

**NEW YORK POWER AUTHORITY**  
**FINANCIAL REPORTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2006**

**Financial Reports  
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<b>NEW YORK POWER AUTHORITY</b> <b>FINANCIAL REPORT</b> <b>FOR THE SIX MONTHS ENDED JUNE 30, 2006</b>
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(\$ in millions)

<u>Financial Summary</u>	<u>2006 YTD</u>		<u>June 2006</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Net operating revenues	\$74.7	\$ 56.4	\$10.9	\$20.9
Net revenues (loss)	45.7	28.4	4.4	16.6
O&M (incl. administrative)	123.7	122.7	20.9	21.8
Generation (gwh's)	12,872	12,380	1,983	1,962

	<u>Current</u>	<u>Prior Month</u>	<u>December 2005</u>
<b>Reserves</b>	\$258	\$254	\$233

Net revenues through June 30, 2006 were \$45.7 which was \$17.3 higher than budgeted including higher net operating revenues (\$18.2) partially offset by lower non-operating income (\$0.9). Higher net operating revenues at the hydro facilities (\$55.4) and the MSP market area (\$9.9) were substantially offset by negative variances at SENY (\$47.3) and Flynn (\$3.4). The positive results at the hydro facilities were due to higher than expected water flows resulting in 7% higher production. 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. Net revenues at Flynn included lower customer revenues which were impacted by lower prices on Long Island in accordance with the terms of the LIPA agreement. Non-operating income included a higher mark-to-market loss on the Authority's investment portfolio partially offset by lower than anticipated costs on variable rate debt.

Net revenues for the month of June were \$4.4 which was \$12.2 less than anticipated due to lower net operating revenues (\$10.1) and lower non-operating income (\$2.1). The major negative variance in net operating revenues was at SENY and was primarily due to lower customer sales and lower prices on ISO sales. Non-operating income was lower during the month due to a mark-to-market loss on the Authority's investment portfolio (higher market interest rates) and interest charges on unanticipated ISO rebills. Production for June (1,983 gwh) was 1% higher than anticipated (1,962 gwh) resulting from higher generation at the fossil facilities (81 gwh) partially offset by lower hydro production (60 gwh).

**NYPA  
Net Revenues  
For The Six Months ended June 30, 2006  
(\$ in 000'S)**

	<u>Annual Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Operating Revenues</b>				
Customer	\$1,829,029	\$858,610	\$899,775	(\$41,165)
ISO-Energy	947,271	337,490	486,071	(148,581)
Ancillary Services	64,654	47,714	28,441	19,273
NTAC and Other	80,134	41,868	41,091	777
Total ISO	<u>1,092,059</u>	<u>427,072</u>	<u>555,603</u>	<u>(128,531)</u>
	<b>2,921,088</b>	<b>1,285,682</b>	<b>1,455,378</b>	<b>(169,696)</b>
<b>Operating Expenses</b>				
Purchased Power:				
Entergy	158,785	77,591	75,776	(1,815)
Other	1,048,307	430,799	542,970	112,171
Ancillary Services	83,746	38,676	41,184	2,508
Fuel Consumed - Oil & Gas	623,649	250,821	320,872	70,051
Wheeling	302,119	126,644	132,559	5,915
Operations & Maintenance	259,964	123,699	122,677	(1,022)
Other expenses	137,914	79,900	78,344	(1,556)
Depreciation & Amortization	176,402	86,353	88,200	1,847
Allocation to Capital	(8,794)	(3,459)	(3,626)	(167)
	<u>2,782,092</u>	<u>1,211,024</u>	<u>1,398,956</u>	<u>187,932</u>
<b>Net Operating Revenues</b>	<b>138,996</b>	<b>74,658</b>	<b>56,422</b>	<b>18,236</b>
Interest Income and Realized Gains	63,763	31,032	31,392	(360)
Mark to Market Adjustment	(2,000)	(4,836)	(2,000)	(2,836)
<b>Investment Income</b>	<u>61,763</u>	<u>26,196</u>	<u>29,392</u>	<u>(3,196)</u>
Interest and Other Expenses	114,874	55,185	57,406	2,221
<b>Net Revenues</b>	<u><b>85,885</b></u>	<u><b>45,669</b></u>	<u><b>28,408</b></u>	<u><b>17,261</b></u>

