

NEW YORK POWER AUTHORITY
FINANCIAL REPORTS
FOR THE EIGHT MONTHS ENDED AUGUST 31, 2006

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NEW YORK POWER AUTHORITY FINANCIAL REPORT FOR THE EIGHT MONTHS ENDED AUGUST 31, 2006

(\$ in millions)

<u>Financial Summary</u>	<u>2006 YTD</u>		<u>August 2006</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$135.2	\$ 101.9	\$26.3	\$22.2
Net revenues (loss)	106.0	65.4	26.6	18.0
O&M (incl. administrative)	172.4	169.3	23.5	23.0
Generation (gwh's)	17,736	16,483	2,413	2,032
	<u>Current</u>	<u>Prior Month</u>	<u>December 2005</u>	
Reserves	\$303	\$275	\$233	

Net revenues through August 31, 2006 were \$106.0 which was \$40.6 higher than budgeted including higher net operating revenues (\$33.3) and higher non-operating income (\$7.3). Higher net operating revenues at the hydro facilities (\$66.2), the SCPP's (\$12.1) and the MSP market area (\$7.8) were partially offset by a negative variance at SENY (\$47.9). 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 lower than anticipated mark-to-market loss on the Authority's investment portfolio and lower costs on variable rate debt.

Net revenues for the month of August were \$26.6 which was \$8.6 higher than budgeted due to higher net operating revenues (\$4.1) and higher non-operating income (\$4.5). Net operating revenues were higher primarily at the hydro facilities (\$7.9) and the SCPP's (\$5.0). Higher generation (19%) resulted in a lower volume of purchases and a higher volume of sales to the ISO during the month. Higher capacity prices in August also contributed to the positive variance. These positives were partially offset by lower than expected operating results at SENY (\$8.5) due to lower than anticipated customer revenues and spark spreads on ISO energy sales. Production for August (2,413 gwh) was higher than anticipated (2,030 gwh) at both the fossil (237 gwh) and hydro (144 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 August.

NYPA
Net Revenues
For The Eight Months ended August 31, 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	\$1,181,217	\$1,238,851	(\$57,634)
ISO-Energy	947,271	568,123	706,351	(138,228)
Ancillary Services	64,654	58,316	36,642	21,674
NTAC and Other	80,134	55,557	57,147	(1,590)
Total ISO	<u>1,092,059</u>	<u>681,996</u>	<u>800,140</u>	<u>(118,144)</u>
	2,921,088	1,863,213	2,038,991	(175,778)
Operating Expenses				
Purchased Power:				
Entergy	158,785	106,608	103,770	(2,838)
Other	1,048,307	607,694	756,435	148,741
Ancillary Services	83,746	56,685	56,003	(682)
Fuel Consumed - Oil & Gas	623,649	376,974	438,900	61,926
Wheeling	302,119	195,855	201,925	6,070
Operations & Maintenance	259,964	172,426	169,342	(3,084)
Other expenses	137,914	101,282	98,197	(3,085)
Depreciation & Amortization	176,402	115,190	117,600	2,410
Allocation to Capital	(8,794)	(4,747)	(5,129)	(382)
	<u>2,782,092</u>	<u>1,727,967</u>	<u>1,937,043</u>	<u>209,076</u>
Net Operating Revenues	138,996	135,246	101,948	33,298
Interest Income and Realized Gains	63,763	43,723	41,955	1,768
Mark to Market Adjustment	(2,000)	(39)	(2,000)	1,961
Investment Income	<u>61,763</u>	<u>43,684</u>	<u>39,955</u>	<u>3,729</u>
Interest and Other Expenses	<u>114,874</u>	<u>72,927</u>	<u>76,496</u>	<u>3,569</u>
Net Revenues	<u>85,885</u>	<u>106,003</u>	<u>65,407</u>	<u>40,596</u>

New York Power Authority
Net Revenues by Facility
For the Eight Months ended August 31, 2006
(\$ in 000's)

