2023–2026

Approved 2023 Budget and 2023–2026 Financial Plan

In Compliance with 2 NYCRR Chapter 5, Part 203

NEW YORK STATE OF OPPORTUNITY. | NY Power Authority | Canal Corporation

CONTENTS

MISSION OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

The mission of the Power Authority of the State of New York (“NYPA”, “NY Power Authority”, or the “Authority”), which was ratified by our Trustees in their December 2020 meeting, is to “Lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity.” The mission statement adheres to maintaining NYPA’s core operating businesses while also moving to support the energy goals of New York State, codified in the Clean Energy Standard, New York State Climate Leadership and Community Protection Act (“CLCPA”), our enhanced authority under the Power Authority Act as a result of the changes enacted in 2019, and the Accelerated Renewable Energy Growth and Community Benefit Act. The Authority’s financial performance goal is to maintain a strong financial position in order to have the resources necessary to achieve its mission.

BACKGROUND OF THE POWER AUTHORITY OF THE STATE OF NEW YORK

The Authority owns and operates five major generating facilities within the state, eleven small electric generating units located at seven facilities, and four small hydroelectric facilities, with a total installed capacity of approximately 6,051 megawatts (“MW”), and a number of transmission lines, including major 765-kilovolt (“kV”) and 345kV transmission facilities. The Authority’s major generating facilities consist of two large hydroelectric facilities (the Niagara Power Project and St. Lawrence-FDR Power Project), a large pumped-storage hydroelectric facility (the Blenheim-Gilboa Power Project) and two gas-and-oil-fired facilities (the Flynn Power Plant located in Holtsville, New York and a combined-cycle electric generating plant, the Eugene W. Zeltmann Power Project, located in Queens, New York, previously known as the 500-MW Plant).

The Authority's customers include: municipal and rural electric cooperatives, investor-owned utilities, high load factor industrial customers, commercial/industrial and not-for-profit businesses, public entities, and Community Choice Aggregation Communities located throughout New York State, local towns, villages, school districts, fire departments, etc. located in Southeastern New York within the metropolitan area of New York City, and certain neighboring states.

Effective January 1, 2017, the New York State Canal Corporation (the "Canal Corporation") became a subsidiary of the Authority. The Canal Corporation is responsible for a 524-mile canal system consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals (the "Canal System"). The Board of Trustees of the Authority (the "Board of Trustees") is the governing board of the Canal Corporation, and the Authority has assumed certain powers and duties relating to the New York State Canal System to be exercised through the Canal Corporation.

VISION2030: TEN-YEAR STRATEGIC OUTLOOK

NYPA is currently executing **VISION2030**, the ten-year strategic plan approved by the Trustees in December 2020. VISION2030 is organized around five strategic priorities and five foundational pillars. The five priorities are: Preserving the value of hydropower, Decarbonizing natural gas plants, Growing transmission, Partnering with customers and the state, and Reimagining the Canals.

The five pillars are: Digitalization, Environmental, Social and Governance ("ESG"), Diversity, Equity and Inclusion ("DEI"), Enterprise Resilience, and Resource Alignment. As NYPA considers its VISION2030 Decarbonizing priority, it is reviewing the fossil fleet with consideration to safety and reliability of the electric grid while depending less on fossil fuels.

SUSTAINABILITY

Sustainability encompasses the ESG performance of a company that contributes to long-term value creation. The **2021 Sustainability Plan** serves as a roadmap to help bring our ESG ambition to life over the next five years. The plan outlines the ESG goals, strategies, and initiatives that we are committed to across each of our fifteen material ESG focus areas, that align with and support VISION2030 objectives. The Sustainability Plan is an integrated, cross functional, and collaborative living document that will be revisited and refreshed as our sustainability journey evolves, our targets are achieved, and our ambitions grow.

In reporting our ESG progress and doubling down on our commitments, annual sustainability reports provide the platform to transparently communicate and disclose our performance in alignment with leading ESG reporting and disclosure framework standards. To reinforce our commitment to transparency and accountability, we are adopting the Integrated Reporting (<IR>) framework and will issue our first <IR> report in 2023, combining our Annual Report (with financial disclosures) and our Sustainability Report into one comprehensive publication.

DOCUMENTATION AND EXHIBITS SUPPORTING THE BUDGET AND FINANCIAL PLAN

a. NYPA'S RELATIONSHIP WITH NEW YORK STATE GOVERNMENT

The Authority is a corporate municipal instrumentality and political subdivision of the State of New York created in 1931 by the Public Authorities Act, to help provide a continuous and adequate supply of dependable electric power and energy to the people of the State.

The Authority's operations are overseen by the Board of Trustees. NYPA's trustees are appointed by the Governor of the State with the advice and consent of the State Senate. The Authority is a fiscally independent public corporation whose operations are not supported by State tax revenues. NYPA generally finances construction of new projects through internally generated funds and the sale of bonds and notes to investors, and it pays related debt service with revenues from the generation and transmission of electricity. Income of the Authority and properties acquired by it for its projects are exempt from taxation.

b. BUDGET PROCESS

NYPA operates in a capital-intensive industry where operating revenues and expenses are significant and highly variable due to the volatility of electricity prices and fuel costs. NYPA's operations are subject to electric market price and fuel cost variability, and volatility in water flows have a direct effect on the Authority's hydroelectric generation levels. This Approved 2023 Budget and 2023-2026 Financial Plan ("Four-Year Financial Plan") relies on data and projections developed throughout the following time frame:

- July 2022 – October 2022, developed preliminary forecasts of electric prices (both energy and capacity), ancillary services revenue and expenses, and fuel expenses, customer power and energy use; customer rates; expenses and revenue; Annual Transmission Revenue Requirement; generation levels at NYPA power projects reflecting scheduled outages; and purchased power and energy requirements and sources
- November 1, 2022, the Proposed 2023 Budget and 2023–2026 Financial Plan was posted for public inspection at five convenient locations and on NYPA's website
- November 2022 – December 2022, integrated input data to produce the final 2023 Budget and 2023-2026 Financial Plan
- Seek authorization of NYPA's Board of Trustees to approve the final 2023 Budget and 2023-2026 Financial Plan at their meeting scheduled for December 13, 2022
- Submit the Approved 2023 Budget and 2023-2026 Financial Plan to the State Comptroller's Office; and make the approved document available for public inspection at five convenient locations and on NYPA's website upon Board of Trustees approval.

Four-Year Projected Income Statement
(In $ Millions)

	2023	2024	2025	2026
Operating Revenue				
Generation Revenue	$3,311.0	$3,056.0	$3,036.6	$3,055.2
Ancillary Service Revenue	28.6	29.1	29.6	29.8
Transmission and Other	363.8	405.1	451.4	485.6
Non Utility Revenue	34.4	44.0	48.3	47.4
Operating Revenue Total	**3,737.8**	**3,534.2**	**3,565.9**	**3,618.0**
Operating Expense				
Purchased Power	(1,033.9)	(850.2)	(820.2)	(826.0)
Ancillary Service Expense	(31.0)	(29.9)	(29.8)	(30.1)
Fuel Consumed	(520.1)	(443.5)	(423.5)	(397.5)
Wheeling	(808.4)	(807.3)	(820.4)	(821.8)
Operations and Maintenance ("O&M")	(676.9)	(685.3)	(714.8)	(747.9)
Other Expense	(87.7)	(81.3)	(76.8)	(76.0)
Operating Expense Total	**(3,158.0)**	**(2,897.5)**	**(2,885.5)**	**(2,899.3)**
EBIDA	**579.8**	**636.7**	**680.4**	**718.7**
Compounded Annual Growth Rate (CAGR)		**10%**	**8%**	**7%**
Non Operating Income and Expenses				
Depreciation and Amortization	(357.6)	(397.2)	(430.8)	(450.8)
Investment and Other Income	38.7	37.4	36.2	33.8
Mark to Market Adjustments	(12.0)	0.0	0.0	0.0
Interest and Other Expenses	(153.1)	(173.9)	(170.5)	(175.4)
Non Operating Income and Expenses Total	**(484.0)**	**(533.7)**	**(565.1)**	**(592.4)**
CONSOLIDATED NET INCOME	**$95.8**	**$103.0**	**$115.3**	**$126.3**

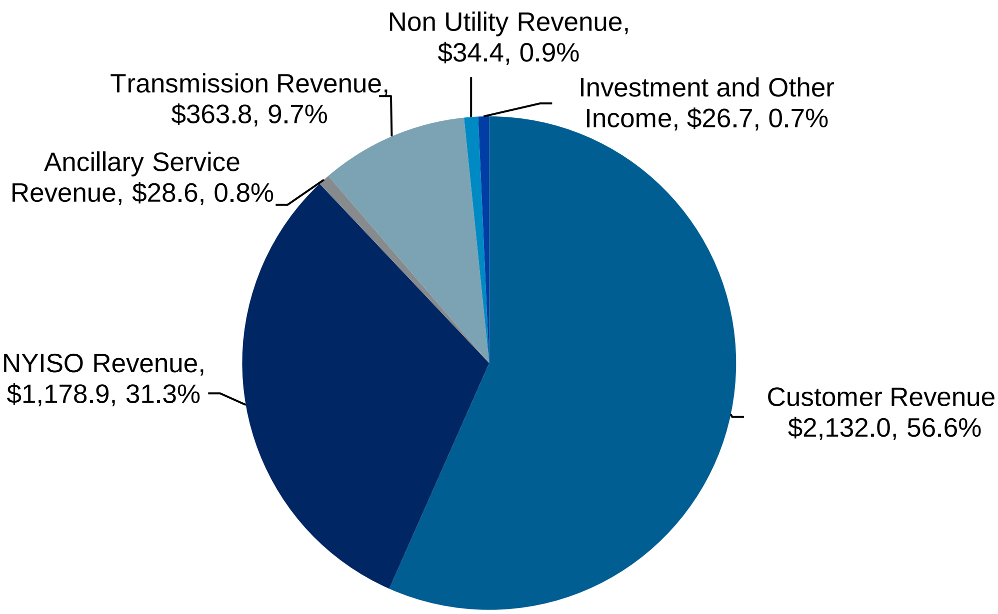
Note: NYPA and the Canal Corporation are referred to collectively in the consolidated financial statements, except where noted.