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

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
<b>Operating Revenues</b>									
Customer	\$ 187,849	\$ 8,657	\$ 473,659	\$ 5,873	\$ 147,272	\$ 61,077	\$ 42,330	\$ (68,107)	\$ 858,610
ISO-Energy	28,943	34,870	214,489	38,460	23,728			(3,000)	337,490
Ancillary Services	38,791	2,798	4,705	449				971	47,714
NTAC and Other							41,868		41,868
Total ISO	67,734	37,668	219,194	38,909	23,728		41,868	(2,029)	427,072
<b>Operating Expenses</b>									
Purchased Power:									
Energy			77,591						77,591
Other	38,665	28,644	277,560	2,061	154,844		22	(70,997)	430,799
Ancillary Services	11,393	159	22,535	30	4,559				38,676
Fuel Consumed - Oil & Gas			188,056	17,614		45,151			250,821
Wheeling	5,298		116,447		4,741	158			126,644
Operations & Maintenance	47,619	13,696	22,318	5,048	876	4,296	29,846		123,699
Other expenses	9,832	1,513	5,930	430	29,266	250	5,568		79,900
Depreciation & Amortization	16,692	2,967	29,500	14,553	424	2,615	19,602		86,353
Allocation to Capital	(1,490)	(419)	(586)	(15)	(114)	(114)	(835)		(3,459)
	<b>128,009</b>	<b>46,560</b>	<b>739,351</b>	<b>39,721</b>	<b>194,710</b>	<b>52,356</b>	<b>54,203</b>	<b>(43,886)</b>	<b>1,211,024</b>
<b>Net Operating Revenues</b>	<b>127,574</b>	<b>(235)</b>	<b>(46,498)</b>	<b>5,061</b>	<b>(23,710)</b>	<b>8,721</b>	<b>29,995</b>	<b>(26,250)</b>	<b>74,658</b>
Investment and Other Income	1		2,654					23,541	26,196
Interest and Other Expenses	(7,502)	27	(19,226)	(19)	(38)	(2,030)	(16,010)	(10,387)	(55,185)
<b>Net Revenues (loss)</b>	<b>120,073</b>	<b>(208)</b>	<b>(63,070) *</b>	<b>5,042</b>	<b>(23,748)</b>	<b>6,691</b>	<b>13,985</b>	<b>(13,096)</b>	<b>45,669</b>
Budget	63,252	(3,568)	(15,815)	1,539	(33,622)	9,823	15,103	(8,304)	28,408
Variance	\$ 56,821	\$ 3,360	\$ (47,255)	\$ 3,503	\$ 9,874	\$ (3,132)	\$ (1,118)	\$ (4,792)	\$ 17,261

\* Reflects loss of \$93.1 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 Six Months Ended June 30, 2006  
(Millions)

		<u>Better/(Worse) than budget</u>	
<b>Niagara/St. Lawrence</b>	o Lower customer & ISO energy revenues (lower prices)	(31.9)	
	o Higher ancillary service revenues (primarily higher prices for regulation & reserves)	14.5	
	o Lower purchased power costs (lower volumes & prices)	70.1	
	o Lower St. Lawrence site O&M	1.6	
	o Other (including lower interest costs)	<u>2.5</u>	56.8
<b>Blenheim-Gilboa</b>	o Higher customer & ISO energy revenues (higher volumes)	13.4	
	o Higher purchased power costs (higher volumes)	(8.9)	
	o Other	<u>(1.1)</u>	3.4
<b>SENY</b>	o Lower revenues (primarily lower prices on sales to the ISO)	(105.4)	
	o Lower purchased power costs (lower prices)	26.2	
	o Lower fuel costs (lower generation & lower prices)	27.1	
	o Other (including lower interest costs)	<u>4.8</u>	(47.3)
<b>SCPP</b>	o Lower ISO revenues (lower volumes & prices)	(19.3)	
	o Lower fuel costs (lower generation & lower prices)	22.4	
	o Other	<u>0.4</u>	3.5
<b>Market Supply Power</b>	o Lower revenues (primarily lower prices on sales to the ISO)	(8.5)	
	o Lower purchased power costs (lower prices)	16.1	
	o Other	<u>2.3</u>	9.9
<b>Flynn</b>	o Lower revenues (lower prices on Long Island)	(23.6)	
	o Lower fuel costs (primarily lower prices)	<u>20.5</u>	(3.1)
<b>Transmission</b>	o Lower revenues	(0.7)	
	o Other	<u>(0.4)</u>	(1.1)
Consolidating adjustments (including mark-to-market loss on investment portfolio)			<u>(4.8)</u>
Net Revenues			<u><u>17.3</u></u>

