisions or from the wholesale market.

Wheeling Expenses

Wheeling (i.e., the transmission and/or delivery of power and energy to customers over the lines of a third party) expenses are based on contractual and/or tariff rates of the service provider and are recovered through pass-through provisions in customer contracts.

Investment and Other Income

Investment Income. Investment of the Authority's funds is administered in accordance with the applicable provisions of the Bond Resolution and with the Authority's investment guidelines. These guidelines comply with the New York State Comptroller's investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law. It is assumed that the Authority's investment portfolio will earn an average of 1.90% over the four-year forecast period.

The Authority's investments are restricted to (a) collateralized certificates of deposit, (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed

by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, and (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies. The Authority's investments in the debt securities of Federal National Mortgage Association and Federal Home Loan Bank, Federal Farm Credit Bank and Federal Home Loan Mortgage Corp. were rated Aaa by Moody's Investors Services, AAA by Fitch Ratings and AA+ by Standard & Poor's. All of the Authority's investments in U.S. debt instruments are issued or explicitly guaranteed by the U.S. Government.

Other Income. On November 21, 2000 ("Closing Date"), the Authority sold its nuclear plants (Indian Point 3 and James A. FitzPatrick Projects) to two subsidiaries of the Entergy Corporation for cash and non-interest bearing notes totaling $967 million, maturing over a 15-year period. The present value of these payments recorded on the Closing Date, utilizing a discount rate of 7.5%, was $680 million. On an accrual basis the Authority expects to recognize interest and other income of $15.9 million in 2011, $14.9 million in 2012, $3.8 million in 2013, $2.6 million in 2014, and $1.2 million in 2015. On a cash basis the Authority projects to receive $30 million payments in 2011 and 2012, and $20 million in 2013-2015. In addition, the Authority entered into two "value sharing agreements" ("VSAs") with the Entergy subsidiaries whereby the Authority is entitled to receive annual payments up to a maximum of $72 million. Also, if the licenses of JAF and/or IP3 are extended, the Decommissioning Agreements provide for annual payments of $2.5 million per plant each year beyond the expiration dates. JAF's license has been extended past the original date of October 17, 2014, and beginning in 2015 the forecast includes the receipt of $2.5 million in additional revenue. For purposes of the 2012-2015 Financial Plan, it has been assumed that the maximum payment of $72 million will be received in each year for the VSA, and an additional $2.5 million will be received in 2015 for the JAF license extension.

Operations and Maintenance Expenses

NYPA's preliminary O&M plan by cost element for 2012 - 2015 is as follows:

Operations and Maintenance Forecast by Cost Element
(in Millions)

	2012	2013	2014	2015
Payroll				
Regular Pay	$ 144.0	$ 144.5	$ 146.3	$ 148.2
Overtime	$ 9.4	$ 9.8	$ 10.1	$ 10.5
Other Payroll	$ 2.6	$ 2.7	$ 2.8	$ 2.9
Total Payroll	$ 156.1	$ 157.0	$ 159.2	$ 161.5
Benefits				
Employee Benefits	$ 39.7	$ 41.0	$ 42.5	$ 44.0
Pension	$ 27.0	$ 29.0	$ 33.0	$ 36.0
FICA	$ 11.5	$ 11.6	$ 12.0	$ 12.4
Total Benefits	$ 78.2	$ 81.6	$ 87.5	$ 92.4
Materials/Supplies	$ 18.8	$ 19.2	$ 19.6	$ 20.0
Fees	$ 9.0	$ 9.2	$ 9.4	$ 9.6
Office & Stationary	$ 14.8	$ 15.1	$ 15.4	$ 15.7
Maintenance Repair & Service Contracts	$ 85.4	$ 98.3	$ 104.8	$ 110.6
Consultants	$ 18.6	$ 18.9	$ 19.3	$ 19.7
Charges To:				
Outside Agencies	$ (4.7)	$ (4.8)	$ (4.9)	$ (5.0)
Capital Programs	$ (40.8)	$ (38.7)	$ (38.0)	$ (38.0)
Total Charges	$ (45.5)	$ (43.5)	$ (42.8)	$ (42.9)
Research & Development	$ 9.8	$ 10.2	$ 10.5	$ 10.9
Subtotal	**$ 345.1**	**$ 366.0**	**$ 382.8**	**$ 397.3**
Astoria Energy II	$ 25.8	$ 26.5	$ 27.2	$ 27.9
HTP	$ -	$ 33.0	$ 66.2	$ 67.0
Total NYPA O&M	$ 370.9	$ 425.6	$ 476.2	$ 492.3

Depreciation and Amortization Expenses

Depreciation of capital assets is generally provided on a straight-line basis over the estimated lives of the various classes of capital assets. The related depreciation provisions at December 31, 2010 expressed as a percentage of average depreciable capital assets was 2.6%.