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues									
Customer	\$ 249,738	\$ 12,774	\$ 670,934	\$ 8,397	\$ 189,832	\$ 83,301	\$ 57,395	\$ (91,154)	\$ 1,181,217
ISO-Energy	41,333	53,768	361,916	83,060	34,046			(6,000)	568,123
Ancillary Services	45,463	5,069	6,227	586				971	58,316
NTAC and Other							55,557		55,557
Total ISO	86,796	58,837	368,143	83,646	34,046		55,557	(5,029)	681,996
Operating Expenses									
Purchased Power:									
Energy	54,429	42,189	106,608	4,914	203,882		28	(95,007)	106,608
Other	17,983	232	31,609	69	6,792				607,694
Ancillary Services			279,435	38,905		58,634			56,685
Fuel Consumed - Oil & Gas			181,920		6,930	243			376,974
Wheeling	6,762		30,150	8,994	1,142	5,590	42,392		195,855
Operations & Maintenance	13,488	2,127	7,751	578	39,041	415	7,513	30,369	172,426
Other expenses	22,309	3,961	39,424	19,335	565	3,489	26,107		101,282
Depreciation & Amortization	(2,045)	(574)	(804)	(21)		(157)	(1,146)		115,190
Allocation to Capital	177,991	67,028	1,073,352	72,774	258,352	68,214	74,894	(64,638)	(4,747)
Net Operating Revenues	158,543	4,583	(34,275)	19,269	(34,474)	15,087	38,058	(31,545)	135,246
Investment and Other Income	2		4,485				8	39,189	43,684
Interest and Other Expenses	(10,240)	93	(25,688)	(25)	(49)	(2,705)	(20,876)	(13,437)	(72,927)
Net Revenues (loss)	148,305	4,676	(55,478) *	19,244	(34,523)	12,382	17,190	(5,793)	106,003
Budget	80,499	(616)	(8,162)	7,180	(42,306)	12,377	20,518	(4,083)	65,407
Variance	\$ 67,806	\$ 5,292	\$ (47,316)	\$ 12,064	\$ 7,783	\$ 5	\$ (3,328)	\$ (1,710)	\$ 40,596

* Reflects loss of \$65.5 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 Eight Months Ended August 31, 2006
(Millions)

		Better/(Worse) than budget	
Niagara/St. Lawrence	o Lower customer & ISO energy revenues (lower prices)	\$ (53.3)	
	o Higher ancillary service revenues (primarily higher prices for regulation & reserves)	14.4	
	o Lower purchased power costs (lower volumes & prices)	103.2	
	o Lower O&M	1.8	
	o Other (including lower interest costs)	1.7	
			\$ 67.8
Blenheim-Gilboa	o Higher customer & ISO revenues (higher capacity prices)	9.5	
	o Higher purchased power costs (higher volumes)	(2.0)	
	o Higher site O&M (thrust bearing repair)	(1.2)	
	o Other	(1.0)	
			5.3
SENY	o Lower revenues (primarily lower prices on sales to the ISO)	(83.5)	
	o Lower purchased power costs (lower prices)	19.6	
	o Lower fuel costs (lower prices)	11.3	
	o Lower site O&M (primarily lower materials & waste disposal charges-500 mw)	2.1	
	o Other (including lower interest costs)	3.2	
			(47.3)
SCPP	o Lower ISO energy revenues (lower prices) partially offset by higher capacity revenues	(9.6)	
	o Lower fuel costs (primarily lower prices)	24.6	
	o Higher site O&M (Kent turbine blade repair)	(2.0)	
	o Other	(1.0)	
			12.0
Market Supply Power	o Lower revenues (primarily lower prices on sales to the ISO)	(13.5)	
	o Lower purchased power costs (lower prices)	19.3	
	o Other	2.0	
			7.8
Flynn	o Lower revenues (lower prices on Long Island)	(26.0)	
	o Lower fuel costs (primarily lower prices)	26.0	
			0.0
Transmission	o Lower revenues	(2.4)	
	o Other	(0.9)	
			(3.3)
Consolidating adjustments			(1.7)
Net Revenues			\$ 40.6