**NYPA**  
**Operations & Maintenance**  
**For the Six Months Ended June 30, 2006**

	(\$'s in millions)	
	<u>Actual</u>	<u>Budget</u>
<b>Power Generation</b>		
Headquarters Support	\$5.3	\$3.3
Blenheim-Gilboa	7.9	7.4
Charles Poletti	7.5	7.8
500 MW	3.7	4.4
R.M. Flynn	2.8	2.4
SCPP	4.5	4.6
Small Hydros	1.3	1.8
Niagara	20.0	20.5
St. Lawrence	<u>7.2</u>	<u>8.8</u>
	60.2	61.0
<b>Transmission</b>		
ECC/Headquarters	4.3	4.4
Transmission Facilities	<u>17.8</u>	<u>17.7</u>
	22.1	22.1
<b>Corporate Support</b>		
Executive Office	5.2	4.9
Business Services	15.0	14.3
HR & Corporate Support	11.4	11.7
Marketing & Econ. Devel.	3.9	3.6
Energy Services	<u>1.3</u>	<u>1.5</u>
	36.8	36.0
<b>Research &amp; Development &amp; Other</b>	4.6	3.6
<b>Total</b>	<u>\$123.7</u>	<u>\$122.7</u>

Through June, O&M expenses were \$1.0 million over budget.

HQ Corporate Support expenses were collectively \$0.8 million over budget. The primary sources of the variance were overruns in law, marketing and energy risk management consultant support, and IT communications expenses.

Power Generation was under budget by \$0.8 million, or 1%. Niagara spending was under budget by \$0.6 million primarily due to lower than expected direct charges for contractor services for the Robert Moses 480/508 Elevated Drain Rehabilitation project. The positive variance at St. Lawrence (\$1.6 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. Flynn was over budget due to unbudgeted vibration remediation work on the turbine generator. The Power Generation HQ overrun (\$2.0 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.

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

	<u>JUNE 2006</u>	<u>DECEMBER 2005</u>	<u>NET CHANGE</u>
<b>ASSETS:</b>			
Electric Plant In Service, Less Accumulated Depreciation	\$3,106,738	\$3,145,208	(38,470)
Construction Work In Progress	143,086	121,217	21,869
Net Utility Plant	<u>\$3,249,824</u>	<u>\$3,266,425</u>	<u>(16,601)</u>
Restricted Funds	76,107	79,258	(3,151)
Construction Funds	117,012	147,415	(30,403)
Investment In Decommissioning Trust Fund	857,989	851,346	6,643
Current Assets:			
Cash	72	72	-
Investments In Government Securities	614,641	572,457	42,184
Interest Receivable On Investments	12,440	12,069	371
Receivables-Customers	208,724	210,196	(1,472)
Materials & Supplies-Plant & General	65,219	63,352	1,867
-Fuel	34,536	26,442	8,094
Prepayments And Other	44,688	45,401	(713)
Notes Receivable-Nuclear Sale	271,815	257,349	14,466
Deferred Charges And Other Assets	<u>550,403</u>	<u>681,305</u>	<u>(130,902)</u>
<b>TOTAL ASSETS</b>	<u><b>\$6,103,470</b></u>	<u><b>\$6,213,087</b></u>	<u><b>(\$109,617)</b></u>
<b>LIABILITIES AND OTHER CREDITS:</b>			
Long-Term Debt - Bonds	\$1,902,938	\$1,935,378	(32,440)
Notes	156,145	161,835	(5,690)
Short-Term Notes Payable	227,040	218,241	8,799
Accounts Payable And Accrued Liabilities	537,714	539,219	(1,505)
Spent Nuclear Fuel Disposal	196,639	192,374	4,265
Decommissioning Of Nuclear Plants	857,989	851,346	6,643
Deferred Revenue	<u>282,788</u>	<u>418,155</u>	<u>(135,367)</u>
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<u><b>4,161,253</b></u>	<u><b>4,316,548</b></u>	<u><b>(155,295)</b></u>
<b>ACCUMULATED NET REVENUES-JANUARY 1</b>	1,896,548	1,838,026	58,522
<b>NET REVENUES</b>	<u>45,669</u>	<u>58,513</u>	<u>(12,844)</u>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<u><b>\$6,103,470</b></u>	<u><b>\$6,213,087</b></u>	<u><b>(\$109,617)</b></u>