Other Expenses

The Other Expenses category largely reflects various accruals (e.g., Other Post-Employment Benefit prior service obligations) and other miscellaneous expenses for which Trustee authorization is sought on a case-by-case basis (e.g., Power for Jobs Rebates, Industrial Incentive Awards Program costs, etc.).

(d) Self – Assessment of Budgetary Risks

Regulatory Risks

In 2005, the U.S. Fish and Wildlife Service (''FWS'') initiated a status review under the Endangered Species Act (16 U.S.C. 1531 et seq.) to determine if listing the American eel as threatened or endangered is warranted. American eels are a fish species that migrate between freshwater and the ocean, and their wide range includes the Atlantic seaboard of the United States and Canada and the Great Lakes' drainages. In findings issued February 2, 2007, the FWS determined that such a listing is not warranted. In 2010, the FWS was again petitioned to list the American eel and a preliminary determination concerning whether to conduct another status review is pending before the FWS. In the event the FWS were to determine in the future to list the American eel as threatened or endangered, such a determination could potentially result in significant additional costs and operational restrictions on hydroelectric generating facilities located within the range of the species, including the Authority's St. Lawrence-FDR Project.

The Regional Greenhouse Gas Initiative ("RGGI") is a cooperative effort by Northeastern and Mid-Atlantic states to reduce carbon dioxide emissions by 10% by 2018. Central to this initiative is the implementation of a multi-state cap-and-trade program with a market-based emissions trading system. The program requires electricity generators to hold carbon dioxide allowances in a compliance account in a quantity that matches their total emissions of carbon dioxide for the compliance period. The Authority's Flynn, SCPPs, 500-MW, and the contracted Astoria Energy II plants are subject to the RGGI requirements. NYPA has participated in program auctions commencing in September 2008 and expects to recover its RGGI costs through its power sales revenues. NYPA is monitoring potential federal programs that are under discussion and debate for their potential impact on RGGI in the future.

There is concern by individuals, the scientific community and Congress regarding possible environmental damage resulting from the use of fossil fuels. The Authority's 500-MW Plant, Flynn plant and its SCPPs use fossil fuels as does the Astoria Energy II plant. Congressional and regulatory action for the increased regulation of air, water and contaminants is periodically considered, and there are a number of pending legislative and regulatory proposals which may affect the electric utility industry including the Authority. The impact on the Authority's operations of any such proposals is not presently predictable or quantifiable.

On July 6, 2011, the Environmental Protection Agency ("EPA") finalized the Cross-State Air Pollution Rule ("CSAPR"). The CSAPR requires eastern states, including New York, to improve air quality by reducing power plant emissions that cross state lines and contribute to fine particle pollution and ground level ozone (NOX, ozone season and annual limits, and SO_2, annual limit only). The impact on the Authority's operations of the CSAPR cannot be fully predicted at the present time pending finalization by the EPA of allowances to the States, which will be further allocated to individual units. It is expected that the allocation of allowances will not impact operation of the Authority's fossil-fired generating units nor the Astoria Energy II plant.

The Power Authority's Board of Trustees has in general broad rate setting authority for its power sales agreements with customers. With respect to its transmission facilities, however, the Authority adopted an open access transmission tariff, which has been filed with the Federal Energy Regulatory Commission ("FERC") as part of the NYISO's Open Access Transmission Tariff. In an Order issued January 27, 1999, FERC approved the use of the Authority's present transmission system revenue requirement in developing the rates for service under the NYISO tariff and declined to set the revenue requirement for hearing. Such action does not, however, foreclose further review by FERC of any modifications of the Authority's transmission system revenue requirement.