Gross Margin Analysis
(In $ Millions)

	2023	2024	2025	2026
Generation Margin	$978.0	$995.8	$1,016.9	$1,050.5
Transmission Margin	330.2	362.1	405.0	443.1
Other Margin	36.2	45.5	50.1	49.0
TOTAL MARGIN	**1,344.4**	**1,403.4**	**1,472**	**1,542.6**
Operations and Maintenance	(676.9)	(685.3)	(714.8)	(747.9)
Other Expenses	(87.7)	(81.4)	(76.8)	(76.0)
CONSOLIDATED EBIDA	**$579.8**	**$636.7**	**$680.4**	**$718.7**

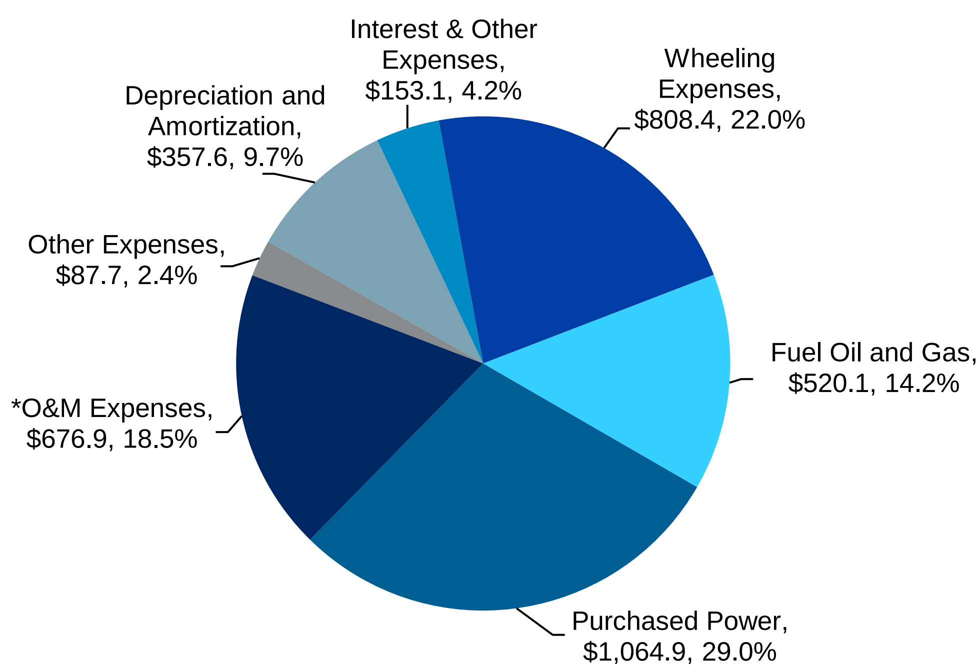
2023 Budget – Sources

(In $ Millions)



2023 Budget – Uses

(In $ Millions)



** Reflects NYPA's base O&M expenses plus Administrative and General expenses less the Allocation to Capital.*

Statement of Cash Flows*
(In $ Millions)

	2021	2022	2023	2024	2025	2026
Revenue Receipts						
Sale of Power, Use of Transmission Lines, Wheeling Charges and Other Receipts	$2,719.0	$3,809.6	$3,742.1	$3,547.7	$3,589.7	$3,652.7
Earnings on Investments and Time Deposits	13.2	19.5	38.7	37.3	36.2	33.8
Total Revenues	**2,732.2**	**3,829.1**	**3,780.8**	**3,585.0**	**3,625.9**	**3,686.5**
Expenses						
Operations and Maintenance, including Transmission of Electricity by Others, Purchased Power and Fuel Purchases	**(2,355.4)**	**(3,413.1)**	**(3,366.0)**	**(3,113.4)**	**(3,109.7)**	**(3,131.7)**
Debt Service						
Interest on Bonds and Notes	(72.4)	(26.8)	(60.6)	(100.0)	(110.8)	(132.3)
Bonds and Notes Retired	(1.4)	(1.5)	(1.5)	(32.4)	(37.7)	(54.6)
Total Debt Service	**(73.8)**	**(28.3)**	**(62.1)**	**(132.4)**	**(148.5)**	**(186.9)**
Total Requirements	**(2,429.2)**	**(3,441.4)**	**(3,428.1)**	**(3,245.8)**	**(3,258.2)**	**(3,318.6)**
Net Operations	**303.0**	**387.7**	**352.7**	**339.2**	**367.7**	**367.9**
Capital Receipts						
Sale of Bonds, Promissory Notes and Commercial Paper	100.0	608.3	0.0	759.2	0.0	350.0
Temporary Asset Transfer Return from NYS	86.0	43.0	0.0	0.0	0.0	0.0
Other	25.9	0.0	0.0	0.0	0.0	0.0
Total Capital Receipts	**211.9**	**651.3**	**0.0**	**759.2**	**0.0**	**350.0**
Capital Additions and Refunds						
Additions to Electric Plant in Service and Construction Work in Progress, Other costs	(735.4)	(823.0)	(898.2)	(787.0)	(733.4)	(769.1)
Construction Funds - Net Transfer	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Additions and Refunds	**(735.4)**	**(823.0)**	**(898.2)**	**(787.0)**	**(733.4)**	**(769.1)**
Net Capital	**(523.5)**	**(171.7)**	**(898.2)**	**(27.8)**	**(733.4)**	**(419.1)**
Net Increase/(Decrease)	**($220.5)**	**$216.0**	**($545.5)**	**$311.4**	**($365.7)**	**($51.2)**

** This Statement of Cash Flows follows the format prescribed by §2801 of New York State Public Authorities Law and does not follow GASB financial statement standards.*

C. BUDGET ASSUMPTIONS

NYISO REVENUE AND EXPENSES

Based on scheduled customer power needs and available electricity generated by NYPA's operating assets, the Authority buys and sells capacity and energy through markets operated by the New York Independent System Operator, ("NYISO"). Various NYISO-purchased power charges, in combination with generation-related fuel expenses, comprise a large portion of NYPA's operating expenses. A significant amount of the Authority's revenues results from sales of its generation into the NYISO market. The energy and capacity revenues are projected based on published forward prices, exchanges, broker information and/or internal pricing models.

CUSTOMER AND PROJECT REVENUE

The customers served by the Authority and the rates they pay vary within the NYPA power programs designated to serve such loads. NYPA's power supply customers are served under contracts and tariffs approved by the Board of Trustees.

ST. LAWRENCE-FDR AND NIAGARA POWER PROJECT CUSTOMERS

Energy from the St. Lawrence-FDR and Niagara projects are sold under contract to municipal electric systems, rural electric cooperatives, industrial and other business customers, certain public bodies, investor-owned utilities, and out-of-state customers. The remaining available energy is sold into the NYISO market.

The charges for firm power, firm peaking power and associated energy sold by the Authority, as applicable to the 51 municipal electric systems, rural electric cooperatives in New York State, two public transportation agencies, three investor-owned utilities for the benefit of rural and domestic customers, and seven out-of-state public customers have been established based on the cost to serve these loads. This Four-Year Financial Plan models Board of Trustees approved rate changes and prospective rate changes for these customers.

Niagara and St. Lawrence-FDR's Expansion & Replacement Power, ReCharge New York, and Preservation Power customers are allocated over 30% of the average generation capacity of the Projects. Sale of Expansion and Replacement Power historically had been handled on a sale-for-resale basis through National Grid and New York State Electric and Gas. However, the direct sale of low-cost hydropower to these customers commenced July 1, 2013. As a result, NYPA is now the load-serving entity for these transactions. Legislation enacted in March 2011, effective July 2012, created a new economic development power program, the ReCharge New York Power Program ("RNYPP"), to replace two economic development programs, Power for Jobs, and Energy Cost Savings Benefit. RNYPP is a permanent power program administered by the Authority and the Economic Development Power Allocation Board. RNYPP utilizes up to 455 MW of hydropower from the Authority's Niagara and St. Lawrence-FDR projects combined with up to 455 MW of other power procured by the Authority from other sources. The 910 MW of power is available for allocations to eligible new and existing businesses and not-for-profit corporations under contracts of up to seven years.

The RNYPP legislation also authorizes the Authority, as deemed feasible and advisable by the Board of Trustees, to provide annual funding of $30 million for a Residential Consumer Discount Program ("RCDP") for those customers that had previously received this hydropower. Revenues earned from the sale of unused RNYPP power into the wholesale market may be used to offset the cost of these residential discounts.

The Board of Trustees have authorized the release of a total $654 million for the period from August 2011 to December 2022 in support of RCDP. The Authority supplemented the market revenues used to fund the RCDP with internal funds, totaling cumulatively $40 million from August 2011 through June 2022.

In March 2019, the Board of Trustees approved a seven-year extension of an agreement for the sale of firm hydroelectric power and energy from the St. Lawrence-FDR Power Project to the Aluminum Company of America ("Alcoa") at its West Plant facilities. The existing contract with Alcoa, for an aggregate of 240 MW, has been executed effective April 1, 2019, through March 31, 2026, replacing prior long-term contracts. The contract extension provides for monthly base energy rate adjustments, based off the price of aluminum on the London Metal Exchange and the Midwest U.S. Premium price published by Platts, and contains provisions for employment (450 jobs) and capital commitments ($14 million).

Changes from the previous contract include: a reduced allocation of 240 MW, with the additional 5 MW being allocated to Arconic, a business independent of Alcoa, sold under a separate Preservation Power sale agreement; a monthly Clean Energy Standard ("CES") charge relating to Zero Emission Credits ("ZEC") and Renewable Energy Certificates, which are attributable to Alcoa's load. The contract specifies a sharing mechanism for the CES charges between Alcoa, New York State and NYPA, whereby Alcoa's share increases as the aluminum price increases. The Authority has entered into aluminum contracts to mitigate potential downside risk in that market and intends to continue to do so based upon prevailing economic conditions as appropriate.

The Authority estimates that the total costs associated with the relicensing of the St. Lawrence-FDR Power Project in

2003 for a period of 50 years will be an approximate total of $227 million, of which approximately $219 million has already been spent as of June 30, 2022. These total costs could increase in the future because of authorities reserved by the Federal Energy Regulatory Commission ("FERC") in the license for the St. Lawrence-FDR Project issued in 2003. The Authority collects the amounts necessary to fund such relicensing costs through its rates from the sale of St. Lawrence-FDR power.

The Authority has also executed the relicensing of the Niagara Power Project in 2005 for a period of 50 years. The total approximate cost of $520 million, of which approximately $489 million has already been accrued as of June 30, 2022. The Authority is collecting in its rates for the sale of Niagara power amounts necessary to fund such relicensing costs.

Chapter 545 of the Laws of 2014 enacted the "Northern New York Power Proceeds Act" ("NNYPPA"). NNYPPA authorizes the Authority, as deemed feasible and advisable by the Board of Trustees, to deposit net earnings from the sale of unallocated St. Lawrence County Economic Development Power ("SLCEDP") by the Authority in the wholesale energy market into an account known as the Northern New York Economic Development Fund ("NNYED Fund") administered by the Authority. The funds are awarded to eligible applicants that propose projects that satisfy applicable criteria. NNYPPA established a five-member allocation board appointed by the Governor to review applications seeking NNYED Fund benefits and to make recommendations to the Authority concerning benefits awards.

