

**New York Power Authority**  
**Net Income - Actual vs. Budgeted**  
**For The Year ended December 31, 2013**  
(\$ in millions)

	<u>Actual</u>	<u>Budget</u>	<b>Variance Favorable/ (Unfavorable)</b>
<b>Operating Revenues</b>			
Customer	\$ 2,087	\$ 2,114	\$ (28)
NYISO Market Revenues	944	680	264
	<u>3,030</u>	<u>2,794</u>	<u>236</u>
<b>Operating Expenses</b>			
Purchased Power	898	770	(128)
Fuel Consumed - Oil & Gas	324	323	(2)
Wheeling	603	583	(21)
Operations & Maintenance	593	615	22
Depreciation & Amortization	228	228	(0)
	<u>2,646</u>	<u>2,518</u>	<u>(129)</u>
<b>Operating Income</b>	<u>384</u>	<u>276</u>	<u>108</u>
<b>Nonoperating Revenues</b>			
Investment Income	15	28	(13)
Other Income	76	76	-
	<u>91</u>	<u>104</u>	<u>(13)</u>
<b>Nonoperating Expenses</b>			
Contribution to New York State	65	65	-
Interest and Other Expenses	182	185	3
	<u>247</u>	<u>250</u>	<u>3</u>
<b>Net Income</b>	<u>\$ 228</u>	<u>\$ 130</u>	<u>\$ 98</u>

Net income for the year ended December 31, 2013 was \$228 compared to a budget of \$130 resulting in a \$98 favorable variance including higher operating income (\$108) partially offset by lower investment income (\$13).

Operating income was higher than anticipated primarily due to higher market-based sales (resulting from higher hydro generation and higher capacity prices) and lower operations and maintenance expenses. Precipitation over the Great Lakes was higher than average in the second half of the year, resulting in combined net generation for Niagara and St. Lawrence 6% higher than budgeted. Capacity prices were higher primarily due to the retirement and mothballing of power plants owned by other generators in N.Y. State. Higher purchased power costs due to higher prices for purchased capacity and higher transmission congestion costs were recovered through customer revenues. Operations and maintenance expenses reflected lower than anticipated costs, due to the timing of Industrial Incentive awards and certain economic development fund and Solar and Energy Efficiency Market Acceleration program expenditures. In addition, an adjustment was booked decreasing the estimate for Power for Jobs rebates to be paid in the future as this program winds down and the final rebate amounts are trued-up to actuals. Investment income included a higher than anticipated mark-to-market loss on the Authority's investment portfolio (\$13) due to a sharp increase in market interest rates.