Legislative and Political Risks

A series of legislative enactments call for the Authority to subsidize business customers and the State's general fund. Legislation enacted into law, as part of the 2000-2001 State budget, as amended in subsequent years, has authorized the Authority, "as deemed feasible and advisable by the trustees", to make a series of "voluntary contributions" into the State treasury in connection with the Power for Jobs Program and for other purposes as well. Beginning December 2002 through October 2011, the Authority has made voluntary contributions to the State of $469 million in connection with the Power for Jobs Program and an additional $342 million unrelated to the Power for Jobs Program. Further, the Authority has approved Power for Jobs reimbursement payments of $241 million for the years 2005-2010 and expects such payments will not exceed $50 million for 2011. The Power for Jobs Program will continue through June 30, 2012, at which time it will be replaced by the RNYPP. Additional Power for Jobs reimbursements are not expected to exceed $26 million in 2012.

For planning purposes, the 2012-2015 financial plan assumes that the Authority makes a voluntary contribution to the State in the amount of $85 million for 2012 and $65 million each year thereafter.

Approval of any such payments to the State's general fund and/or to subsidize customers requires legislation authorizing such payments and is conditional upon the Trustees' determination that such payments are "feasible and advisable". The Trustees' decision as to whether and to what extent such payments are feasible and advisable will be made based on the exercise of their fiduciary responsibilities and in light of the requirements of the Authority's Bond Resolution, other legal requirements, and all the facts and circumstances known to them at the time of the decision.

In addition to the authorization for the voluntary contributions, the Authority was authorized by February 2009 budget legislation to make certain temporary asset transfers to the State of funds in reserves. Pursuant to the terms of a Memorandum of Understanding dated February 2009 ("MOU") between the State, acting by and through the Director of the Budget of the State, and the Authority, the Authority agreed to transfer $215 million associated with its Spent Nuclear Fuel Reserves by the end of State Fiscal Year 2008-2009. The Spent Nuclear Fuel Reserves are funds that have been set aside for payment to the federal government sometime in the future when the federal government accepts the spent nuclear fuel for permanent storage. The MOU provides for the return of these funds to the Authority, subject to appropriation by the State Legislature and other conditions, at the earlier of the Authority's payment obligation related to the transfer and disposal of the spent nuclear fuel or September 30, 2017. Further, the MOU provided for the Authority to transfer during State Fiscal Year 2009-2010 approximately $103 million of funds set aside for future construction projects, which amounts would be returned to the Authority, subject to appropriation by the State Legislature and other conditions, at the earlier of when required for operating, capital or debt service obligations of the Authority or September 30, 2014. Both temporary transfers were authorized by the Authority's Trustees and made in 2009. The financial plan reflects the return of this $103 million amount in September 2014.

Section 1011 of the Power Authority Act ("Act") constitutes a pledge of the State to holders of Authority obligations not to limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the holders thereof. Several bills have been introduced into the State Legislature, some of which propose to limit or restrict the powers, rights and exemption from regulation which the Authority currently possesses under the Act and other applicable law, or otherwise would affect the Authority's financial condition or its ability to conduct its business, activities, or operations, in the manner presently conducted or contemplated by the Authority. It is not possible to predict whether any of such bills or other bills of a similar type which may be introduced in the future will be enacted. In addition, from time to time, legislation is enacted into New York law which purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to the Authority would depend upon, among other things, the nature of the obligations imposed and the applicability of the pledge of the State set forth in Section 1011 of the Act to such provisions. There can be no assurance that the Authority will be immune from the financial obligations imposed by any such provision.

Actions taken by the State Legislature or the Executive Branch to receive greater voluntary contributions and which attempt to constrain the discretion of or bypass the Authority's Trustees could negatively affect net income and possibly harm the Authority's bond rating.

Hydroelectric Generation Risk

For the 2012-2015 financial planning timeframe, the Authority's net income is highly dependent upon generation levels at its Niagara and St. Lawrence-FDR Projects. The generation levels themselves are a function of the hydrological conditions prevailing on the Great Lakes, primarily, Lake Erie (Niagara Project) and Lake Ontario (St. Lawrence-FDR Project). Long-term generation levels at the two hydroelectric projects are about 20.2 terawatt-hours ("TWH") annually. The Authority's hydroelectric generation forecast is 20.26 TWH in 2012 and 19.90 TWH in 2013, 2014 and 2015. However, these generation amounts are forecasted values, and hydrological conditions can vary considerably from year to year. During the recent ten year period from 2001-2010, hydroelectric generation averaged 19.9 TWH and, in a number of the years, was below the long-term average and manifested considerable volatility.