SLCEDP consists of up to 20 MW of hydropower from the St. Lawrence-FDR Power Project which the Authority has made available for sale to the Town of Massena Electric Department ("MED") for MED to sub-allocate for economic development purposes in accordance with a contract between the parties entered into in 2012 (the "Authority-MED Contract").

NNYPPA defines "net earnings" as the aggregate excess of revenues received by the Authority from the sale of energy associated with SLCEDP sold by the Authority in the wholesale energy market over what revenues would have been received had such energy been sold to MED on a firm basis under the terms of the Authority-MED Contract. For the first five years after enactment, the amount of SLCEDP the Authority could use to generate net earnings may not exceed the lesser of 20 MW or the amount of SLCEDP that has not been allocated by the Authority pursuant to the Authority-MED contract. Thereafter, the amount of SLCEDP that the Authority could use for such purpose may not exceed the lesser of 10 MW or the amount of SLCEDP that has not been allocated. The Authority's estimates of payments from the Authority to the NNYED Fund have been incorporated into this Approved 2023 Budget and 2023-2026 Financial Plan.

The Western New York Power Proceeds Act ("WNYPPA"), which was enacted on March 30, 2012, authorizes the Authority to deposit net earnings from the sale of unused Expansion Power and Replacement Power from the Authority's Niagara project into the Western New York Economic Development Fund ("WNY Fund") as deemed feasible and advisable by the Board of Trustees.

WNYPPA defines "net earnings" as any excess revenue earned from such power sold into the wholesale market over the revenue that would have been received had the power been sold at the Expansion Power and Replacement Power rates. Proceeds from the WNY Fund may be used to support eligible projects undertaken within a 30-mile radius of the Niagara project that qualify under the applicable criteria. The WNYPPA established a five-member allocation board appointed by the Governor. NYPA's estimates of payments from the Authority to the WNY Fund have been incorporated into this Approved 2023 Budget and 2023-2026 Financial Plan.

SOUTHEASTERN NEW YORK ("SENY") CUSTOMERS

Various municipalities, school districts and public agencies in New York City are served by the Authority's combined-cycle Eugene W. Zeltmann Power Project ("Zeltmann"), the contracted output of the Astoria Energy II plant, and capacity and energy purchased by the Authority in the NYISO markets.

In 2017 and 2018, the Authority executed new supplemental long-term electricity supply agreements ("Supplemental LTAs") with its eleven New York City ("NYC") Governmental Customers, including the Metropolitan Transportation Authority, the City of New York, the Port Authority of New York and New Jersey, the New York City Housing Authority, and the New York State Office of General Services. Under these Supplemental LTAs, the NYC Governmental Customers agreed to purchase their electricity from the Authority through December 31, 2027, with the NYC Governmental Customers having the right to terminate at any time upon at least twelve months' notice during the first five years of the agreement (December 31, 2022). Thereafter, both the Authority and the NYC Governmental Customers may terminate the agreement upon at least six months' notice. Under the Supplemental LTAs, fixed costs were contractually set for each customer and are currently being negotiated for years 2023–2027. Variable costs, including fuel, purchased power and NYISO related costs, are to be set on a pro-forma cost of service basis and reconciled as a pass-through to each customer via an energy charge adjustment.

In 2008, NYPA entered into a long-term power purchase agreement with Astoria Energy II LLC for the purchase of the output of Astoria Energy II, a 550 MW plant, which commenced commercial operations on July 1, 2011, in Astoria, Queens, for the sole benefit of the NYC Governmental Customers. Although the Astoria Energy II power purchase contract goes through 2031 and is beyond the electricity supply agreement under the Supplemental LTA's, the Authority's contract with the NYC Governmental Customers served by the output of Astoria Energy II is coterminous with the power purchase agreement with Astoria Energy II LLC.

The energy generated by the Zeltmann and Astoria Energy II plants is sold into the NYISO market, and the proceeds are used to offset the cost associated with the production of energy and capacity from the plants. All net costs and benefits to the Authority for both facilities are directly passed through to the NYC Governmental Customers. Approximately 40% and 30% of the NYC Governmental Customer load requirements are covered by Astoria Energy II and Zeltmann plants respectively, while the remainder, more than 30%, remain open to be sourced from the open market. Additionally, NYPA retains rights to grandfathered and historic fixed priced transmission congestion contracts on behalf of the SENY customers, which helps to offset the cost of the energy purchased.

The Authority's other SENY customers are Westchester County and numerous municipalities, school districts and other public agencies located in Westchester County (collectively, the "Westchester Governmental Customers"). NYPA has entered into an evergreen supplemental electricity supply agreement with all 103 Westchester Governmental Customers. Among other things provided by the agreement, customers can partially terminate service from the Authority with at least two months' notice prior to the start of the NYISO capability periods. Full termination is allowed with at least one year's notice, effective no sooner than January 1 following the one-year notice.

Westchester Governmental Customers are partially served by NYPA's four small hydroelectric plants. The remainder of the Westchester Governmental Customers' load requirements are supplied through energy and capacity purchased from the NYISO markets. Sales of energy generated by the small hydroelectric resources into the NYISO markets, as well as grandfathered and historic fixed priced transmission congestion contracts, all help to offset the cost of the energy purchased, with an energy charge adjustment mechanism in place for cost reconciliation.

BLENHEIM-GILBOA POWER PROJECT

The Blenheim-Gilboa project operates as a merchant plant, with energy and ancillary services offered in the NYISO markets generally at the market-clearing price. Capacity is offered to other users via bilateral arrangements and/or sold into the NYISO capacity auctions. This forecast assumes Blenheim-Gilboa will operate as a merchant plant for the upcoming years.

SMALL CLEAN POWER PLANTS ("SCPPs")

In the summer of 2001, NYPA placed into operation eleven (11) natural-gas-fueled SCPPs, ten (10) units in New York City and one (1) unit on Long Island, with a total nameplate rating of 460 MW. These units were put into operation to address a potential local reliability deficiency in the New York City metropolitan area and its potential impact on statewide reliability.

As a result of litigation relating to the Vernon Blvd., Queens, NY SCPP, the Authority has agreed under the settlement agreement to cease operations at the Vernon location, which houses two (2) units, under certain conditions and if the Mayor of New York City directs such cessation. No such cessation direction has occurred. The settlement agreement also allows a landowner adjacent to the Vernon Blvd. SCPP to “put” their real property to the Authority under certain conditions. To date, no formal “put” notice has been received. The Authority and the adjacent landowner may enter into buy, sell or other types of agreements outside the terms of the settlement agreement.

For this Approved 2023 Budget and 2023-2026 Four-Year Financial Plan, it is assumed that the capacity of the SCPPs may be used to meet NYPA’s customers’ capacity requirements, sold to other users via bilateral arrangements and/or sold into the NYISO capacity auctions. NYPA sells the energy produced by the SCPPs into the NYISO energy markets or offers it to approved counter parties via contractual arrangements.

FLYNN POWER PLANT

The Flynn plant currently operates as a merchant plant, with energy output and ancillary services sold into the NYISO market and offered to authorized counterparties. Through an agreement with the Long Island Power Authority, NYPA is compensated for all capacity provided through December 31, 2026.

TRANSMISSION PROJECTS

The Authority owns approximately 1,400 circuit-miles of high-voltage transmission lines and associated substations operating at voltages of 115kV, 230kV, 345kV and 765kV. The Authority’s Backbone Transmission System consists of a large subset of these transmission facilities, with major circuits such as:

765KV

- MSU1 (Marcy-Massena)
- MSC-7040 (Massena-Chateauguay)

345KV

- UE1-7 (Marcy-Edic)
- UNS-18 (Marcy-New Scotland)
- VU19 (Volney-Marcy)
- NR-2 (Niagara-Rochester)
- NS-1 (Niagara-Somerset)
- Y-49 (Long Island Sound Cable)
- Q-35L&M (Queens-Manhattan)

230KV

- MA-1/MA-2 (Moses-Adirondack)
- MMS-1/MMS-2 (Moses-Massena)
- MW-1/MW-2 (Moses-Willis)

COST RECOVERY FOR NYPA’S BACKBONE TRANSMISSION SYSTEM.

Since the formation of the NYISO in November 1999, cost recovery for the Authority’s provision of transmission service over its facilities has been governed by the NYISO tariff, which included an annual transmission revenue requirement (“ATRR”) for NYPA of $165.4 million. The Authority receives cost recovery through the NYISO tariff mechanism known as the NYPA Transmission Adjustment Charge (“NTAC”) recovering NYPA’s Backbone Transmission System costs on a statewide basis after accounting for NYPA’s revenues received from pre-existing customer transmission service contracts, Transmission Service Charge (“TSC”) assessed on customers in NYPA’s upstate load zone, and other sources.

In July 2012, the Authority filed for its first ATRR increase with FERC. The Authority’s filing resulted in an uncontested settlement approved by FERC for a new, $175.5 million ATRR applicable to the Authority, effective August 1, 2012. The increased ATRR was necessary to cover increased operating and maintenance expenses of NYPA’s bulk transmission system, and to make necessary capital improvements.

In January 2016, the Authority filed for an ATRR formula rate with FERC. In March 2016, FERC accepted the filing and made it effective April 1, 2016, as requested, subject to hearing and settlement judge procedures. The Authority requested a formula rate to more efficiently recover its increased capital and operating expenditures needed to maintain the reliability of its transmission system.

The Authority filed an unopposed Offer of Settlement on September 30, 2016, that fully resolved the issues raised by interested parties in settlement negotiations concerning the formula rate. Separately, the annual ATRR under the formula of $190 million initially made effective April 1 was updated on July 1, 2016, to $198.2 million pursuant to the formula rate annual update process.

Effective July 1, 2022, the Transmission Revenue Requirement is $384.8 million, which includes the revenue requirements for the Marcy South Series Compensation and Central East Energy Connect projects formerly known as AC Segment A Transmission. Annual updates commensurate with projected costs are assumed to continue throughout the forecast period.

MOSES-ADIRONDACK SMART PATH RELIABILITY PROJECT

NYPA is replacing a major section of the Moses Adirondack line, one of the Authority's Backbone Transmission System lines. This project is known as The Moses-Adirondack Smart Path Reliability Project and covers 78 miles of 230kV transmission lines from Massena to the Town of Croghan in Lewis County. The project includes the replacement of obsolete wood pole structures with higher, steel pole structures, as well as replacement of failing conductors with new conductors and insulators. The line will initially operate at its current 230kV level, but the conductors and insulators will accommodate for 345kV operation.

In July 2017, the Authority received authorization under the NYISO tariff to include the costs of this replacement project in its NTAC mechanism for cost recovery, which means the costs will be allocated to all ratepayers in the state. On November 14, 2019, the New York State Public Service Commission ("PSC") granted the Authority's Article VII certificate for the project. The Authority estimates a total project cost of $484 million. This Four-Year Financial Plan includes revenues and costs associated with this project.