NYPA
Operations & Maintenance
For the Eight Months Ended August 31, 2006

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
Power Generation		
Headquarters Support	\$7.4	\$4.6
Blenheim-Gilboa	11.2	9.9
Charles Poletti	10.2	10.6
500 MW	4.7	5.8
R.M. Flynn	3.6	3.4
SCPP	8.2	6.2
Small Hydros	1.9	2.4
Niagara	27.0	29.4
St. Lawrence	<u>10.0</u>	<u>11.9</u>
	84.2	84.2
Transmission		
ECC/Headquarters	5.7	6.0
Transmission Facilities	<u>25.4</u>	<u>25.1</u>
	31.1	31.1
Corporate Support		
Executive Office	6.9	6.7
Business Services	21.5	21.0
HR & Corporate Support	15.3	15.3
Marketing & Econ. Devel.	4.4	4.4
Energy Services	<u>1.9</u>	<u>1.9</u>
	50.0	49.3
Research & Development & Other	7.1	4.7
Total	<u>\$172.4</u>	<u>\$169.3</u>

Through August, O&M expenses were \$3.1 million over budget. Power Generation O&M expenses (\$84.2 million) were right on budget. The Power Generation HQ overrun (\$2.8 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 \$2.0 million due to the unanticipated turbine blade repair at the Kent unit. The overspending for Blenheim-Gilboa (\$1.3 million) was due to emergency repair work on the Unit 4 thrust bearings. These overruns were offset by positive variances at the hydro facilities and the 500MW plant. Niagara spending was under budget by \$2.4 million 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 (\$1.9 million) reflected lower labor charges to O&M resulting from higher than anticipated activity on the capital LEM work. The 500MW underrun was due to less than expected materials and waste disposal charges. HQ Corporate Support expenses were collectively \$0.7 million over budget. The primary sources of the variance were overruns in law, marketing and energy risk management consultant support, and IT communications expenses. 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)**

	AUGUST <u>2006</u>	DECEMBER <u>2005</u>	<u>NET CHANGE</u>
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	\$3,083,879	\$3,145,208	(61,329)
Construction Work In Progress	<u>161,084</u>	<u>121,217</u>	<u>39,867</u>
Net Utility Plant	\$3,244,963	\$3,266,425	(21,462)
Restricted Funds	72,370	79,258	(6,888)
Construction Funds	91,986	147,415	(55,429)
Investment In Decommissioning Trust Fund	868,229	851,346	16,883
Current Assets:			
Cash	72	72	-
Investments In Government Securities	692,942	572,457	120,485
Interest Receivable On Investments	13,331	12,069	1,262
Receivables-Customers	251,412	210,196	41,216
Materials & Supplies-Plant & General	64,631	63,352	1,279
-Fuel	34,597	26,442	8,155
Prepayments And Other	44,543	45,401	(858)
Notes Receivable-Nuclear Sale	276,637	257,349	19,288
Deferred Charges And Other Assets	<u>543,497</u>	<u>681,305</u>	<u>(137,808)</u>
TOTAL ASSETS	<u>\$6,199,210</u>	<u>\$6,213,087</u>	<u>(\$13,877)</u>
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	\$1,905,048	\$1,935,378	(30,330)
Notes	156,145	161,835	(5,690)
Short-Term Notes Payable	221,737	218,241	3,496
Accounts Payable And Accrued Liabilities	564,965	539,219	25,746
Spent Nuclear Fuel Disposal	198,307	192,374	5,933
Decommissioning Of Nuclear Plants	868,229	851,346	16,883
Deferred Revenue	<u>282,228</u>	<u>418,155</u>	<u>(135,927)</u>
TOTAL LIABILITIES AND OTHER CREDITS	4,196,659	4,316,548	(119,889)
ACCUMULATED NET REVENUES-JANUARY 1	1,896,548	1,838,026	58,522
NET REVENUES	<u>106,003</u>	<u>58,513</u>	<u>47,490</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$6,199,210</u>	<u>\$6,213,087</u>	<u>(\$13,877)</u>