The Authority conducted high and low hydroelectric generation sensitivities for 2012-2015 that estimated the potential net income that could result over a reasonable range of hydroelectric generation occurrences. The effects on estimated net income, assuming all other factors remain unchanged, were as follows:

	Low Generation		**High Generation**	
	Net Hydroelectric Generation	NYPA Net Income *(in Millions)*	Net Hydroelectric Generation	NYPA Net Income *(in Millions)*
2012	18.00 TWH	$89.62	21.50 TWH	$209.95
2013	18.00 TWH	$106.06	21.50 TWH	$229.06
2014	18.00 TWH	$115.77	21.50 TWH	$249.20
2015	18.00 TWH	$101.65	21.50 TWH	$239.80

Electric Price and Fuel Risk

Through its participation in the NYISO market, NYPA is subject to electric energy price, fuel price and electric capacity price risks that impact the revenue and purchased power streams of its facilities and customer market areas. Such volatility can potentially have detrimental effects on NYPA's financial condition. To mitigate downside effects, many of NYPA's customer contracts provide for the complete or partial pass-through of these costs and to moderate cost impacts to its customers, NYPA hedges market risks via the use of financial instruments and physical contracts. Hedges are transacted by NYPA to mitigate the cost of energy or related products needed to meet customer needs; to mitigate risk related to the price of energy and related products sold by NYPA; to mitigate risk related to margins (electric sales versus fuel use) where NYPA owns generation or other capacity; and mitigation of geographic cost differentials of energy procured or sold for transmission or transportation to an ultimate location. Commodities to be hedged include, but are not limited to, natural gas, natural gas basis, electric energy, electric capacity and electric basis.

Litigation Risk

In 1982 and again in 1989, several groups of St. Regis Mohawk Indians filed lawsuits against the State, the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority and others, claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands ("St. Regis litigation"). These islands are within the boundary of the Authority's St. Lawrence-FDR project and significant project facilities are located on Barnhart Island. Settlement discussions were held periodically between 1992 and 1998. In 1998, the Federal government intervened on behalf of the Mohawk Indians.

Thereafter, settlement discussions produced a land claim settlement, which if implemented would include, among other things, the payment by the Authority of $2 million a year for 35 years to the tribal plaintiffs, the provision of up to 9 MW of low cost Authority power for use on the reservation, the transfer of two Authority-owned islands, Long Sault and Croil, and a 215-acre parcel on Massena Point to the tribal plaintiffs, and the tribal plaintiffs withdrawing any judicial challenges to the Authority's new license, as well as any claims to annual fees from the St. Lawrence-FDR project. Members of all tribal entities voted to approve the settlement, which was executed by them, the Governor, and the Authority on February 1, 2005. The settlement required, among other things, Federal and State legislation to become effective which was not enacted.

Litigation in the case had been stayed to permit time for passage of such legislation and to await decisions of appeals in two relevant New York land claims litigations, involving the Cayuga and Oneida Nations, to which the Authority was not a party. In May 2006, the U.S. Supreme Court declined to review the U.S. Court of Appeals' (Second Circuit) decision in Cayuga Indian Nation et al. v Pataki et al. (2005) that had reversed a verdict awarding the Cayugas $248 million in damages and also dismissed the Cayuga land claim. The basis for the Second Circuit's dismissal of the land claim was that the Cayugas had waited too long to bring their land claim (laches). The Authority had raised the defense of laches in its answer in the St. Regis litigation and in November 2006 the Authority and the State moved to dismiss the St. Regis Mohawks' complaints as well as the United States' complaint on similar delay grounds. The Mohawks and the Federal government filed papers opposing those motions in July 2007. Litigation has been stayed and resolution of the pending defense motions had been awaiting a decision by the Court of Appeals for the Second Circuit in a related land claim litigation involving similar defense motions. On August 9, 2010, the Second Circuit issued a decision in the related case (Oneida), thereby lifting the stay in the St. Regis litigation. The Second Circuit, in the Oneida case, dismissed both the Native American and U.S. claims in their entirety finding, among other things, that those claims were barred by equitable principles as articulated in the earlier Cayuga and other decisions. U.S. Magistrate Lowe then ordered all parties in the St. Regis case to submit supplemental briefs and, thereafter, oral argument on the pending motions was held before him on June 17, 2011. U.S. Magistrate Lowe is expected to issue his report and recommendation to U.S. District Court Judge Neal McCurn within several months of the oral argument. Adverse decisions of a certain type in this case could adversely affect Authority operations and revenues.