SMART PATH CONNECT PROJECT

In October 2020, the PSC adopted criteria for identifying urgently needed transmission projects to meet the renewable energy goals of the CLCPA. The PSC identified the Authority's proposed Smart Path Connect Project formerly known as the Northern New York Project as a high-priority project and referred it to NYPA for development and construction in accordance with the Accelerated Renewable Energy Growth and Community Benefit Act.

The Smart Path Connect Project is a multi-faceted project that includes completion of the remaining 6 miles of the Moses-Adirondack Transmission Lines, rebuilding approximately 45 circuit-miles of transmission eastward from Massena to the Town of Clinton, rebuilding approximately 55 circuit-miles of transmission southward from Croghan to Marcy, and rebuilding and expanding several substations along the impacted transmission corridor.

The work falls largely within NYPA's existing transmission rights of way. NYPA identified the multi-pronged Smart Path Connect Project in 2020 as work that is urgently needed to help unbottle existing renewable energy in the region. The project is estimated to result in a reduction of more than 1.16 million tons of carbon dioxide emissions annually on a statewide basis, and an annual reduction of approximately 160 tons of nitrogen oxide emissions from downstate emissions sources. NYPA estimates that this project will result in more than $447 million in annual congestion savings in Northern New York and it is estimated to create hundreds of jobs in the North Country during construction. The costs and revenues associated with the Smart Path Connect Project are included as part of this Four-Year Financial Plan.

CENTRAL EAST ENERGY CONNECT ("CEEC")

On August 1, 2014, the Public Policy Transmission Planning Process administered by the NYISO invited solicitations to address the AC Transmission Public Policy need for new transmission lines to relieve the congested Central East and UPNY/SENY transmission interfaces. In June 2018, the Authority and North America Transmission ("NAT") entered into a Participation Agreement which granted the Authority the option to secure an ownership interest of up to 37.5% in the projects that they jointly proposed.

In April 2019, the NYISO board selected the project proposed by LS Power Grid New York, LLC ("LS Power") (formerly known as NAT) and Central East Energy Connect to increase transfer capability from central to eastern New York. The project proposed by NYPA, and LS Power includes the construction of more than 90 circuit-miles of new 345kV and 115kV transmission lines, two new substations and several modifications to existing substations along the impacted transmission corridor.

In August 2019, LS Power and the Authority submitted an Article VII application to the PSC, which was approved in January 2021. Construction is ongoing with expected energization by the end of 2023.

NYPA originally funded 33% of the Central East Energy Connect development costs and exercised its 37.5% purchase option in July 2021, bringing the Authority's total estimated project costs to $276 million.

FERC authorized NYPA's recovery of a facility charge for Central East Energy Connect project costs, adopted per a NYISO filling made on behalf of NYPA. The Authority is recovering its costs associated with the project through its FERC- approved cost-recovery mechanisms in its ATRR formula rate, which include an incentive rate of return applied to the Authority's "Construction Work in Progress" balances for the project. This Four-Year Financial Plan models estimated revenues and costs associated with the project.

Y-49 TRANSMISSION LINE

In October of 2021, the NYPA Board of Trustees authorized the Y-49 Transmission Line (Long Island Sound Cable) – Nassau Segment Reconductoring Project.

The Long Island Sound Cable traverses Westchester County, the Long Island Sound, and Nassau County, delivering 600 MW of power from upstate regions to Long Island communities. The circuit was commissioned in 1991 and throughout its near 30-year operating history has seen minimal investment outside of normal operational, maintenance, and emergent expenditures. Given the history of cable faults seen within the past few years, the Nassau section will be reconductored.

The Reconductoring Project consists of replacing the Y-49 cable segment in Nassau County, approximately ten miles from Port Washington to East Garden City. In addition to the reconductoring, the project includes enhancement of the cable system's ancillary cable components and substation equipment, including upgrades to steel-pipe protection, fiber-optic replacements, new manhole installation and existing manhole refurbishment, and replacement or refurbishment of the oil-pump plants at two substation locations on the Nassau segment. This project's estimated cost is approximately $85 million and will be recovered through NYPA's Transmission Revenue Requirement.

PROPEL NY ENERGY

In response to the August 2022 NYISO's Long Island Offshore Wind Export Public Policy Transmission Need ("LI PPTN") competitive project solicitation, NYPA and NY Transco have partnered and proposed Propel NY Energy, a suite of six transmission solutions, addressing the Long Island offshore wind export needs. The LI PPTN proposals were due in October of 2022, and NYISO's proposal evaluation process is expected to conclude within the first half of 2023. Pending one of the Propel NY Energy project proposals being awarded, this Four-Year Financial Plan includes $148 million for capital costs. As the proposals for Propel NY Energy are each inherently different, unique, and have different associated costs, this Four-Year Financial Plan is based on the core solution and will be updated upon project award by the NYISO.

HUDSON TRANSMISSION PROJECT

In 2011, the Board of Trustees authorized NYPA to enter into an agreement with Hudson Transmission Partners, LLC ("HTP"). The agreement known as the Firm Transmission Capacity Purchase Agreement ("FTCPA") was entered into for the purchase of capacity to meet the long-term requirements of the Authority's NYC Governmental Customers and to improve the transmission infrastructure serving New York City. The agreement is meeting this need through the transmission rights associated with HTP's transmission line. The line extends from Ridgefield, New Jersey (connected at Public Service Electric and Gas, PSEG's Bergen substation) at the PJM Interconnection, LLC ("PJM") transmission system, to the Consolidated Edison Company of New York, Inc.'s ("Con Edison") West 49th Street substation.

Under the FTCPA, the Authority received entitlement to 75% of the line's 660 MW capacity for 20 years while reimbursing HTP for the cost of interconnection and transmission upgrades in New York and New Jersey associated with the line. These upgrades have been completed at a total cost to the Authority of $335 million. NYPA's obligations under the FTCPA also include payment of the Regional Transmission Enhancement Plan ("RTEP") charges allocated to HTP, which are significant.

On March 31, 2017, the Authority and HTP amended the FTCPA to, among other changes, (a) create a mechanism for HTP to relinquish its Firm Transmission Withdrawal Rights ("FTWRs") and (b) increase the Authority's leased portion of the line's capacity to from 75% (495 MW) to 87.12% (575 MW) at a monthly capacity charge rate that represents a decrease in the unit price (on a $/MW-month basis) paid to HTP in the original FTCPA.

PJM's RTEP cost allocation methodology for certain upgrades was challenged at FERC in numerous proceedings by Con Edison, the Authority, HTP and other New York parties. These challenges/proceedings before the D.C. Circuit Court of Appeals have been remanded back to the FERC. It is estimated that the revenues derived from NYPA's rights under the FTCPA will not be sufficient to cover the Authority's costs during the 20-year term of the FTCPA. The Authority estimates HTP to be approximately $100 million per year net cost.

RENEWABLE ENERGY CERTIFICATE ("REC") PURCHASE AGREEMENT

The CLCPA and NYPA's VISION2030 establish the goal to meet 70% of electricity demand from renewable resources by 2030. To meet this goal NYPA has engaged with the New York State Energy Research and Development Authority ("'NYSERDA") to procure Tier 1 RECs. Both NYPA and NYSERDA executed an agreement for purchase of RECs on August 30, 2021. On an annual basis, NYSERDA and NYPA will communicate the available REC supply and offtake ratios. NYPA will continue to evaluate its forecasted annual customer load and adjust the REC ratio appropriately. The initial REC offtake under the agreement will be for compliance year 2024.

ENERGY EFFICIENCY - BOND CONDUIT PROGRAM

In 2021, Long Term Financing Supplements ("LTFS") were prepared to conform with existing loan documentation for possible bond conduit financing. While initial customers were identified to participate in the program, in 2022, NYPA was repaid $175 million for debt associated with energy efficiency projects for a number of State agencies. The conduit program will remain available for future use as when a need arises, however, an immediate need does not exist at this time.

PURCHASED POWER EXPENSES

Energy, capacity, and ancillary service purchases made on behalf of customers (except for those made through previously approved power purchase agreements) are assumed to be transacted at the market clearing price in the wholesale market. For purposes of developing this Four-Year Financial Plan, projected energy rates are based on published forward price curves, while capacity rates are based on internally developed capacity curves using external pricing sources such as broker quotes and trading platforms.

FUEL EXPENSES

Fossil-fuel purchases in this Four-Year Financial Plan are based on expected net generation levels determined with an economic dispatch model for the Authority's plants and on available forward fuel price curves. Fuel expenses also include the costs associated with emission credit requirements under the Regional Greenhouse Gas Initiative ("RGGI"). RGGI requires the Authority to buy emission credits for its fossil-fuel plants, and the Authority also purchases such credits for the contracted Astoria Energy II plant. The projections for RGGI costs are based on projected emission rates and forecasted consumption of natural gas and oil, with such costs recovered either through specific customer contract pass-through provisions or from the wholesale market.

WHEELING EXPENSES

'Wheeling' (i.e., the transmission and/or delivery of power and energy to customers over the lines of a third party) expenses are based on contractual and/or tariff rates of the service provider and are recovered through customer rates or pass-through provisions in customer contracts.

CANAL CORPORATION

Effective January 1, 2017, the Canal Corporation became a subsidiary of the Authority, and the Authority assumed certain powers and duties relating to the Canal System to be exercised through the Canal Corporation. The Canal Corporation operates at a loss and is expected to require substantial operating and maintenance support and capital investment. The Canal Corporation's expenses are expected to be funded by transfers of funds from the Authority. Any transfer of funds would be subject to approval by the Authority's Board of Trustees and compliance with the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented. Certain expenses eligible for reimbursement are expected to be reimbursed to the Authority by moneys held in the Canal Development Fund maintained by the State Comptroller and the Commissioner of Taxation and Finance.

On January 29, 2020, the Board of Trustees authorized an investment of up to $300 million over five years for the Reimagine the Canals initiative ("Reimagine the Canals") and approved $30 million to fund Reimagine the Canals in 2020. Reimagine the Canals encompasses three prongs: (1) funding for economic development projects in communities along the Canal System, (2) funding for projects that will help prevent ice jams and related flooding, and (3) funding for projects related to mitigation of drought impacts on agriculture, expansion of fishing opportunities, flood mitigation, invasive species prevention, and ecosystem restoration.

Given the age of the Canal System, the Authority expects significant maintenance and capital investments will be required to assure the Canal System's continuing operation. The Authority's budget and financial plan for the Canal System and the Reimagine the Canals initiative combined, for, 2023-2026 includes operating and capital expenditures necessary to operate, maintain, and repair the system. The Authority will continue to evaluate the condition of the Canal System and expects to allocate additional funding if deemed necessary through its annual budgeting process or reduce funding if efficiencies are found. The Authority is also exploring additional funding opportunities through state and federal programs.