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE EIGHT MONTHS ENDED AUGUST 31, 2006

Facility	Year-to-date August			Month of August 2006				
	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
<u>Niagara</u>	<u>8,781,919</u>	<u>8,060,000</u>	<u>721,919</u>	<u>8.96%</u>	<u>1,023,452</u>	<u>920,000</u>	<u>103,452</u>	<u>11.24%</u>
St. Lawrence	4,422,172	4,200,000	222,172	5.29%	583,702	550,000	33,702	6.13%
Combined	13,204,091	12,260,000	944,091	7.70%	1,607,154	1,470,000	137,154	9.33%
Poletti	1,412,299 (1)	1,574,325	(162,026)	-10.29%	291,519	184,343	107,176	58.14%
500MW	2,032,897	1,532,447	500,450	32.66%	312,548	226,262	86,286	38.14%
SCPP	434,382	452,753	(18,371)	-4.06%	131,629	96,491	35,138	36.42%
Blenheim Gilboa	(286,178)	(220,037)	(66,141)	30.06%	(41,238)	(49,600)	8,362	-16.86%
Small Hydro	145,173	96,946	48,227	49.75%	10,928	12,366	(1,438)	-11.63%
R. M. Flynn	793,507 (2)	786,087	7,420	0.94%	100,892	92,227	8,665	9.40%
<u>Total</u>	<u>17,736,171</u>	<u>16,482,521</u>	<u>1,253,650</u>	<u>7.61%</u>	<u>2,413,432</u>	<u>2,032,089</u>	<u>381,343</u>	<u>18.77%</u>

(1) Scheduled maintenance outage April 1 to 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 Eight Months Ended August 31, 2006**

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
New Generation	\$10.9	\$12.4
Energy Services	76.6	63.0
Existing Facilities	62.4	60.4
Transmission	5.4	15.2
Headquarters	5.7	14.6
General Plant and Minor Additions	<u>4.3</u>	<u>4.9</u>
	<u>\$165.3</u>	<u>\$170.6</u>

Capital expenditures through August 2006 (\$165.3 million) were 3.1% lower than the budget. **New Generation** was under budget by \$1.5 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 \$13.6 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 \$2.0 million over budget including a \$10.0 million charge 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. This overrun was substantially offset by 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. The temporary underrun in **Transmission** of \$9.8 million will diminish as work proceeds on the Static Var Compensator and Tri Lake Transmission project. **Headquarters** was underrunning the budget by \$8.9 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)
August 31, 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	1,726		1,726	175	1,551
183,050	Electrotechnologies LTEPA	ES-EPN	11,613	71,021	82,634	46,593	36,041
433,000	NYP&A Energy Services Program	ES-ESN	47,774	86,248	134,022	42,345	91,677
530,000	SENY Govt Cust Energy Serv	ES-GSN	42,779	272	43,051	3,385	39,666
26,000	Landfill Gases Program	ES-LFN	903		903		903
130,000	SENY HELP LTEPA	ES-LTN	17,305	74,510	91,815	60,139	31,676
1,200	MUNI Vehicle Program	ES-MVN	-	372	372	153	219
140,000	Non-Elect End Use LTEPA	ES-NEN	24,452	57,634	82,086	25,152	56,934
35,000	Peak Load Mgmt	ES-PLN	1,352	165	1,517		1,517
Completed Programs							
5,000	Coal Conversion LTEPA	ES-CCN	-	5,000	5,000	673	4,327
5,000	County & Muni's	ES-CMN	-	1,799	1,799	1,799	0
14,600	Industrial	ES-IPN	-	6,876	6,876	6,486	390
51,000	LI HELP	ES-LIN	-	48,615	48,615	47,910	705
15,000	SENY New Constr	ES-NCN	-	3,372	3,372	2,514	858
75,000	Public Housing LTEPA	ES-PHN	-	70,825	70,825	61,943	8,882
40,000	Public Schools	ES-PSN	-	39,841	39,841	38,203	1,638
\$130,000	SENY HELP	ES-SEN	-	\$133,983	\$133,983	\$133,983	\$0
60,000	Statewide	ES-SWN	-	57,620	57,620	57,620	0
4,085	Other		-	746	746	687	59
7,500	Wattbusters		-	6,131	6,131	5,045	1,086
<u>\$1,898,435</u>			<u>\$147,904</u>	<u>\$665,030</u>	<u>\$812,934</u>	<u>\$534,805</u>	<u>\$278,129</u>