In May 2009, the County of Niagara, "on behalf of its residents", and several individuals commenced an Article 78 lawsuit in Niagara County Supreme Court against the Authority, its Trustees, the State of New York, and the State Comptroller. The lawsuit challenges on numerous grounds the legality of the two temporary asset transfers totaling $318 million and two voluntary contributions totaling $226 million (except as such contributions relate to the Power for Jobs Program) discussed above. Among other things, the lawsuit seeks judgment providing for the return to the Authority of any such monies that have been paid; prohibiting such asset transfers and voluntary contributions in the future; directing the Authority to utilize such returned monies only for "statutorily permissible purposes"; directing the Authority to "rebate" to certain customers receiving hydropower from it some portion, to be determined, of the monies returned to the Authority; and directing that the Authority submit to an audit by the State Comptroller. No temporary or preliminary injunctive relief is sought in the petition. Petitioners later served an amended petition that simply dropped the State Comptroller from the caption. By decision dated October 5, 2009, the court granted a cross-motion by petitioners to further amend the petition so as to remove the Comptroller from the amended petition's prayer for relief. The pleading was never filed. By decision dated December 23, 2009, the court denied respondents' motions to dismiss the petition and granted petitioners' motion to file a complaint and serve discovery demands. Petitioners subsequently filed such complaint and discovery demands. The complaint contains new causes of action including unjust enrichment, conversion, breach of a fiduciary duty, and claims of deceptive acts and practices. The Authority filed a motion to dismiss and the State filed an answer; petitioners filed a partial motion for summary judgment; and respondents filed opposition papers to said motion. However, on March 5, 2010, the Appellate Division (Fourth Department) granted respondents' motions for permission to appeal the lower court's decision dated December 23, 2009.

By decision dated March 25, 2011, the Appellate Division reversed the lower court's ruling of December 23, 2009 and dismissed the amended petition in its entirety and denied petitioners' motion for leave to serve a complaint and discovery demands. On April 28, 2011, petitioners filed a motion with the Court of Appeals seeking leave to appeal and the Authority and the State opposed that motion. By decision dated September 13, 2011, the Court of Appeals denied petitioners' motion. It appears unlikely that petitioners will seek further judicial review.

Strategic Initiatives

The Authority is considering several projects, which are in varying stages of review and/or development. These initiatives include consideration of the following: a potential new transmission line that would deliver power from Canada and upstate New York to the New York City area; an off-shore wind generating facility in the Atlantic Ocean off of Long Island; and the potential development of 100 MW of solar photovoltaic systems throughout the state. Contractual arrangements, if any, for the Authority to undertake these initiatives or for customers to take the related power are still to be determined. As a result, the financial plan does not reflect any costs or revenues with respect to these initiatives except for certain study-related costs.

(e) Revised Forecast of 2011 Budget

(in Millions)

	Original Budget 2011	Forecast 2011	Variance Better/(Worse) 2011
Operating Revenues:			
Customer Revenues	$2,078.6	$1,995.2	($83.5)
NYISO Market Revenues	$600.7	$718.2	$117.5
Total Operating Revenues	$2,679.3	$2,713.3	$34.0
Operating Expenses:			
Purchased Power	$912.8	$870.5	$42.4
Fuel oil and gas	$295.6	$288.5	$7.1
Wheeling Expenses	$543.4	$550.0	($6.7)
O&M Expenses	$316.3	$324.8	($8.5)
Other Expenses	$135.5	$192.4	($57.0)
Depreciation and Amortization	$194.9	$191.1	$3.8
Total Operating Expenses	$2,398.4	$2,417.3	($18.9)
NET OPERATING REVENUES	**$280.9**	**$296.0**	**$15.1**
Other Income:			
Investment Income	$32.4	$50.0	$10.6
Other Income	$88.4	$93.4	$11.9
Total Other Income	**$120.9**	**$143.4**	$22.5
Non-Operating Expenses			
Interest & Other Expenses	$157.5	$139.2	$18.2
Contributions to State	$65.0	$65.0	$0.0
Total Non-Operating Expense	**$222.5**	**$204.2**	**$18.2**
NET INCOME	**$179.3**	**$235.2**	**$55.8**

(f) Reconciliation of 2011 Budget and 2011 Revised Forecast

The 2011 year-end net income projection is $235.2 million, which is $55.8 million above the budget. The primary drivers of this variance are increased hydro generation, higher energy prices, a litigation settlement with the U.S. Department of Energy, and an increase in the mark-to-market value of NYPA's investment portfolio. Hydro generation for 2011 is currently estimated at 21.3 TWH, approximately 12% greater than the 19.1 TWH forecasted in the Budget, while market prices for energy have increased by approximately 11% as compared to budget. Partially mitigating the net income impact of these key drivers is a reduction in capacity revenue due to a decline in Rest-Of-State and New York City capacity prices.

