

NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

**Financial Reports
Table of Contents**



1	Financial Summary
2	Statement of Net Revenues
3	Statement of Net Revenues by Facility
4	Net Revenues-Variance from Budget
5	Operations & Maintenance
6	Statement of Net Assets
7	Summary of Net Generation
8	Capital Expenditures
9	Demand Side Management Financial Report
10	Operating Fund
11	Portfolio Performance and Financing Rates

NEW YORK POWER AUTHORITY FINANCIAL REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

(\$ in millions)

<u>Financial Summary</u>	<u>2006 YTD</u>		<u>September 2006</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$157.4	\$ 109.8	\$22.1	\$7.8
Net revenues (loss)	126.4	68.9	20.4	3.5
O&M (incl. administrative)	194.1	192.7	21.6	23.4
Generation (gwh's)	19,790	18,351	2,054	1,868
	<u>Current</u>	<u>Prior Month</u>	<u>December 2005</u>	
Reserves	\$339	\$303	\$233	

Net revenues through September 30, 2006 were \$126.4 which was \$57.5 higher than budgeted including higher net operating revenues (\$47.6) and higher non-operating income (\$9.9). Higher net operating revenues at the hydro facilities (\$69.2), the SCPP's (\$13.5) and the MSP market area (\$11.5) were partially offset by a negative variance at SENY (\$44.3). The positive results at the hydro facilities were due to higher than expected water flows resulting in 8% higher production. Higher capacity prices contributed to the positive variance at the SCPP's. The MSP market area showed better than anticipated operating results due to lower prices on ISO purchases. The negative variance at SENY was due primarily to lower than expected prices on sales to the ISO. Non-operating income included a mark-to-market gain on the Authority's investment portfolio and lower costs on variable rate debt.

Net revenues for the month of September were \$20.4 which was \$16.9 higher than budgeted due to higher net operating revenues (\$14.3) and higher non-operating income (\$2.6). Net operating revenues were higher in the MSP market area (\$3.7) and SENY (\$3.6) mainly due to lower prices on purchases. The positive variance at the hydro facilities (\$3.0) resulted primarily from 10% higher generation. Production for September (2,054 gwh) was higher than anticipated (1,868 gwh) at both the hydro (148 gwh) and fossil (38 gwh) facilities. Non-operating income was higher primarily due to a mark-to-market gain on the Authority's investment portfolio resulting from lower market interest rates in September.

NYPA
Net Revenues
For The Nine Months ended September 30, 2006
(\$ in 000'S)

	<u>Annual Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
Operating Revenues				
Customer	\$1,829,029	\$1,337,012	\$1,399,671	(\$62,659)
ISO-Energy	947,271	613,929	773,104	(159,175)
Ancillary Services	64,854	63,201	45,532	17,669
NTAC and Other	80,134	61,610	61,974	(364)
Total ISO	<u>1,092,059</u>	<u>738,740</u>	<u>880,610</u>	<u>(141,870)</u>
	2,921,088	2,075,752	2,280,281	(204,529)
Operating Expenses				
Purchased Power:				
Entergy	158,785	120,766	117,315	(3,451)
Other	1,048,307	665,612	841,826	176,214
Ancillary Services	83,746	62,381	63,149	768
Fuel Consumed - Oil & Gas	623,649	410,110	485,392	75,282
Wheeling	302,119	229,901	235,870	5,969
Operations & Maintenance	259,964	194,071	192,740	(1,331)
Other expenses	137,914	111,049	108,129	(2,920)
Depreciation & Amortization	176,402	129,829	132,300	2,471
Allocation to Capital	(8,794)	(5,332)	(6,237)	(905)
	<u>2,782,092</u>	<u>1,918,387</u>	<u>2,170,484</u>	<u>252,097</u>
Net Operating Revenues	138,996	157,365	109,797	47,568
Interest Income and Realized Gains	63,763	49,386	47,322	2,064
Mark to Market Adjustment	(2,000)	1,679	(2,000)	3,879
Investment Income	<u>61,763</u>	<u>51,262</u>	<u>45,322</u>	<u>5,940</u>
Interest and Other Expenses	114,874	82,185	86,195	4,010
Net Revenues	<u><u>85,885</u></u>	<u><u>126,442</u></u>	<u><u>68,924</u></u>	<u><u>57,518</u></u>

New York Power Authority
Net Revenues by Facility
For the Nine Months ended September 30, 2006
(\$ in 000's)