(B) POGR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
\$ 16,390	Colleges & Universities	\$ 16,390	\$ 15,809 (1)	\$ 581

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
20,292 (1)	Energy Services Programs	14,096
31,442 (1)	POGR Grants	12,473
<u>\$ 69,060</u>		<u>\$ 43,895</u>

(C) CASP Funding

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

(D) Board of Ed Funding

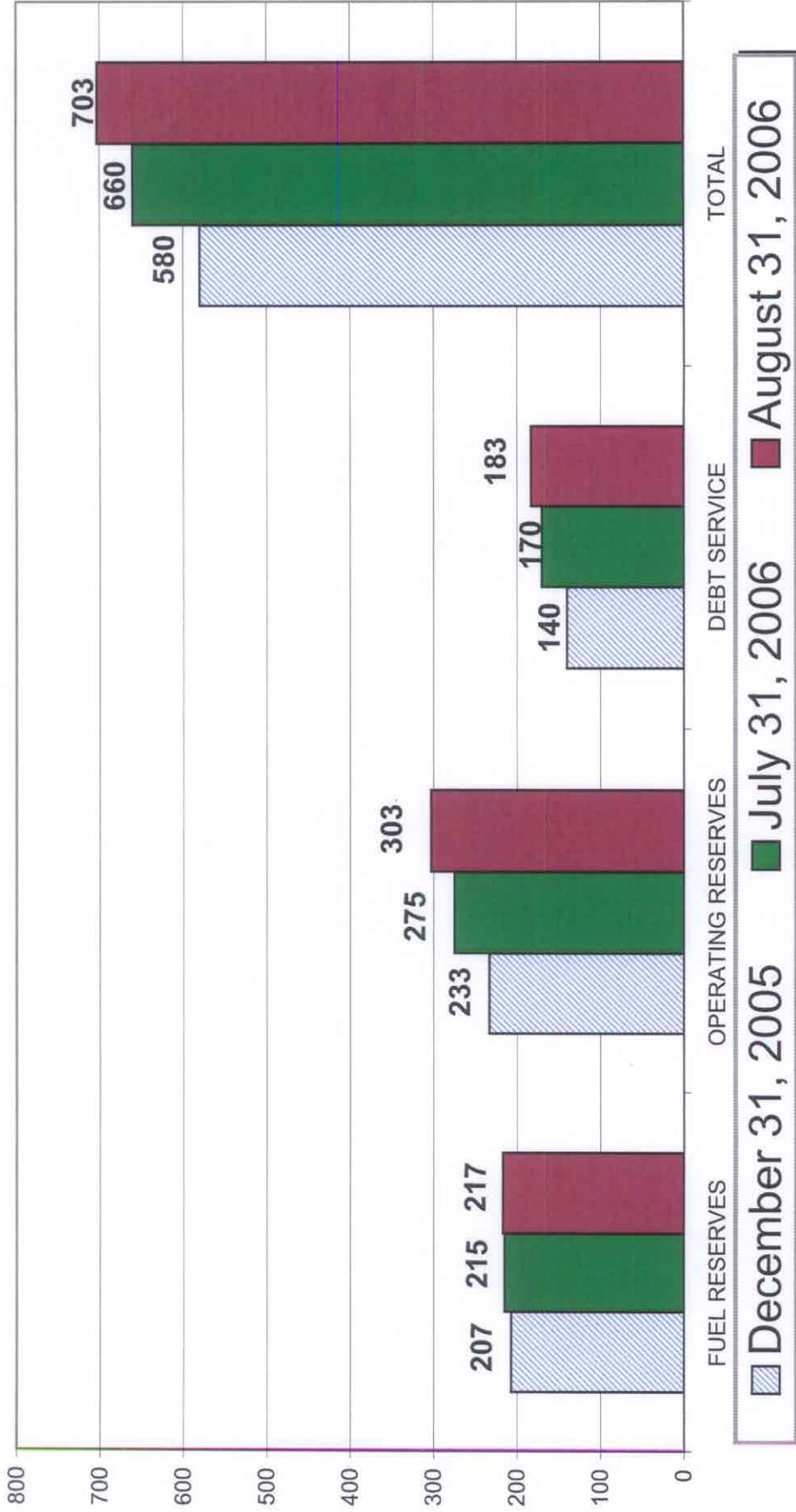
Authorized	Program	Issued
38,798 (2)	Climate Controls (NYC BOE)	34,631