(g) Statement of 2010 Financial Performance

New York Power Authority
Net Income - Actual vs. Budgeted
For the Year ended December 31, 2010
($ in millions)

	Actual	Budget	Variance Favorable/ (Unfavorable)
Operating Revenues			
Customer	$ 1,953	$ 2,062	$ (109)
NYISO Market Revenues	615	749	(134)
Total Operating Revenues	**2,568**	**2,811**	**(243)**
Operating Expenses			
Purchased Power	931	956	25
Fuel Consumed - Oil & Gas	224	341	117
Wheeling	528	520	(8)
Operations & Maintenance	443	443	-
Depreciation & Amortization	163	160	(3)
	2,289	**2,420**	**131**
Operating Income	**279**	**391**	**(112)**
Nonoperating Revenues and Expenses			
Nonoperating Revenues			
Investment Income	41	34	7
Other income	97	102	(5)
Total Nonoperating Revenues	**138**	**136**	**2**
Nonoperating Expenses			
Contribution to New York State	147	107	(40)
Interest and Other Expenses	89	112	23
Total Nonoperating Expenses	**236**	**219**	**(17)**
Nonoperating Income (Loss)	**(98)**	**(83)**	**(15)**
Net Income	**$ 181**	**$ 308**	**$ (127)**

Net income for the year ended December 31, 2010 was $181 which was $127 below budget. The primary drivers of the budget variance for the year included lower operating income ($112) primarily due to lower production at the Authority's hydro facilities and lower prices on market-based sales; and a higher than anticipated voluntary contribution to New York State ($40). These items were partially offset by positive variances including lower interest and other expenses ($23) due to lower interest rates. Variances in fuel and purchased power costs are offset through revenues as variances are reflected in customer rates.

(h) Employee Data – number of employees, full-time, FTEs and functional classification

	2012	2013	2014	2015
Headquarters	659	650	642	634
Power Generation	874	855	835	815
Transmission	165	161	157	154
R&D	17	17	17	17
TOTAL	**1,715**	**1,683**	**1,651**	**1,620**

(i) Gap-Closing Initiatives – revenue enhancement or cost-reduction initiatives

As the Authority is projecting positive net income for the 2012-2015 financial plan period, there are no planned gap-closing programs.

(j) Material Non-recurring Resources – source and amount

See discussion in "Other Income" section.

(k) Shift in Material Resources

There are no anticipated shifts in material resources from one year to another.

(l) Debt Service

Projected Debt Outstanding (FYE)

(in Thousands)

	2012	2013	2014	2015
Revenue Bonds	1,040,230	1,091,600	1,040,366	1,189,095
Adjustable Rate Tender Notes	114,765	105,940	96,410	86,115
Commercial Paper Notes	580,986	616,835	540,412	303,073
TOTAL	**1,735,981**	**1,814,375**	**1,677,188**	**1,578,283**

Debt Service as Percentage of Pledged Revenues (Accrual Based)

(in Thousands)

	2012		2013		2014		2015	
	Debt Service	% of Rev.	Debt Service	% of Rev.	Debt Service	% of Rev.	Debt Service	% of Rev.
Revenue Bonds	$100,066	3.35%	$103,968	3.43%	$110,082	3.48%	$112,027	3.53%
Adjustable Rate Tender Notes	$9,346	0.31%	$10,346	0.34%	$11,593	0.37%	$12,809	0.40%
Commercial Paper Notes	$42,998	1.44%	$45,771	1.51%	$45,241	1.43%	$33,081	1.04%
Total Debt Service	$152,410	5.10%	$160,085	5.27%	$166,915	5.28%	$157,917	4.97%