NYPA  
**SUMMARY OF NET GENERATION (MWH'S)  
 FOR THE SIX MONTHS ENDED JUNE 30, 2006**

Facility	Year-to-date June			Month of June 2006		
	Actual	Budget	Variance (Actual vs Budget)	Actual	Budget	Variance (Actual vs Budget)
Niagara	6,682,649	6,200,000	482,649	902,823	930,000	(27,177)
			7.78%			-2.92%
St. Lawrence	3,279,188	3,090,000	189,188	521,191	550,000	(28,809)
			6.12%			-5.24%
Combined	9,961,837	9,290,000	671,837	1,424,014	1,480,000	(55,986)
			7.23%			-3.78%
Poletti	804,474 (1)	1,194,042	(389,568)	170,430	157,666	12,764
			-32.63%			8.10%
500MW	1,405,611	1,072,516	333,095	260,553	196,726	63,827
			31.06%			32.44%
SCPP	187,442	260,500	(73,058)	60,336	62,947	(2,611)
			-28.05%			-4.15%
Blenheim Gilboa	(196,561)	(113,123)	(83,438)	(46,631)	(36,153)	(10,478)
			73.76%			28.98%
Small Hydro	116,346	72,213	44,133	18,555	11,969	6,586
			61.12%			55.03%
R. M. Flynn	593,172 (2)	604,042	(10,870)	95,336	88,354	6,982
			-1.80%			7.90%
Total	12,872,321	12,380,190	492,131	1,982,593	1,961,509	21,084
			3.98%			1.07%

(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 Six Months Ended June 30, 2006**

(\$'s in millions)

	<u>Actual</u>	<u>Budget</u>
<b>New Generation</b>	\$7.2	\$11.3
<b>Energy Services</b>	54.4	44.3
<b>Existing Facilities</b>	44.0	43.6
<b>Transmission</b>	4.6	11.3
<b>Headquarters</b>	5.8	8.5
<b>General Plant and Minor Additions</b>	<u>2.9</u>	<u>3.4</u>
	<u>\$118.9</u>	<u>\$122.4</u>

Capital expenditures through June 2006 (\$118.9 million) were 2.9% lower than the budget. **New Generation** was under budget by \$4.1 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. The temporary underrun in **Transmission** of \$6.7 million will diminish as work proceeds on the Static Var Compensator and Tri Lake Transmission project. **Energy Services** was \$10.1 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 \$0.4 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 B-G LEM projects.

Under the Expenditure Authorization Procedure, the President has authorized new expenditures on budgeted capital projects of \$2.5 million for 2006. The following expenditure was authorized in June:

