

New York Power Authority
Net Income - Actual vs. Budgeted
For the Year ended December 31, 2010
(\$ in millions)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
Operating Revenues			
Customer	\$ 1,953	\$ 2,062	\$ (109)
NYISO Market Revenues	615	749	(134)
Total Operating Revenues	<u>2,568</u>	<u>2,811</u>	<u>(243)</u>
Operating Expenses			
Purchased Power	931	956	25
Fuel Consumed - Oil & Gas	224	341	117
Wheeling	528	520	(8)
Operations & Maintenance	443	443	-
Depreciation & Amortization	163	160	(3)
	<u>2,289</u>	<u>2,420</u>	<u>131</u>
Operating Income	279	391	(112)
Nonoperating Revenues and Expenses			
Nonoperating Revenues			
Investment Income	41	34	7
Other income	97	102	(5)
Total Nonoperating Revenues	<u>138</u>	<u>136</u>	<u>2</u>
Nonoperating Expenses			
Contribution to New York State	147	107	(40)
Interest and Other Expenses	89	112	23
Total Nonoperating Expenses	<u>236</u>	<u>219</u>	<u>(17)</u>
Nonoperating Income (Loss)	<u>(98)</u>	<u>(83)</u>	<u>(15)</u>
Net Income	<u>\$ 181</u>	<u>\$ 308</u>	<u>\$ (127)</u>

Net income for the year ended December 31, 2010 was \$181 which was \$127 below budget. The primary drivers of the unfavorable budget variance for the year included lower operating income (\$112) primarily due to lower production at the Authority's hydro facilities and lower prices on market-based sales; and a higher than anticipated voluntary contribution to New York State (\$40). These items were partially offset by positive variances including lower interest and other expenses (\$23) due to lower interest rates. Variances in fuel and purchased power costs are offset through revenues as variances are reflected in customer rates.