New York Power Authority
Planned Use of Debt Issuances
$ 000

TYPE	Amount	Assumed Interest Rate	Project / Description
Period January 1, 2012 - December 31, 2012			
Tax Exempt Commercial Paper	$188,042.0	0.50%	Energy Services Program
Taxable Commercial Paper	$5,030.0	0.77%	Energy Services Program
Total Issued 2012	$193,072.0		
Period January 1, 2013 - December 31, 2013			
Tax Exempt Commercial Paper	$202,436.0	1.00%	Energy Services Program
Taxable Commercial Paper	$5,415.0	1.54%	Energy Services Program
Taxable Commercial Paper	$45,457.0	1.54%	Robert Moses Niagara Power Plant / Transmission
Taxable Fixed Rate Bonds	$100,000.0	6.75%	Transmission
Total Issued 2013	$353,308.0		
Period January 1, 2014 - December 31, 2014			
Tax Exempt Commercial Paper	$172,457.0	1.75%	Energy Services Program
Tax Exempt Commercial Paper	$2,632.0	1.75%	Robert Moses Niagara Power Plant
Taxable Commercial Paper	$4,613.0	2.69%	Energy Services Program
Taxable Commercial Paper	$70,377	2.69%	Robert Moses Niagara Power Plant / Transmission
Total Issued 2014	$250,079.0		

Period January 1, 2015 - December 31, 2015

Tax Exempt Commercial Paper	$171,075.0	2.50%	Energy Services Program
Tax Exempt Commercial Paper	$2,880.0	2.50%	Robert Moses Niagara Power Plant
Taxable Commercial Paper	$4,576.0	3.85%	Energy Services Program
Taxable Commercial Paper	$81,037.0	3.85%	Robert Moses Niagara Power Plant / Transmission
Tax-Exempt Fixed Rate Bonds	$5,513.0	5.00%	Robert Moses Niagara Power Plant
Taxable Fixed Rate Bonds	$196,871.0	7.25%	Robert Moses Niagara Power Plant / Lewiston Pump Generating Plant / Transmission
Total Issued 2015	$461,952.0		

Note: The full faith and credit of the Authority are pledged for the payment of bonds and notes in accordance with the terms and provisions of their respective resolutions. The Authority has no taxing power and its obligations are not debts of the State or any political subdivision of the State other than the Authority. The Authority's debt does not constitute a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Authority.

Scheduled Debt Service Payments (Accrual based)

Outstanding (Issued) Debt

	Principal	Interest	Total
2012	89,343,460	62,576,930	151,920,390
2013	94,307,239	61,485,192	155,792,431
2014	91,898,371	56,855,002	148,753,374
2015	78,923,806	48,474,885	127,398,691

Proposed Debt

	Principal	Interest	Total
2012	-	489,471	489,471
2013	68,253	4,224,276	4,292,529
2014	538,757	17,623,166	18,161,923
2015	699,079	29,818,950	30,518,029

Total Debt

	Principal	Interest	Total
2012	89,343,460	63,066,401	152,409,860
2013	94,375,492	65,709,468	160,084,960
2014	92,437,129	74,478,168	166,915,297
2015	79,622,885	78,293,835	157,916,720

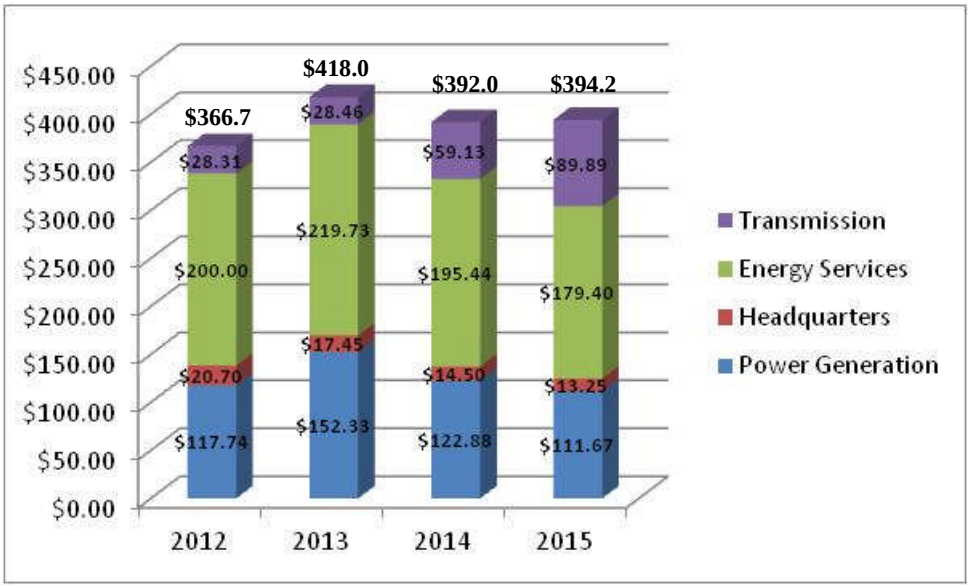
(m) Capital Investments and Sources of Funding