(D) NYC Housing Auth Funding

Authorized	Program	Issued
12,833 (2)	NYCHA Hot Water Heaters	8,442

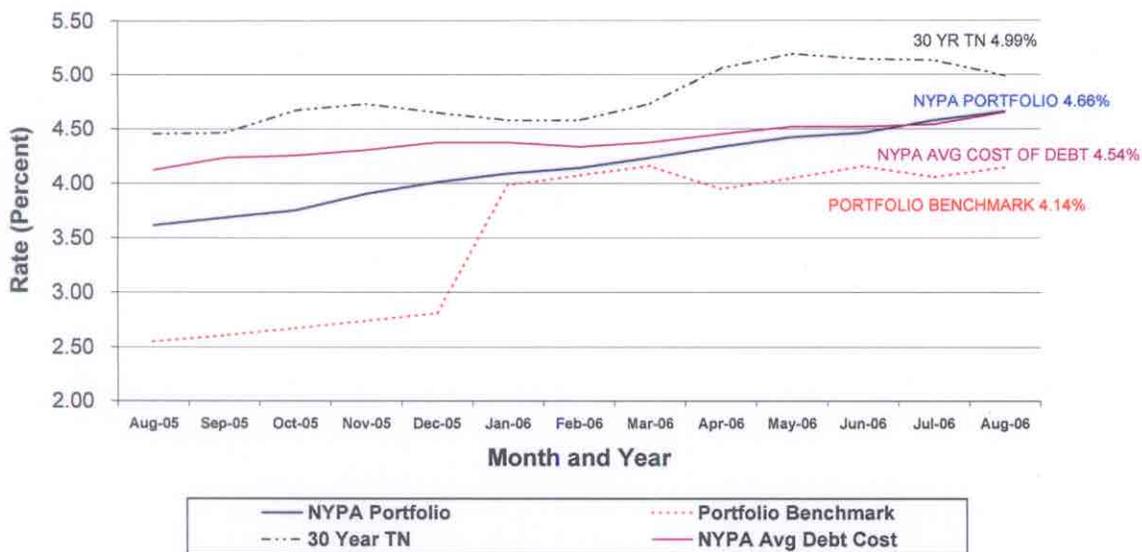
- (1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POGR Grant Program.
(2) Authorized funds reflect both principal received and the interest earned on such principal.

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



Fuel Reserves include \$198 million for Nuclear Spent Fuel and \$19 million for Energy Hedging Reserve Fund.

Portfolio Performance



Financing Rates