\$0.7                      Gowanus-Greenwood 138KV Project

**Demand Side Management**  
**Cost Summary (Inception to Date)**  
**June 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	1,710		1,710		1,710
183,050	Electrotechnologies LTEPA	ES-EPN	13,225	68,876	82,101	45,866	36,235
433,000	NYPA Energy Services Program	ES-ESN	42,357	85,519	127,876	39,705	88,171
500,000	SENY Govt Cust Energy Serv	ES-GSN	35,078	174	35,252	2,312	32,940
26,000	Landfill Gases Program	ES-LFN	903		903		903
130,000	SENY HELP LTEPA	ES-LTN	19,252	72,270	91,522	59,024	32,498
1,200	MUNI Vehicle Program	ES-MVN	-	372	372	132	240
140,000	Non-Elect End Use LTEPA	ES-NEN	21,618	57,634	79,252	24,556	54,696
35,000	Peak Load Mgmt	ES-PLN	1,336	165	1,501		1,501
<b>Completed Programs</b>							
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	1,797	2
14,600	Industrial	ES-IPN	-	6,876	6,876	6,423	453
51,000	LI HELP	ES-LIN	-	48,615	48,615	47,876	739
15,000	SENY New Constr	ES-NCN	-	3,372	3,372	2,506	866
75,000	Public Housing LTEPA	ES-PHN	-	70,825	70,825	61,285	9,540
40,000	Public Schools	ES-PSN	-	39,841	39,841	38,187	1,654
\$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>\$1,868,435</u>			<u>\$135,479</u>	<u>\$659,818</u>	<u>\$795,297</u>	<u>\$527,677</u>	<u>\$267,620</u>

**(B) POCR Funding**

**LOANS**

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
<u>\$ 16,390</u>	Colleges & Universities	<u>\$ 16,390</u>	<u>\$ 15,747</u> (1)	<u>\$ 643</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
20,292	(1) Energy Services Programs	14,071
31,442	(1) POCR Grants	12,438
<u>\$ 69,060</u>		<u>\$ 43,835</u>

**(C) CASP Funding**

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

**(D) Board of Ed Funding**

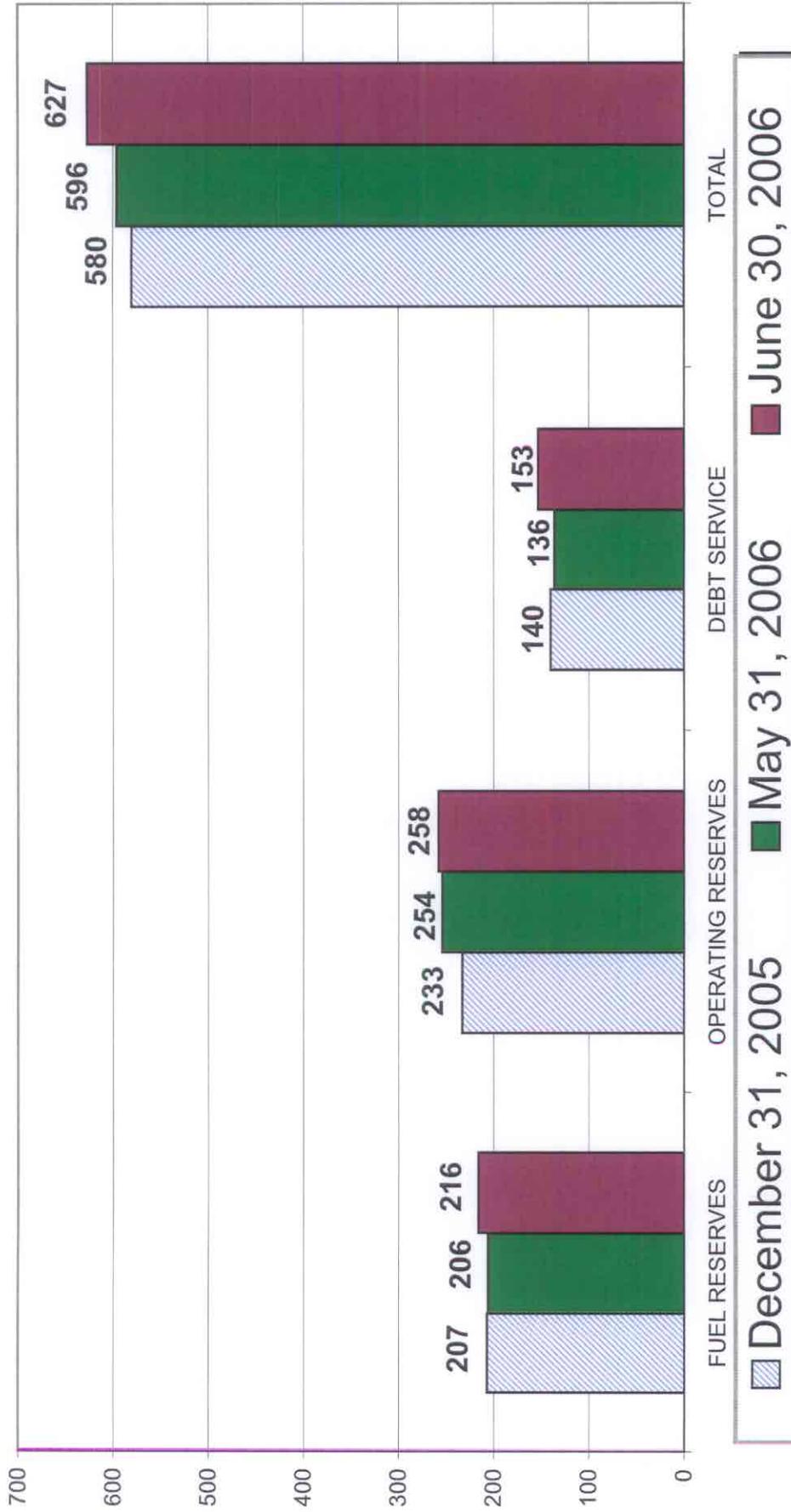
Authorized	Program	Issued
38,798	(2) Climate Controls (NYC BOE)	34,546