ELECTRIC VEHICLE ACCELERATION INITIATIVE

As of October 31st, 2022, approximately $32 million of an allocated $67 million has been spent for an electric vehicle acceleration initiative called EVolve NY. The Authority will own and operate a charging network of 800 DC fast chargers across the state, the first of which became operational in September 2020.

ECONOMIC OUTLOOK AND VIEW ON ENERGY MARKETS

New York State is witnessing some of the highest energy prices in recent history. NYISO zonal prices have increased when compared to last year driven by higher natural gas prices. Industry experts have attributed the increase to below-average storage volumes, a rise in liquified natural gas demand, inflation, fuel supply disruptions in Europe due to the war in Ukraine, fewer coal and nuclear power plants, and seasonal weather events. Energy prices will continue to correlate with natural gas prices. Energy prices are forecasted to remain at the current levels for the foreseeable future as New York State continues to transition away from traditional generators to renewables and new technology.

Ancillary Service pricing is anticipated to remain static over the next few years. As intermittent generation increases, the need for system flexibility is also likely to increase.

Capacity prices are expected to increase above recent lows for New York City and flatten in Upstate New York. In 2022, the slight increase in the in-city Locational Capacity Requirement provided support for NYC prices, while capacity prices in the New York Rest of State (“ROS”) location declined in 2022, as both the Installed Reserve Margin (“IRM”) and NYISO peak load forecast decreased. The current expectation for 2023 is that ROS prices will flatten or possibly increase in the summer months based on a higher 2023 preliminary IRM value, while NYC prices will likely show significant near-term strength, due to expected asset retirements beginning Winter 2022-2023 and Summer 2023.

The Regional Greenhouse Gas Initiative is a mature program at this point, but efforts by the NYISO to support decarbonization by assessing a carbon dioxide charge commensurate with the social cost of carbon, or a federal assessment at such levels, could shift wholesale power prices upwards. This represents an opportunity for renewable generators and providers of energy efficiency and energy management services.

INVESTMENT INCOME

Investment of the Authority’s funds is administered in accordance with the applicable provisions of the Bond Resolution and within the Authority’s investment guidelines. These guidelines comply with the New York State Comptroller’s investment guidelines for public authorities and were adopted pursuant to Section 2925 of the New York Public Authorities Law.

The Authority’s investments include, but are not limited to (a) collateralized certificates of deposit, (b) direct obligations of or obligations guaranteed by the United States of America or the State of New York, (c) obligations issued or guaranteed by certain specified federal agencies and any agency controlled by or supervised by and acting as an instrumentality of the United States government, and (d) obligations of any state or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which is rated in any of the three highest long-term rating categories, or the highest short-term rating category, by nationally recognized rating agencies.

The Authority’s investments in the debt securities of Federal Home Loan Bank rated AAA by Moody’s Investors Services and AA+ by Standard & Poor’s; Federal National Mortgage Association, Federal Farm Credit Bank and Federal Home Loan Mortgage Corp. were rated AAA by Moody’s Investors Services, AAA by Fitch Ratings, and AA+ by Standard & Poor’s. All of the Authority’s investments in U.S. debt instruments are issued or explicitly guaranteed by the United States government.

INTEREST

In response to a tight labor market and rising inflation from an overheated economy, the Federal Open Market Committee has so far raised the target range of the federal funds rate 300 basis points in 2022, with more hikes expected into 2023, according to committee member projections.

US Treasury Yield Curve Forecast				
	2 Year	**5 Year**	**10 Year**	**30 Year**
Current	4.46	4.26	4.11	4.26
4Q '22	4.00	3.85	3.75	3.85
1Q '23	4.20	4.00	3.90	4.00
2Q '23	4.30	4.10	4.00	4.10
3Q '23	4.30	4.10	4.00	4.10
4Q '23	4.30	4.10	4.00	4.10

Source: Goldman Sachs Global Investment Research, Bloomberg.

OPERATIONS AND MAINTENANCE EXPENSES

Operations and Maintenance Forecast by Cost Element
(In $ Millions)

	2023	2024	2025	2026
Payroll				
Regular Pay	$279.3	$286.8	$294.5	$302.4
Overtime	13.2	13.6	14.0	14.4
Other Payroll	8.7	8.8	8.9	9.0
Total Payroll	**301.2**	**309.2**	**317.4**	**325.8**
Other O&M				
Benefits	163.5	173.0	179.8	186.7
Materials/Supplies	30.2	30.9	31.7	32.5
Fees	11.5	11.9	12.2	12.6
Office and Stationery	29.3	30.1	30.9	31.7
Maintenance Repair, Service Contracts and Consultants	237.7	246.6	254.4	259.0
Total Other	**472.2**	**492.5**	**509.0**	**522.5**
Charges to				
Outside Agencies	19.8	20.2	20.7	21.3
Capital Programs	(71.9)	(73.9)	(75.9)	(77.9)
Total Charges	**(52.1)**	**(53.7)**	**(55.2)**	**(56.7)**
Research and Development	**13.5**	**13.5**	**13.5**	**13.5**
Total O&M	**$734.8**	**$761.5**	**$784.7**	**$805.1**

Detailed Breakout of 2023 O&M by Facility

(In $ Millions)

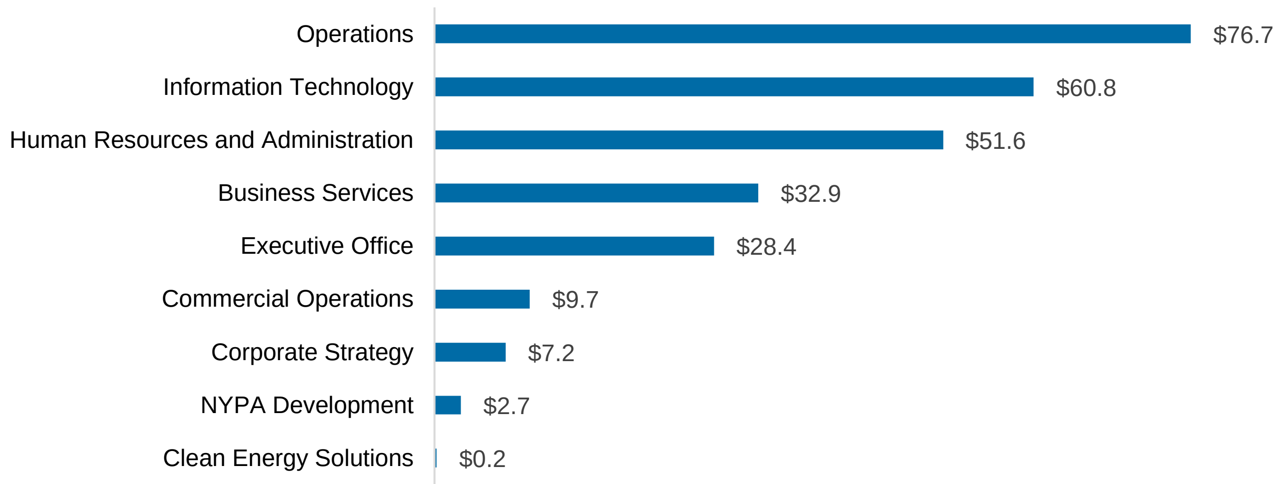
Profit Center	Site O&M	HQ	R&D	Total
Niagara	$67.2	$68.8	$3.4	$139.3
St. Lawrence	37.2	35.8	2.3	75.3
Blenheim-Gilboa	24.5	14.7	0.5	39.7
Small Clean Power Plants	24.9	12.5	0.4	37.8
Flynn	9.8	5.3	0.2	15.3
Small Hydro	7.7	5.5	0.2	13.3
Zeltmann	40.4	17.8	0.6	58.8
Recharge NY	3.6	1.1	0.0	4.8
SENY	26.4	8.3	0.3	34.9
Transmission	51.3	100.5	5.8	157.5
Total Sites, HQ and R&D	**$293.0**	**$270.2**	**$13.5**	**$576.6**

Other O&M Categories	
CES	$23.5
NYEM	$6.6
Nonchargeable Profit Centers*	$10.0
Total NYPA O&M	**$616.8**
Total Canals O&M	**$101.9**
Total SFP	**$16.1**

** Nonchargeable profit centers include: e-Mobility, EVolve and Large Energy Storage.*

Further Breakout of NYPA 2023 Headquarters Expenses

NYPA Corporate & Operations Headquarters $270.2M



DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation of capital assets is generally provided on a straight-line basis over the estimated lives of the various classes of capital assets. The related depreciation provisions on December 31, 2021, expressed as a percentage of average depreciable capital assets was 2.7%.

OTHER EXPENSES

The Other Expenses category largely reflects various accruals and other miscellaneous expenses (e.g., payments to the NNYED and WNY funds) some of which require Board of Trustees authorization on a case-by-case basis.

CAPTIVE

NYS Bill Number S7087A/A7087 authorizes the Authority to form a pure captive insurance company. The bill was passed by the NY Senate and Assembly and was delivered to and signed by the NY State Governor on May 9, 2022. NYPA's Board of Trustees have since approved the formation of a captive insurance company, and the Authority is awaiting license approval from the NYS Department of Financial Services. At this time, this process is expected to be completed during the fourth quarter of 2022. Subsequently, a separate legal entity will be established by the Authority to conduct all captive insurance business. It is anticipated that the existence of a captive insurer will result in cost savings to the Authority by reducing the need for commercial insurance and creating an efficient and effective claims handling process which will further enable the Authority to manage its overall risk more effectively and economically.

SEPARATELY FINANCED PROJECTS ("SFP")

In January 2022, the Authority's Trustees authorized the issuance of Green Transmission Project Revenue Bonds, Series 2022A (the "Transmission Revenue Bonds"), under a new Transmission Bond Resolution, separate and apart from the Authority's General Bond Resolution. The Transmission Revenue Bonds were issued on a tax-exempt basis, in an aggregate principal amount of approximately $608 million, during April of 2022.

The proceeds from the issuance of the Transmission Revenue Bonds will be used to fund a portion of capital expenditures related to the on-going Smart Path and CEEC transmission construction projects (the "2022A SFP Transmission Projects"); reimburse expenses related to Transmission Revenue Bonds project costs; and to pay financing and other costs relating to the issuance of the Transmission Revenue Bonds. The Transmission Revenue Bonds are neither payable from, nor secured by, revenues pledged directly or indirectly under the Authority's General Bond Resolution. The Transmission Revenue Bonds are limited obligations of the Authority, payable solely from and secured by the SFP Transmission Trust Estate pledged under the Transmission Bond Resolution. This resolution includes, but is not limited to, the revenues (net of operating costs) allocable to the 2022A SFP Transmission Projects. The SFP Transmission Trust Estate does not include any real property, structures, facilities, or equipment owned by the Authority.

d. SELF-ASSESSMENT OF BUDGETARY RISKS

Set forth below is a summary of key risks associated with the Authority's assets and operations. The following discussion of risks is intended only as a summary and does not purport to identify all the risk factors that may affect the Authority's assets and operations. Any one or more of the factors discussed and others could adversely affect the Authority's operations, assets, revenues, and expenses to an extent that cannot be determined at this time.