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues									
Customer	\$ 279,766	\$ 15,241	\$ 765,401	\$ 9,723	\$ 209,035	\$ 92,084	\$ 64,834	\$ (99,072)	\$ 1,337,012
ISO-Energy	44,113	56,991	388,895	91,776	38,154			(6,000)	613,929
Ancillary Services	49,521	5,250	6,800	659				971	63,201
NTAC and Other							61,610		61,610
Total ISO	93,634	62,241	395,695	92,435	38,154	-	61,610	(5,029)	738,740
Operating Expenses									
Purchased Power:									
Energy	60,110	44,475	120,766	5,642	223,379		31	(103,407)	120,766
Other	19,528	251	35,136	77	7,391			(2)	665,612
Ancillary Services			303,212	42,672		64,226			410,110
Fuel Consumed - Oil & Gas			214,074		7,998	278			229,901
Wheeling	7,551	21,160	34,223	9,918	1,264	6,307	47,762		194,071
Operations & Maintenance	15,321	2,433	9,243	651	41,228	497	8,866	32,810	111,049
Other expenses	25,125	4,459	44,333	21,987	636	3,925	29,364		129,829
Depreciation & Amortization	(2,297)	(645)	(903)	(23)		(177)	(1,287)		(5,332)
Allocation to Capital	198,775	72,133	1,195,466	80,924	281,896	75,056	84,736	(70,599)	1,918,387
Net Operating Revenues	174,625	5,349	(34,370)	21,234	(34,707)	17,028	41,708	(33,502)	157,365
Investment and Other Income	2		4,077				8	47,175	51,262
Interest and Other Expenses	(11,632)	133	(28,959)	(27)	(55)	(3,042)	(23,526)	(15,077)	(82,185)
Net Revenues (loss)	162,995	5,482	(59,252)	21,207	(34,762)	13,986	18,190	(1,404)	126,442
Budget	92,098	(1,126)	(14,538)	7,745	(46,276)	12,786	20,121	(1,886)	68,924
Variance	\$ 70,897	\$ 6,608	\$ (44,714)	\$ 13,462	\$ 11,514	\$ 1,200	\$ (1,931)	\$ 482	\$ 57,518

* Reflects loss of \$89.3 million partially offset by \$30.0 million anticipated recovery from NYC Govt. customers (based on sharing plan elected for 2006 under LT Supplemental Energy Supply Agreement).

NEW YORK POWER AUTHORITY
VARIANCE FROM BUDGET
MAJOR FACTORS
For the Nine Months Ended September 30, 2006
(Millions)

		Better/(Worse) than budget	
Niagara/St. Lawrence	o Lower customer & ISO energy revenues (lower prices)	\$ (61.4)	
	o Higher ancillary service revenues (primarily higher prices for regulation & reserves)	10.6	
	o Lower purchased power costs (lower volumes & prices)	116.7	
	o Lower O&M	5.1	
	o Other (including lower interest costs)	(0.1)	\$ 70.9
Blenheim-Gilboa	o Higher customer & ISO revenues (higher capacity prices)	9.4	
	o Higher purchased power costs (higher volumes)	(0.6)	
	o Higher site O&M (thrust bearing repair)	(1.1)	
	o Other	(1.1)	6.6
SENY	o Lower revenues (primarily lower prices on sales to the ISO)	(99.2)	
	o Lower purchased power costs (lower prices)	31.6	
	o Lower fuel costs (lower prices)	18.8	
	o Lower site O&M (primarily lower materials & waste disposal charges-500 mw)	2.0	
	o Other (including lower interest costs)	2.1	(44.7)
SCPP	o Lower ISO energy revenues (lower prices) partially offset by higher capacity revenues	(9.9)	
	o Lower fuel costs (primarily lower prices)	26.7	
	o Higher site O&M (Kent turbine blade repair)	(2.1)	
	o Other	(1.3)	13.4
Market Supply Power	o Lower revenues (primarily lower prices on sales to the ISO)	(14.8)	
	o Lower purchased power costs (lower prices)	21.4	
	o Other (including lower PFJ customer rebates)	4.9	11.5
Flynn	o Lower revenues (lower prices on Long Island)	(28.7)	
	o Lower fuel costs (primarily lower prices)	29.9	1.2
Transmission	o Lower revenues	(1.0)	
	o Other	(0.9)	(1.9)
Consolidating adjustments			0.5
Net Revenues			\$ 57.5