**(D) NYC Housing Auth Funding**

Authorized	Program	Issued
12,833	(2) NYCHA Hot Water Heaters	4,533

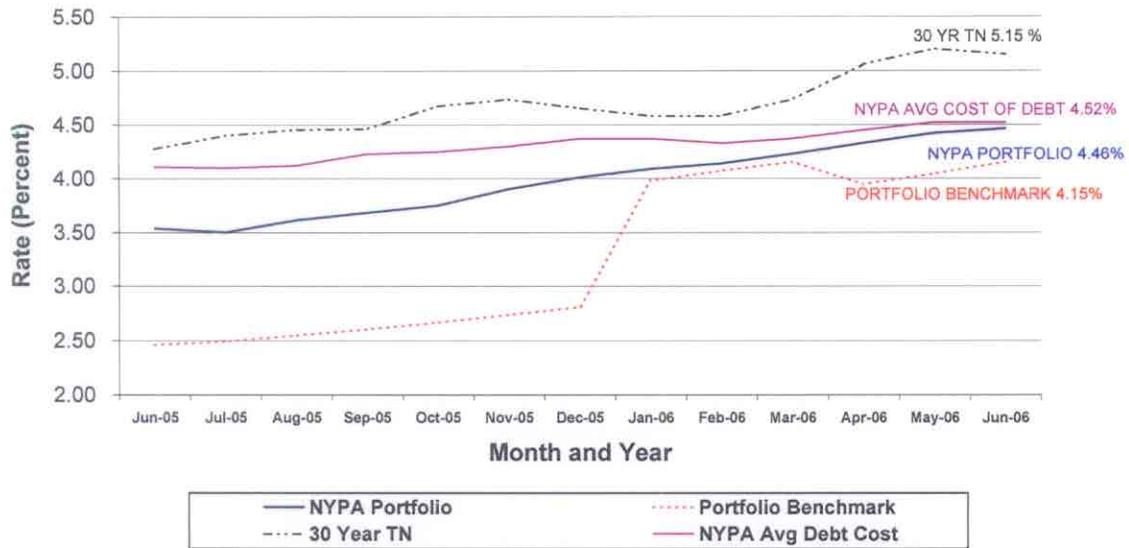
(1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POCR Grant Program.  
(2) Authorized funds reflect both principal received and the interest earned on such principal.

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



Fuel Reserves include \$196 million for Nuclear Spent Fuel and \$20 million for Energy Hedging Reserve Fund.

### Portfolio Performance



### Financing Rates