Our business units represent the first line of defense in identifying and mitigating risk within each of their verticals. This is complemented by a robust, ongoing assessment process, overseen by the Authority's Risk and Resilience group and through legal review.

During the annual budgeting process, the Financial Planning and Analysis team is responsible for consolidating information received from various departments at NYPA that are input into our financial forecast. The team actively engages and challenges all assumptions as we work toward representing the most likely future financial outcome for the Authority. Additionally, the Board of Trustees authorized an enterprise-wide risk management program through an established Risk Management group that supports the business with the identification, assessment, mitigation, and monitoring of risks.

NYPA's enterprise risk and resilience efforts are guided by the principles of ISO-31000 Risk Management and COSO Enterprise Risk Management and support risk-informed decision-making across the organization. NYPA Risk Management utilizes a five-step risk lifecycle for managing risks: identify, assess, respond, monitor, and report. Risks and opportunities can be identified from various sources. Examples of possible internal and external sources for risk identification include employees, contractors, industry-relevant reports, and professional networks. Methods to identify risks include assessments, surveys, workshops, business planning/brainstorming, and incident response.

NYPA Risk Management maintains a Risk Register and an Enterprise Governance, Risk and Compliance system. Risk assessments are typically performed using a 5X5 risk rating matrix which maps impact and likelihood across several risk impact types and likelihood ranges.

Enterprise risks are reported by the Risk Management department to the Executive Risk and Resilience Management Committee and included in an annual report to the Board's Finance and Risk Committee.

Enterprise Level Risks

REGULATORY ENVIRONMENT RISKS

Congressional, State, and regulatory action for the increased regulation of air, water and contaminants is periodically considered, and there are potential legislative and regulatory proposals which may affect the electric utility industry, including the Authority. It is not possible to predict whether any of such bills or other bills of a similar type which may be introduced will be enacted. In addition, from time to time, legislation is enacted into New York State Law that purports to impose financial and other obligations on the Authority, either individually or along with other public authorities or governmental entities. The applicability of such provisions to NYPA would depend upon, among other things, the Authority's operations of any such proposals is not predictable or quantifiable.

On July 18, 2019, the state enacted the CLCPA as Chapter 106 of the Laws of 2019 ("Chapter 106"). The date upon which most provisions of Chapter 106 will become effective are dependent on the date that related legislation becomes effective.

Several provisions of Chapter 106 could potentially impact the Authority's business and operations, such as the following: (1) provisions authorizing the state Department of Environmental Conservation to promulgate regulations establishing limits on statewide greenhouse gas ("GHG") emissions and to ensure compliance with such limits; (2) a requirement that specified state entities, including the Authority, adopt regulations to contribute to achieving statewide GHG emissions; (3) a requirement that state entities, including the Authority, assess and implement strategies to reduce GHG emissions; (4) consideration of whether actions that the Authority would undertake in the course of its operations are consistent with state GHG emission limits that will be established pursuant the enactment; and (5) potential allocation or realignment of resources to support the state's clean energy and energy efficiency goals for disadvantaged communities.

Many of the provisions of Chapter 106 that could impact the Authority are not likely to be implemented for several years, based on deadlines established in the enactment. Therefore, the Authority cannot evaluate the impact of any particular provision of Chapter 106 on the Authority's business and operations at this point.

LEGISLATIVE ENVIRONMENT RISKS

Section 1011 of the Act constitutes a pledge of the state to holders of Authority obligations to not limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the holders thereof. Several bills have been introduced into the State Legislature, some of which propose to limit or restrict the powers, rights, and exemption from regulation which the Authority possesses under the Act and other applicable law, or otherwise would affect the Authority's financial condition or its ability to conduct its business, activities, nature of the obligations imposed and the applicability of the pledge of the state set forth in Section 1011 of the Act to such provisions. There can be no assurance that NYPA will be immune from the financial obligations imposed by any such provision.

HYDROPOWER GENERATION RISK

The Authority's net income is highly dependent upon generation levels at its Niagara and St. Lawrence-FDR power projects. The generation levels are a function of the hydrological conditions prevailing on the Great Lakes - primarily, Lake Erie (Niagara Power Project) and Lake Ontario (St. Lawrence-FDR Power Project). The long-term generation level at the two projects is approximately 20.3 terawatt-hours ("TWH") annually. NYPA's hydroelectric generation forecasts are as follows, 22.0 TWH in 2023, 22.6 TWH in 2024, 23.1 TWH in 2025, and 23.4 TWH in 2026.

Environmental or external factors (e.g., climate change, precipitation, flooding, and ice conditions) can cause hydrological conditions to vary considerably from year to year. Hydropower generation may also face risks due to transmission line constraints within the region impacting the ability to generate energy and increased competitiveness of other types of renewable generation.

Since the establishment of the Projects the average stardard deviation is approximately two TWH. For every half a TWH movement the estimated net income impact is $20 million based on current market prices.

SUSTAINED MARGIN REDUCTION AND COMMODITY MARKET PRICE VOLATILITY RISK

Through its participation in the NYISO and other commodity markets, NYPA is subject to electric energy price, fuel price, and electric capacity price risks that impact the revenue and purchased power streams of its facilities and customer market areas. Volatility can have both a detrimental and advantageous effect on NYPA's financial condition.

To moderate cost impacts to its customers and itself, NYPA, at times, hedges market risks via the use of financial instruments and physical contracts. Hedges mitigate the cost of energy or related products needed; to mitigate uncertainty in the price of energy and related products sold by NYPA; to mitigate risk related to electric margins from electric sales versus fuel use where NYPA owns generation or other capacity; and mitigation of geographic cost differentials of energy procured or sold for transmission or transportation to an ultimate location.

Hedges effectuated on behalf of NYPA's customers are passed through, at cost, as provided for in customer contracts. Commodities able to be hedged include, but are not limited to, natural gas, natural gas basis, aluminum, electric energy, electric capacity, and congestion costs associated with the transmission of electricity.

On July 21, 2010, President Barack Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DF Act") which addresses, among other things, interest rate and energy related commodity swap transactions of the type in which NYPA engages. The requirements and processes are set forth in regulations promulgated by the Commodities Futures Trading Commission ("CFTC"). Pursuant to CFTC rules, the swaps solely to manage its risk, is exempt from posting collateral beyond that of any existing credit support annexes in support of its open over-the-counter hedge positions.

These CFTC rules are not anticipated to have significant impact on NYPA's liquidity and/or future risk mitigation activities. CFTC and DF Act rules are still being promulgated, and the Authority will continue to monitor their potential impact on its liquidity and/or future risk mitigation activities.

DISRUPTIVE INNOVATION AND CUSTOMER ENERGY CHOICES

Transformative technologies and customer empowerment create uncertainty for the Authority and the electric utility industry that can produce new business opportunities or reduced demand for electric energy. Through its Strategic Planning and Risk Management processes, NYPA regularly evaluates its mission, objectives, and customer needs, and seeks to appropriately position itself to effectively meet the challenges of the transforming electric industry. This is done through a long-term asset management strategy and a suite of customer solutions, including new/modified product offerings. The impact on NYPA's operations of any such industry transformation is not predictable or quantifiable.

ATTRACT, DEVELOP, AND RETAIN A DIVERSE AND QUALIFIED WORKFORCE

Like many other industries, the power and utility sectors are seeing increased competition for, and a general shortage of, talent in high-skilled areas. This is expected to continue and be further impacted by transformations in the industry where new technologies are being developed and deployed.

The Authority recognizes the uncertainty with being able to attract and retain the skills and competencies needed to meet objectives. NYPA regularly evaluates and positions its recruiting, talent development and benefits programs accordingly, through its workforce planning strategic initiative and other ongoing efforts. Facilities and corporate offices are prepared to respond to any natural or man-made threat.

CYBER AND PHYSICAL SECURITY

The federal government recognizes the electric utility industry as critical infrastructure and works closely with the industry to ensure awareness of ongoing threats and that appropriate protections are in place against physical and cyber-attacks. NYPA constantly assesses the nature of these risks and adjusts its resources to best anticipate and respond to any threats.

Investments to harden physical and cyber assets, and their related infrastructure, are continually assessed to minimize potential adverse impacts to the bulk electric system, detect and deter sabotage attempts, and protect the Authority and its customer information. NYPA further mitigates its cyber risk through the purchase of insurance.

DATA MANAGEMENT

NYPA leverages its connectivity, analytics, and digital infrastructure to optimize physical and data assets, enable its workforce and empower customers. Collecting, managing, evaluating, and protecting the increased data associated with enhanced digitization efforts introduces additional risk exposure. NYPA has classified its data based on risk tiers and utilizes an information architecture map to visualize the systems in use. Cyber security solutions, as well as resiliency risk management planning tools support the management of data at NYPA.

BUSINESS CONTINUITY

A catastrophic natural event such as severe weather, flooding or an earthquake can negatively affect the operations of Authority assets and the bulk electric system. NYPA regularly evaluates the resiliency of its assets. In addition, the Authority has implemented disaster planning programs relating to Emergency Management, Disaster Recovery and Business Continuity. These plans utilize an all-hazards approach to ensure the Authority's operating facilities and corporate offices are prepared to respond to any natural or man-made threat.

The Authority regularly conducts drills and exercises to ensure advance preparation for these types of events. NYPA maintains close working relationships with local first responders and government agencies to ensure its ongoing preparedness. An outbreak of disease or similar public health threat, such as a pandemic, or fear of such an event, could have an adverse impact on the Authority's financial condition and operating results.

FRAUD AND INSIDER THREAT

The Authority recognizes the potential of insider activities perpetrated by personnel who have or had authorized access to NYPA facilities, information, or systems that could negatively impact the organization. Several functions across the Authority (e.g., Ethics and Compliance, Legal, Cyber Security, Physical Security, etc.) have controls in place that deter, detect, and mitigate discreet threats caused by insiders such as monitoring privileged users, managing remote access, limiting end points, enforcing separation of duties, and maintaining least privilege rights.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE, AND DIVERSITY, EQUITY AND INCLUSION

The Authority is accountable to its stakeholders to effectively manage Environmental, Social and Governance, and Diversity, Equity and Inclusion as evidenced by the prominent inclusion in our strategic VISION2030. Ineffective management of NYPA's ESG and DEI efforts may result in financial, reputational, or operational impacts.

The Authority relies on a robust and inclusive approach to ESG and DEI governance and uses a strategic governance framework to elevate concerns across all levels of leadership and key business units. This promotes the effective oversight, implementation, and disclosure of ESG and DEI goals, commitments, and initiatives.