NYPA
Operations & Maintenance
For the Nine Months Ended September 30, 2006

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
Power Generation		
Headquarters Support	\$8.1	\$5.2
Blenheim-Gilboa	12.3	11.2
Charles Poletti	11.5	12.1
500 MW	5.4	6.5
R.M. Flynn	4.1	3.9
SCPP	9.1	7.0
Small Hydros	2.4	2.8
Niagara	31.1	34.0
St. Lawrence	<u>11.2</u>	<u>13.4</u>
	95.2	96.1
Transmission		
ECC/Headquarters	6.4	6.8
Transmission Facilities	<u>29.0</u>	<u>28.6</u>
	35.4	35.4
Corporate Support		
Executive Office	7.9	7.5
Business Services	23.9	23.8
HR & Corporate Support	17.0	17.5
Marketing & Econ. Devel.	4.9	5.0
Energy Services	<u>2.2</u>	<u>2.1</u>
	55.9	55.9
Research & Development & Other	7.6	5.3
Total	<u>\$194.1</u>	<u>\$192.7</u>

Through September, O&M expenses were \$1.4 million over budget. Power Generation O&M expenses were \$0.9 million under budget. Niagara spending was \$2.9 million under budget primarily due to lower than expected direct charges for contractor services for the Robert Moses 480/508 Elevated Drain Rehabilitation project due to the implementing a lower cost alternate solution. The positive variance at St. Lawrence (\$2.2 million) reflected lower labor charges to O&M resulting from higher than anticipated activity on the capital LEM work. The 500MW underrun of \$1.1 million was due to less than expected materials and waste disposal charges. These positives were substantially offset by overruns at Power Generation HQ, the SCPP's and Blenheim-Gilboa. The Power Generation HQ overrun (\$2.9 million) reflected greater than anticipated work on recurring and non recurring O&M projects rather than capital (mainly in Environmental), and earlier than planned contractor and consultant work for Maximo related issues. The SCPP's were over budget by \$2.1 million due to the unanticipated turbine blade repair at the Kent unit. The overspending for Blenheim-Gilboa (\$1.1 million) was due to emergency repair work on the Unit 4 thrust bearings. Transmission and HQ Corporate Support expenses were right on budget. The overrun in Research & Development & Other expenses reflects a timing difference in the allocation of fringe benefits to HQ and facilities.

**NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
(IN THOUSANDS)**

	<u>SEPTEMBER 2006</u>	<u>DECEMBER 2005</u>	<u>NET CHANGE</u>
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	\$3,071,616	\$3,145,208	(73,592)
Construction Work In Progress	166,384	121,217	45,167
Net Utility Plant	<u>\$3,238,000</u>	<u>\$3,266,425</u>	<u>(28,425)</u>
Restricted Funds	71,543	79,258	(7,715)
Construction Funds	140,422	147,415	(6,993)
Investment In Decommissioning Trust Fund	883,912	851,346	32,566
Current Assets:			
Cash	71	72	(1)
Investments In Government Securities	736,187	572,457	163,730
Interest Receivable On Investments	13,970	12,069	1,901
Receivables-Customers	205,058	210,196	(5,138)
Materials & Supplies-Plant & General	64,345	63,352	993
-Fuel	34,309	26,442	7,867
Prepayments And Other	57,994	45,401	12,593
Notes Receivable-Nuclear Sale	269,049	257,349	11,700
Deferred Charges And Other Assets	<u>526,279</u>	<u>681,305</u>	<u>(155,026)</u>
TOTAL ASSETS	<u>\$6,241,139</u>	<u>\$6,213,087</u>	<u>\$28,052</u>
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	\$1,906,927	\$1,935,378	(28,451)
Notes	156,145	161,835	(5,690)
Short-Term Notes Payable	279,520	218,241	61,279
Accounts Payable And Accrued Liabilities	555,556	539,219	16,337
Spent Nuclear Fuel Disposal	199,141	192,374	6,767
Decommissioning Of Nuclear Plants	883,912	851,346	32,566
Deferred Revenue	<u>236,948</u>	<u>418,155</u>	<u>(181,207)</u>
TOTAL LIABILITIES AND OTHER CREDITS	<u>4,218,149</u>	<u>4,316,548</u>	<u>(98,399)</u>
ACCUMULATED NET REVENUES-JANUARY 1	1,896,548	1,838,026	58,522
NET REVENUES	<u>126,442</u>	<u>58,513</u>	<u>67,929</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$6,241,139</u>	<u>\$6,213,087</u>	<u>\$28,052</u>

