

New York Power Authority
Net Income - Actual vs. Budgeted
For The Year ended December 31, 2017
(\$ in millions)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
Operating Revenues			
Customer	\$ 1,796	\$ 1,948	\$ (152)
NYISO Market Revenues	777	827	(50)
	<u>2,573</u>	<u>2,775</u>	<u>(202)</u>
Operating Expenses			
Purchased Power	557	729	172
Fuel Consumed - Oil & Gas	165	227	62
Wheeling	618	642	24
Operations & Maintenance	753	714	(39)
Depreciation & Amortization	242	261	19
	<u>2,335</u>	<u>2,573</u>	<u>238</u>
Operating Income	<u>238</u>	<u>202</u>	<u>36</u>
Nonoperating Revenues			
Investment Income	29	19	9
	<u>29</u>	<u>19</u>	<u>9</u>
Nonoperating Expenses			
Interest and Other Expenses	148	144	(4)
	<u>148</u>	<u>144</u>	<u>(4)</u>
Net Income	<u>\$ 119</u>	<u>\$ 77</u>	<u>\$ 42</u>

Net Income for the year ended December 31, 2017 was \$119 million, which was \$42 million higher than the budget of \$77 million. The increase in net income was primarily attributable to higher margins on energy (\$31 million) and transmission sales (\$22 million), lower operating expenses (\$39 million), lower depreciation (\$19.0 million), and partially offset by the impairment loss (\$73) related to the planned replacement of certain combustion turbine equipment with technically superior upgraded components. The higher margin on energy was primarily attributable to higher hydro production (10.2%). The positive transmission variance was primarily due to lower capacity payments on the HTP transmission line. Depreciation was lower due to a transmission rate settlement adjustment and less than planned capital spending. The lower than planned operating expenses reflected underspending in O&M expenses due to less than expected spending in maintenance, consulting, and health insurance costs, and less than anticipated spending in several programs.