THIRD PARTY RISK

The Authority recognizes the potential risk exposure of a diversified third party portfolio. A limited supply base, supply chain disruption, geopolitical tensions, and changes in supplier laws and regulations can increase third party risk exposure to NYPA if not managed adequately.

The Authority has a dedicated Strategic Supply Management team that works in conjunction with other business units and third parties to understand their plans for local/domestic sourcing, instead of relying on manufacturing equipment from overseas to identify readily available alternatives and increase business resiliency.

NYPA maintains focus on key partners and vendors to ensure quality products and services are delivered and are aligned with ESG/DEI goals.

CANAL CORPORATION

The Authority has identified key risk areas relating to the Canal Corporation and continues to employ and assess risk mitigation options across multiple enterprise risk fronts to manage or reduce potential exposures. As part of the ongoing Canals management strategy, the Authority will adjust and allocate resources accordingly.

COVID-19

The COVID-19 pandemic changed societal and business operation norms and impacted the risk profiles of organizations globally. Despite the uncertainty associated with COVID-19 (i.e., further vaccine development, vaccination status, treatment advancements, or additional COVID-19 variants) NYPA is mitigating its risk through proactive and robust pandemic responses plans. The Authority is well positioned to address future pandemic and business concerns by employing mitigation strategies such as an Incident Command System, Business Continuity Plans, and Return to Work procedural and physical modifications.

CRITICAL INFRASTRUCTURE

NYPA is exposed to potential critical infrastructure failure that may lead to service disruption, injury and/or degradation of system reliability, all of which could impact financial results. The Authority engages in several activities to mitigate these risks, including ISO 55001 Asset Management certification, the purchase of insurance, redundancy of major equipment, capital investments and a robust operations maintenance program.

Furthermore, the rigor of NYPA's Asset Management best practices have improved consistent use of data to understand asset health, enhanced monitoring of asset conditions to allow NYPA to prioritize investment based on risk and ensured that NYPA is prepared for energy industry transformations that are imminent to support meeting New York State's CLCPA goals.

WORKFORCE HEALTH AND SAFETY

NYPA is exposed to a variety of health and safety risks. The health and safety of NYPA's workforce, customers, contractors, and the citizens of New York State are of the highest priority to the Authority. NYPA has multiple levels of controls, policies, procedures, and training programs in place to reduce and/or eliminate health and safety incidents.

Litigation Risk

ST. REGIS LITIGATION

In 1982 and 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits (the St. Regis litigation) against the state, the state's governor, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority, and others. The plaintiffs claimed ownership of certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. The islands are within NYPA's St. Lawrence-FDR Power Project and Barnhart Island is the location of significant NYPA facilities. Settlement discussions were held periodically between 1992 and 1998. In 1998, the federal government intervened on behalf of all Mohawk plaintiffs.

The parties agreed to a land claim settlement, dated February 1, 2005, which, if implemented, would have included the payment by the Authority of $2 million a year for 35 years to the tribal plaintiffs and the provision of up to 9 MW of low-cost NYPA power for use on the reservation. The legislation required to effectuate the settlement was not enacted and the litigation continued.

In 2013, all claims against NYPA were dismissed and the lawsuit against the Authority was concluded. On May 28, 2014, New York State, the St. Regis Mohawk Tribe, St. Lawrence County, and the Authority executed a Memorandum of Understanding ("St. Regis MOU") that outlined a framework for the possible settlement of all the St. Regis land claims.

In the St. Regis MOU, the Authority endorses a negotiated settlement that, among other terms and conditions, would require NYPA to pay the tribe $2 million a year for 35 years and provide up to 9 MW of its hydropower at preference power rates to serve the needs of the tribe's reservation. The St. Regis MOU would require an Act of Congress to forever extinguish all Mohawk land claims prior to such a settlement becoming effective.

Any settlement agreement, including the terms endorsed in the St. Regis MOU, would in the first instance need to be negotiated and agreed upon by all parties to the St. Regis litigation, including parties that did not execute the St. Regis MOU, such as the two other Mohawk groups, the federal government, and Franklin County. In addition, before any settlement becomes effective and NYPA would be obligated to make any payments contemplated by the St. Regis MOU, federal and state legislation must be enacted which approves the settlement and extinguishes all Mohawk land claims. NYPA is continuing to monitor settlement discussions which are ongoing with some of the parties to the St. Regis litigation.

MISCELLANEOUS

Additional actions or claims against the Authority are pending for the taking of property in connection with its projects, for negligence, for personal injury (including asbestos-related injuries), in contract, and for environmental, employment and other matters. All such other actions or claims will, in NYPA's opinion, be disposed of within the amounts of the Authority's insurance coverage, where applicable, or the amount which NYPA has available therefore and without any material adverse effect on its business.

e. REVISED FORECAST OF 2022 BUDGET

Revised Forecast of 2022 Budget
(In $ Millions)

	Original Budget 2022	Revised Forecast 2022	Variance Favorable / (Unfavorable) 2022
Operating Revenues			
Generation and Transmission Revenue	$2,890.9	$3,785.4	$894.4
Other Revenue	33.0	28.3	(4.7)
Total Operating Revenues	**2,923.9**	**3,813.7**	**889.7**
Operating Expenses			
Purchased Power	722.8	1,053.2	(330.4)
Fuel Consumed - Oil and Gas	272.3	500.8	(228.5)
Wheeling Expenses	798.0	885.8	(87.8)
Operations and Maintenance	635.2	614.0	21.2
Other Expenses	83.8	210.6	(126.8)
Allocation to Capital	(50.6)	(50.6)	0.0
Total Operating Expenses	**2,461.5**	**3,213.9**	**(752.4)**
NET OPERATING INCOME	**462.4**	**599.8**	**137.4**
Other Income			
Investment Income	18.0	20.9	2.9
Other Income	0.0	(42.6)	(42.6)
Total Other Income	**18.0**	**(21.7)**	**(39.7)**
Non Operating Expenses			
Depreciation and Amortization	321.1	327.1	(6.0)
Interest and Other Expenses	97.6	132.0	(34.5)
Total Non Operating Expense	**418.7**	**459.1**	**(40.4)**
NET INCOME	**$61.8**	**$119.0**	**$57.2**

f. RECONCILIATION OF 2022 BUDGET AND 2022 REVISED FORECAST

As of September 2022, year-end net income is forecasted to be $119 million, which is $57 million above budget. This variance is primarily due to favorable power prices, increased fossil generation, and higher customer revenue, which are partially offset by unfavorable hedge settlements and above average natural gas cost.

In addition, higher than budgeted ATRR revenue of $37 million effective with the new rate year beginning in July 2022, higher than budgeted Flexible Alternating Current Transmission Systems revenue of $27 million resulting from higher congestion pricing, and an increase to HTP revenue of $12 million. These favorable variances are partially offset by higher operating costs and additional other expense.

g. STATEMENT OF 2021 FINANCIAL PERFORMANCE

Net Income - Actual vs. Budgeted for the Year ended December 31, 2021

(In $ Millions)

	Budget 2021	Actual 2021	Variance Favorable / (Unfavorable) 2021
Operating Revenues			
Generation and Transmission Revenue	$2,513.2	$2,713.8	$200.5
Other Revenue	27.4	26.9	(0.5)
Total Operating Revenues	**2,540.6**	**2,740.6**	**200.0**
Operating Expenses			
Purchased Power	691.8	538.8	153.0
Fuel Consumed - Oil and Gas	119.2	189.9	(70.7)
Wheeling Expenses	642.2	848.6	(206.4)
Operations and Maintenance	607.9	595.4	12.5
Other Expenses	129.7	148.0	(18.4)
Allocation to Capital	(59.1)	(48.9)	(10.2)
Total Operating Expenses	**2,131.6**	**2,271.8**	**(140.2)**
NET OPERATING INCOME	**409.0**	**468.8**	**59.8**
Other Income			
Investment Income	19.6	18.3	(1.4)
Other Income	0.0	0.0	0.0
Total Other Income	**19.6**	**18.3**	**(1.4)**
Non Operating Expenses			
Depreciation and Amortization	258.4	280.6	(22.2)
Interest and Other Expenses	129.3	133.8	(4.5)
Total Non-Operating Expenses	**387.6**	**414.4**	**(26.7)**
NET INCOME	**$41.0**	**$72.7**	**$31.7**

SUMMARY OF 2021 FINANCIAL PERFORMANCE

The Authority had net income of $73 million for the year ended December 31, 2021, compared to budgeted net income of $41 million, an increase of $32 million. The 2021 increase in net income compared to budget was primarily due to higher operating revenues of $200 million resulting from higher market-based energy sales due to higher market prices, offset by higher interest and other expenses of ($5 million), and higher operating expenses of ($162 million).

h. EMPLOYEE DATA – NUMBER OF EMPLOYEES, FULL TIME, FTES, AND FUNCTIONAL CLASSIFICATION

Headcount Projections 2023-2026

NYPA	2023	2024	2025	2026
Headquarters	635	635	635	635
Power Generation	1,181	1,181	1,181	1,181
Transmission	218	218	218	218
R&D	14	14	14	14
Total NYPA	**2,048**	**2,048**	**2,048**	**2,048**
Canal Corporation	482	482	482	482
Total NYPA and CANAL CORPORATION*	**2,530**	**2,530**	**2,530**	**2,530**

** Authorized positions including vacancies.*

i. GAP-CLOSING INITIATIVES – REVENUE ENHANCEMENT OR COST-REDUCTION INITIATIVES

When building a multi-year operating plan, NYPA has developed a series of contingency plans to adapt to unforeseen changes in its financial results. The Authority projects positive net income for the 2023-2026 period, constructed upon a level of expenses outlined within this Four-Year Financial Plan. If that net income projection materially changes during the forecast period, NYPA will take actions if deemed appropriate.

j. MATERIAL NON-RECURRING RESOURCES – SOURCE AND AMOUNT

Except as discussed elsewhere in this report, there are no material non-recurring resources expected in the 2023-2026 period.

k. SHIFT IN MATERIAL RESOURCES

There are no anticipated shifts in material resources from one year to another.

l. DEBT SERVICE

New York Power Authority Projected Debt Outstanding (FYE)

(In $ Thousands)

NYPA	2023	2024	2025	2026
General Resolution Revenue Bonds	$1,562,240	$1,547,350	$1,531,605	$1,858,875
Subordinated Notes	$37,010	$35,440	$33,825	$32,155
Commercial Paper Notes	$250,000	$250,000	$250,000	$250,000
Grand Total	**$1,849,250**	**$1,832,790**	**$1,815,430**	**$2,141,030**

Separately Financed Projects Projected Debt Outstanding (FYE)

(In $ Thousands)