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

Facility	Year-to-date September			Month of September 2006			
	Actual	Budget	Variance (Actual vs Budget)	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
Niagara	9,758,189	8,930,000	828,189	976,270	870,000	106,270	12.21%
St. Lawrence	4,971,316	4,720,000	251,316	549,144	520,000	29,144	5.60%
Combined	14,729,505	13,650,000	1,079,505	1,525,414	1,390,000	135,414	9.74%
Poletti	1,538,432 (1)	1,734,088	(195,656)	126,133	159,763	(33,630)	-21.05%
500MW	2,282,919	1,727,570	555,349	250,022	195,123	54,899	28.14%
SCPP	486,805	500,816	(14,011)	52,422	48,063	4,359	9.07%
Blenheim Gliboa	(294,396)	(244,887)	(49,509)	(8,219)	(24,850)	16,631	-66.93%
Small Hydro	153,907	108,915	44,992	8,174	11,969	(3,795)	-31.71%
R. M. Flynn	893,089 (2)	873,862	19,227	99,582	87,775	11,807	13.45%
Total	19,790,261	18,350,364	1,439,897	2,053,528	1,867,843	185,685	9.94%

(1) Scheduled maintenance outage April 1 of April 10, 2006. Continued on reserve shutdown through April 13, 2006.

(2) Scheduled maintenance outage April 24 - May 4, 2006.

NYPA
Capital Expenditures
For the Nine Months Ended September 30, 2006

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
New Generation	\$11.2	\$13.0
Energy Services	84.9	72.3
Existing Facilities	66.8	74.8
Transmission	5.9	17.5
Headquarters	7.0	19.0
General Plant and Minor Additions	<u>5.2</u>	<u>6.0</u>
	<u>\$181.0</u>	<u>\$202.6</u>

Capital expenditures through September 2006 were 10.7% lower than the budget. **New Generation** was under budget by \$1.8 million with underruns in the 500MW Combined Cycle and SCPP projects. The underrun in the 500MW project was due to timing differences related to the completion of the punch list items. Less than anticipated spending at the SCPP project resulted primarily from a delay in starting various community improvement projects. **Energy Services** was \$12.6 million over budget primarily due to accelerated construction activity for the NYC governmental customers under the Long Term Agreement Programs. Expenditures for **Existing Facilities** improvements were \$8.0 million under budget due to less than anticipated usage of consultants for the Niagara Relicensing project and temporary underruns in the Niagara Upgrade, Robert Moses Stator Rewind and Niagara Gantry Crane projects. This underrun was partially offset by a payment of \$10.0 million, to establish the Seaway Private Equity Corporation, not included in the budget. Since NYPA has withdrawn from the agreement with the St. Lawrence Aquarium and Ecological Center, NYPA has agreed to establish this fund for new economic development in the North Country. The temporary underrun in **Transmission** of \$11.6 million will diminish as work proceeds on the Static Var Compensator and Tri Lake Transmission project. **Headquarters** was underrunning the budget by \$12.0 million due to delays in choosing the system implementation consultant for the Billing System Replacement project and delays in finalizing the scope for security improvement projects at various facilities.

Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$2.5 million for 2006. There were no new expenditures this month.