The Authority currently estimates that it will expend approximately $1.6 billion for various capital improvements over the financial plan period 2012-2015. The Authority anticipates that these expenditures will be funded using existing construction funds, internally-generated funds and additional borrowings. Such additional borrowings are expected to be accomplished through the issuance of additional commercial paper notes and/or the issuance of long-term fixed rate debt. Projected capital requirements during this period include:

In Millions	2012	2013	2014	2015
Lewiston Pump Generation Plant- Life Extension & Modernization (LEM)	$26,123.2	$46,841.6	$54,494.8	$46,783.7
Moses Adirondack (MA1 & MA2 line) - 230 in kind replacement	$2,652.2	$6,729.0	$10,532.3	$38,618.3
St. Lawrence Life Extension & Modernization (LEM)	$20,248.1	$6,958.8	$1,747.4	$1,722.0
Black Start 500 mw	$2,222.0	$25,449.6	$1,539.1	$0.0
St. Lawrence Synchronous Condenser Refurbishment	$0.0	$7,750.0	$9,500.0	$9,500.0
RMNPP: Stator Rewind and Restack Project - Phase III	$0.0	$0.0	$10,671.8	$11,676.3
500 mw Spare Rotor	$1,294.1	$18,283.4	$2,356.9	$0.0
St. Lawrence Moses Switchyard (LEM)	$0.0	$0.0	$10,673.0	$10,673.0
Blenheim Gilboa Relicensing	$2,641.3	$4,944.3	$6,259.6	$6,757.3
IT Initiatives	$3,479.1	$4,000.0	$4,000.0	$4,000.0
St. Lawrence Licensing Compliance & Implementation	$7,534.3	$3,253.1	$1,637.1	$1,515.6
Niagara Switchyard (LEM)	$0.0	$0.0	$6,500.0	$6,500.0
St. Lawrence Stator Rewinds	$0.0	$0.0	$6,200.0	$6,700.0
General Plant Fleet	$2,565.9	$3,150.0	$3,150.0	$3,150.0
St. Lawrence Generator Step-up Transformer Replacement	$138.0	$184.1	$5,726.6	$5,752.1
Clark Energy Center (CEC) Switchyard (LEM)	$0.0	$0.0	$5,200.0	$5,200.0
Massena Substation Switchyard (LEM)	$0.0	$0.0	$5,200.0	$5,200.0
Niagara Relicensing - Compliance & Implementation	$5,368.1	$1,049.3	$1,368.0	$2,407.5
Niagara Relay Replacement Program	$6,532.9	$937.6	$952.9	$968.8
Energy Services	200,000.0	219,728.2	195,444.6	179,400.5
Other (**Project less than $9.0 million**)	$85,947.2	$68,711.8	$48,799.7	$47,683.6
Grand Total	**366,746.4**	**417,970.7**	**391,953.7**	**394,208.7**

***** Other includes, but is not limited to, the following: Niagara Stator Rewind (NEC), SCPP Black Start (Hellgate, Harlem River, Vernon), RMNPP Unit 13 Standardization, NERC Compliance Security Upgrades, SCPP Spare LM 6000, Enterprise Infrastructure Purchases, Vischer Ferry Units 3 & 4 LEM, Astoria New Infrastructure & Installation, EMS Upgrades, Massena 765/230 kV Autotransformer Replacement, RMNPP Unit 2 Standardization, Crescent Units 3 & 4 LEM, PV 20 Line Assessment/Replacement and Upgrade, Niagara Control Room Modifications, 765kV Massena Substation MOD Replacement, MA1 and MA2 Structure Replacement and General Plant Expenses.

2012-2015 Capital Investments
(in millions)



Certification of Assumptions and Method of Estimation for Budget and Financial Plan 2012-2015 in accordance with the Comptroller's Regulation § 203.9 Certification

December 15, 2011

To the Board of Trustees
Power Authority of the State of New York

To the best of my knowledge and belief after reasonable inquiry, I, the undersigned, certify that the "Authority's Method of Estimation for Budget and Financial Plan 2012-2015" is based on reasonable assumptions and methods of estimation and that the regulations enumerated in Part 203, "Budget and Financial Plan Format, Supporting Documentation and Monitoring - Public Authorities" have been satisfied.

Edward Welz
Acting Chief Operating Officer

Donald A. Russak
Acting Chief Financial Officer

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