

**New York Power Authority**  
**Net Income - Actual vs. Budgeted**  
**For the Year ended December 31, 2008**  
(\$ in millions)

	Actual	Budget	Variance Favorable/ (Unfavorable)
<b>Operating Revenues</b>			
Customer	\$ 2,032	\$ 2,001	\$ 31
NYISO Market Revenues	1,153	877	276
<b>Total Operating Revenues</b>	<b>3,185</b>	<b>2,878</b>	<b>307</b>
<b>Operating Expenses</b>			
Purchased Power	1,242	1,146	(96)
Fuel Consumed - Oil & Gas	615	543	(72)
Wheeling	388	384	(4)
Operations & Maintenance	456	429	(27)
Depreciation & Amortization	173	175	2
	<b>2,874</b>	<b>2,677</b>	<b>(197)</b>
<b>Operating Income</b>	<b>311</b>	<b>201</b>	<b>110</b>
<b>Nonoperating Revenues and Expenses</b>			
<b>Nonoperating Revenues</b>			
Investment Income	73	66	7
Other income	91	91	-
<b>Total Nonoperating Revenues</b>	<b>164</b>	<b>157</b>	<b>7</b>
<b>Nonoperating Expenses</b>			
Contribution to New York State	60	-	(60)
Interest and Other Expenses	116	129	13
<b>Total Nonoperating Expenses</b>	<b>176</b>	<b>129</b>	<b>(47)</b>
<b>Nonoperating Income (Loss)</b>	<b>(12)</b>	<b>28</b>	<b>(40)</b>
<b>Net Income</b>	<b>\$ 299</b>	<b>\$ 229</b>	<b>\$ 70</b>

For the year 2008, the Authority had net income of \$299 million which was \$70 million higher than budgeted. This \$70 million increase in net income is attributable to higher operating revenues (\$307 million) partially offset by higher operating expenses (\$197 million) and lower nonoperating income (\$40 million).

Operating Revenues were higher primarily due to higher market-based sales to the NYISO generated by the Authority's Poletti (higher volume/higher prices) and Niagara plants (higher volume). Higher operating expenses included increased purchased power costs (incurred in serving the SENY governmental customers) and higher fuel expenses (primarily due to higher generation). Operations and maintenance expenses were also higher primarily due to a loss on the early retirement of two compressors at the 500 MW plant.

Nonoperating income was \$40 million lower primarily due to an unbudgeted \$60 million voluntary contribution to the State (unrelated to the Authority's Power for Jobs Program) partially offset by higher investment income and lower interest and other expenses.