**Demand Side Management
Cost Summary (Inception to Date)
September 30, 2006
(\$ in 000's)**

(A) DSM Projects

Authorized	Program	Prog	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
13,000	Distributed Generation	ES-DGN	1,748		1,748	175	1,573
183,050	Electrotechnologies LTEPA	ES-EPN	12,134	70,458	82,592	46,858	35,734
433,000	NYP&A Energy Services Program	ES-ESN	51,139	86,248	137,387	42,636	94,751
530,000	SENY Govt Cust Energy Serv	ES-GSN	46,353	272	46,625	3,778	42,847
26,000	Landfill Gases Program	ES-LFN	662		662		662
130,000	SENY HELP LTEPA	ES-LTN	13,001	74,510	87,511	60,139	27,372
1,200	MUNI Vehicle Program	ES-MVN	-	458	458	164	294
140,000	Non-Elect End Use LTEPA	ES-NEN	25,616	57,634	83,250	25,451	57,799
35,000	Peak Load Mgmt	ES-PLN	1,361	165	1,526		1,526
Completed Programs							
5,000	Coal Conversion LTEPA	ES-CCN		5,000	5,000	3,466	1,534
5,000	County & Muni's	ES-CMN		1,919	1,919	1,806	113
14,600	Industrial	ES-IPN		6,875	6,875	6,538	337
51,000	LI HELP	ES-LIN		47,505	47,505	47,006	499
15,000	SENY New Constr	ES-NCN		2,992	2,992	2,992	0
75,000	Public Housing LTEPA	ES-PHN		72,081	72,081	63,249	8,832
40,000	Public Schools	ES-PSN		38,941	38,941	38,717	224
\$130,000	SENY HELP	ES-SEN		\$134,305	\$134,305	\$134,305	\$0
60,000	Statewide	ES-SWN		56,733	56,733	54,271	2,462
4,085	Other			746	746	746	0
7,500	Wattbusters			5,441	5,441	5,441	0
<u>\$1,898,435</u>			<u>\$152,014</u>	<u>\$662,283</u>	<u>\$814,297</u>	<u>\$537,738</u>	<u>\$276,559</u>

(B) POCR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
<u>\$ 16,390</u>	Colleges & Universities	<u>\$ 16,390</u>	<u>\$ 15,840</u> (1)	<u>\$ 550</u>

GRANTS

Authorized	Program	Issued
9,105	Coal Conversion Pilot	9,105
4,558	Hybrid Bus Program	\$ 4,558
663	Solar Grants	663
3,000	NYSERDA	3,000
23,449 (1)	Energy Services Programs	14,316
29,834 (1)	POCR Grants	12,485
<u>\$ 70,609</u>		<u>\$ 44,127</u>

(C) CASP Funding

Authorized	Program	Issued
132,541 (2)	Coal Conversion	118,819

(D) Board of Ed Funding

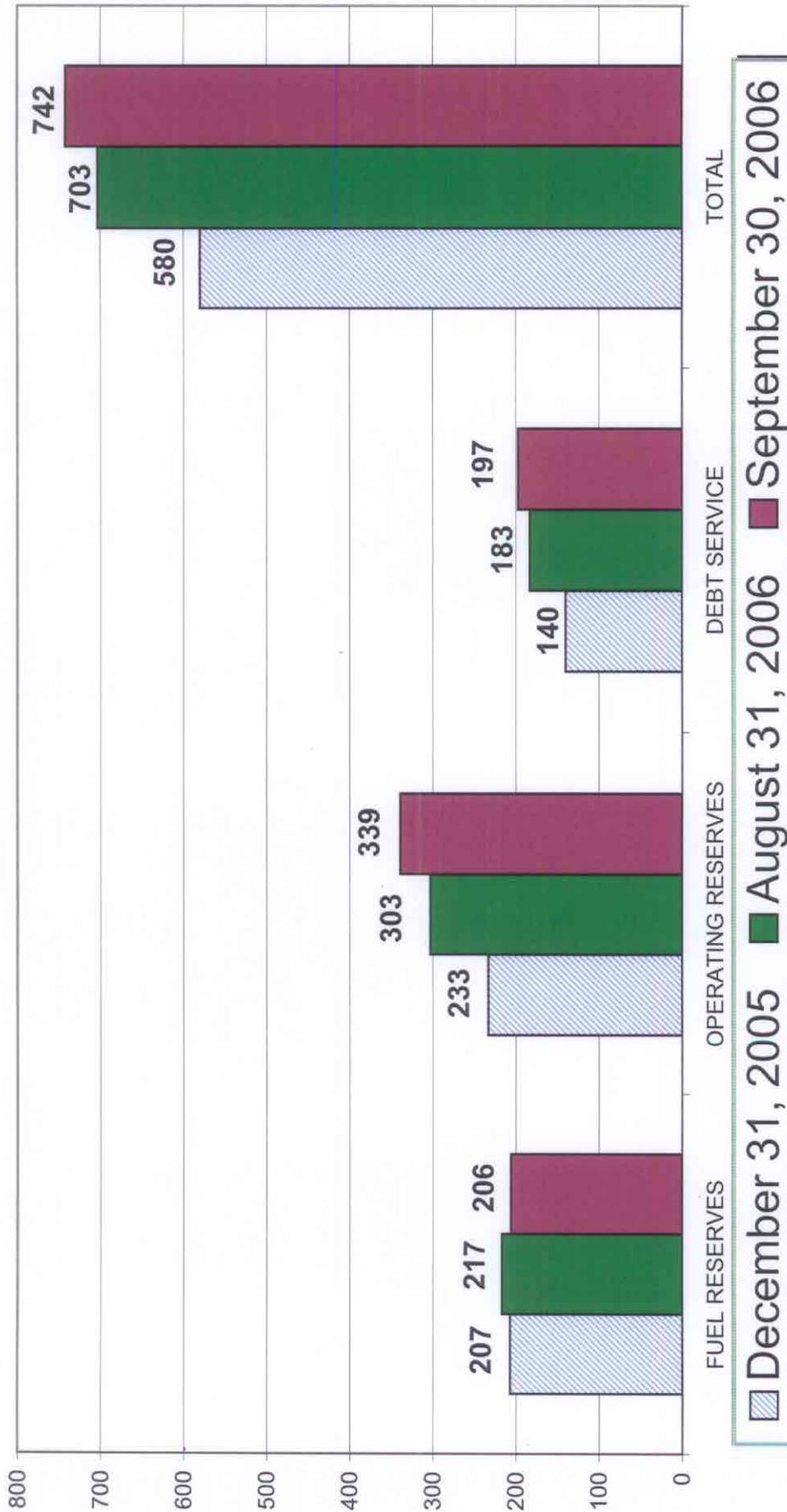
Authorized	Program	Issued
38,798 (2)	Climate Controls (NYC BOE)	34,631

(D) NYC Housing Auth Funding

Authorized	Program	Issued
12,833 (2)	NYCHA Hot Water Heaters	8,255

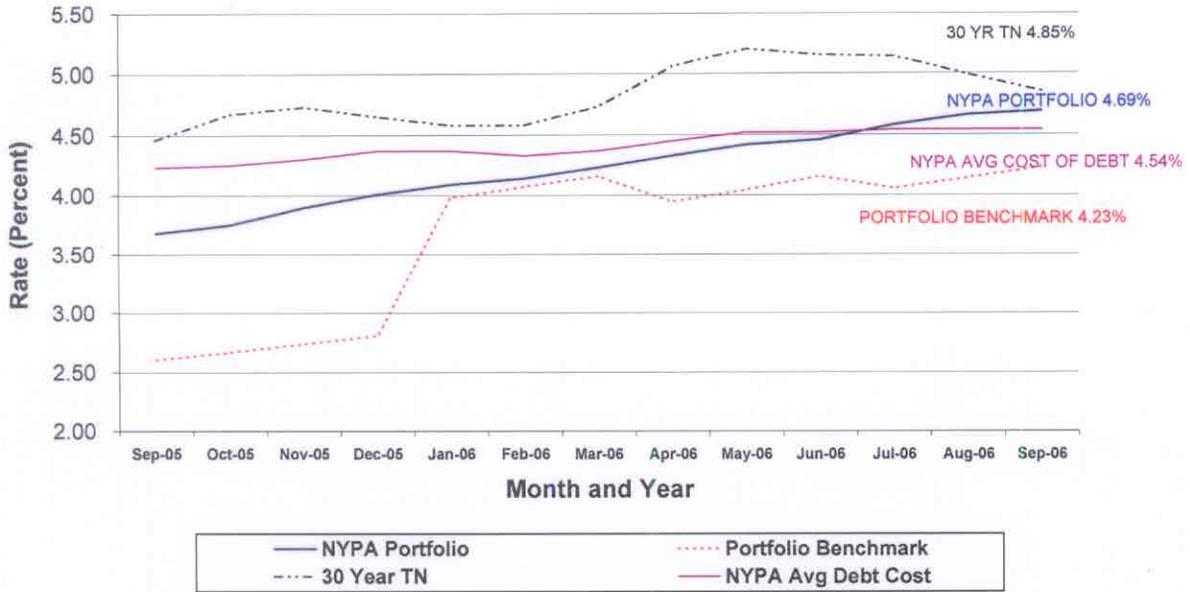
- (1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POGR Grant Program.
(2) Authorized funds reflect both principal received and the interest earned on such principal.

**NEW YORK POWER AUTHORITY
OPERATING FUND
(\$ MILLIONS)**



Fuel Reserves include \$199 million for Nuclear Spent Fuel and \$7 million for Energy Hedging Reserve Fund.

Portfolio Performance



Financing Rates