SFP	2023	2024	2025	2026
Transmission Resolution Revenue Bonds	$1,367,530	$1,351,630	$1,331,245	$1,298,965
Grand Total	**$1,367,530**	**$1,351,630**	**$1,331,245**	**$1,298,965**

NYPA Debt Service as Percentage of Pledged Revenues (Accrual Based) [1]
(In $ Thousands)

NYPA	2023		2024		2025		2026	
	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue
Revenue Bonds	$68,372	2%	$81,359	2%	$83,999	2%	$102,020	3%
Subordinated Notes	$2,996	0%	$2,999	0%	$2,996	0%	$2,999	0%
Commercial Paper Notes	$9,263	0%	$9,567	0%	$9,888	0%	$10,192	0%
Grand Total Debt Service	**$80,631**	**2%**	**$93,925**	**3%**	**$96,883**	**3%**	**$115,211**	**3%**
Debt Service Coverage Ratio	**8.0X**		**7.1X**		**7.3X**		**6.3X**	

SFP Debt Service as Percentage of Pledged Revenues (Accrual Based) [1]
(In $ Thousands)

SFP	2023		2024		2025		2026	
	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue	Debt Service	% of Revenue
Transmission Resolution Revenue Bonds	$32,541	34%	$74,362	53%	$78,971	43%	$89,874	40%
Grand Total Debt Service	**$32,541**	**34%**	**$74,362**	**53%**	**$78,971**	**43%**	**$89,874**	**40%**
Debt Service Coverage Ratio	**2.5X**		**1.5X**		**1.8X**		**2.0X**	

[1] *2023-2026 Excludes Capitalized Interest Expense.*

NYPA Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt

(In $ Thousands)

Year	Principal	Interest	Total
2023	$3,429	$77,202	$80,631
2024	$16,575	$77,350	$93,925
2025	$17,483	$76,760	$94,243
2026	$18,448	$76,100	$94,549

Proposed Debt

Year	Principal	Interest	Total
2023	$0	$0	$0
2024	$0	$0	$0
2025	$777	$1,863	$2,640
2026	$6,113	$14,549	$20,662

Total Debt

Year	Principal	Interest	Total
2023	$3,429	$77,202	$80,631
2024	$16,575	$77,350	$93,925
2025	$18,260	$78,624	$96,883
2026	$24,562	$90,649	$115,211

SFP Scheduled Debt Service Payments (Accrual Basis) Outstanding (Issued) Debt

(In $ Thousands)

Year	Principal	Interest	Total
2023	$2,032	$26,483	$28,515
2024	$16,473	$26,382	$42,855
2025	$20,662	$25,558	$46,220
2026	$22,263	$24,525	$46,788

Proposed Debt

Year	Principal	Interest	Total
2023	$0	$4,026	$4,026
2024	$0	$31,508	$31,508
2025	$1,243	$31,508	$32,751
2026	$11,630	$31,456	$43,086

Total Debt

Year	Principal	Interest	Total
2023	$2,032	$30,509	$32,541
2024	$16,473	$57,889	$74,362
2025	$21,905	$57,066	$78,971
2026	$33,893	$55,981	$89,874

NYPA Planned Use of Debt Issuances [1]
(In $ Thousands)

NYPA	Amount	Interest Rate	Project / Description
Period January 1, 2023 - December 31, 2023			
Tax Exempt Revenue Bonds	$0	0%	
Taxable Revenue Bonds	$0	0%	
Total Issued 2023	$0		
Period January 1, 2024 - December 31, 2024			
Tax Exempt Revenue Bonds	$0	0%	
Taxable Revenue Bonds	$0	0%	
Total Issued 2024	$0		
Period January 1, 2025 - December 31, 2025			
Tax-Exempt Revenue Bonds	$0	0%	
Taxable Revenue Bonds	$0	0%	
Total Issued 2025	$0		
Period January 1, 2026 - December 31, 2026			
Tax-Exempt Revenue Bonds	$293	4%	Transmission; Headquarters
Taxable Revenue Bonds	$57	5%	Robert Moses Power Plant
Total Issued 2026	$350		

SFP Planned Use of Debt Issuances [1]
(In $ Thousands)

SFP	Amount	Interest Rate	Project / Description
Period January 1, 2023 - December 31, 2023			
Tax Exempt Revenue Bonds	$759	4%	Smart Path Connect
Taxable Revenue Bonds	$0	0%	
Total Issued 2023	$759		
Period January 1, 2024 - December 31, 2024			
Tax Exempt Revenue Bonds	$0	0%	
Taxable Revenue Bonds	$0	0%	
Total Issued 2024	$0		
Period January 1, 2025 - December 31, 2025			
Tax-Exempt Revenue Bonds	$0	0%	
Taxable Revenue Bonds	$0	0%	
Total Issued 2025	$0		
Period January 1, 2026 - December 31, 2026			
Tax-Exempt Revenue Bonds	$0	0%	
Taxable Revenue Bonds	$0	0%	
Total Issued 2026	$0		

[1] Note: The full faith and credit of the Authority are pledged for the payment of bonds and notes in accordance with their terms and provisions of their respective resolutions. The Authority has no taxing power, and its obligations are not debts of the State or any political subdivision of the State other than the Authority. The Authority's debt does not constitute a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Authority. For the years 2024-2025 there is no planned issuance of debt.

m. CAPITAL COMMITMENTS AND SOURCES OF FUNDING

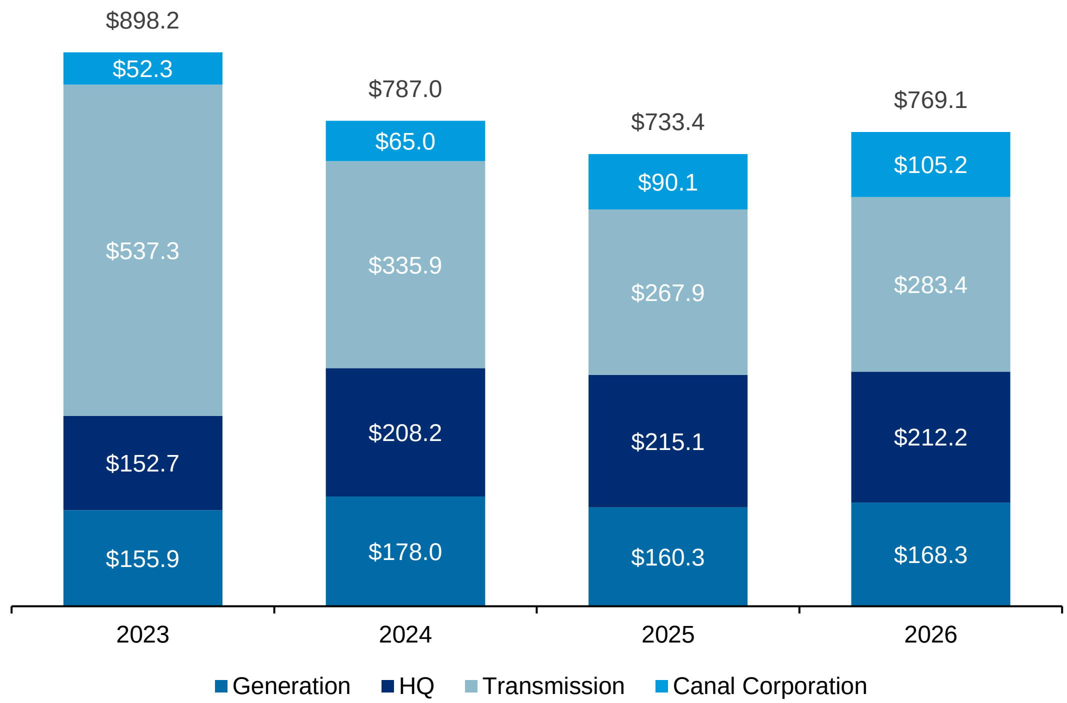
The Authority's commitments for various capital improvements are approximately $3.2 billion over the financial period 2023-2026. NYPA anticipates these improvements will be funded with existing construction funds, internally generated funds, and additional borrowings. We expect to borrow approximately $750 million of bonds in 2023 and $350 million of bonds in 2026. Additionally, the Authority is projecting to spend approximately $1.3 billion in Energy Efficiency Services projects for our customers, which we expect to finance separately. Projected capital commitments during this period include those listed in the table below:

2023-2026 Capital Commitments by Function

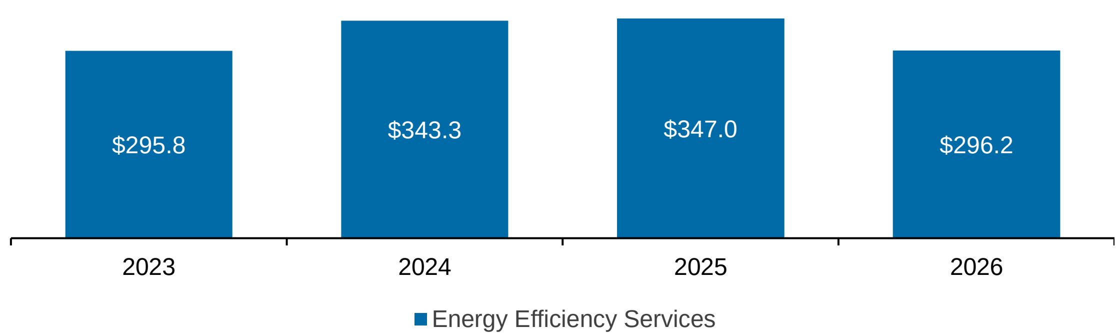
(In $ Millions)

NYPA	2023	2024	2025	2026
Generation				
NextGen Niagara	$64.5	$79.9	$74.4	$75.9
STL 90T and 300T Crane Replacements	1.2	10.6	14.6	6.1
Relicensing and Implementation (All Facilities)	7.2	9.1	10.7	3.3
NNY Earthen Dam Rehabilitation	0.2	8.3	8.1	0.2
Long Sault Dam Capital Program	1.7	5.0	5.0	5.0
LPGP 150T Crane Upgrade	0.6	11.0	0.0	0.0
Robert Moses Substation Replacement	6.8	4.0	0.0	0.0
Other Generation	73.8	50.1	47.4	77.9
Transmission				
Smart Path Connect	263.7	187.8	68.5	6.0
Transmission Business Development	13.0	70.9	119.7	81.1
Transmission LEM	58.5	46.3	35.8	19.3
Propel NY Energy	6.3	12.0	25.0	105.0
Central East Energy Connect	58.2	0.0	0.0	0.0
Smart Path	52.5	0.0	0.0	0.0
Y-49 Nassau Segment Reconductoring	28.1	0.0	0.0	0.0
Other Transmission	57.1	18.8	19.0	72.0
Headquarters				
White Plains Office Infrastructure	8.2	56.8	60.2	22.4
IT Programs and Digitalization	65.6	25.5	31.3	24.9
Reimagine Canals	21.7	34.1	30.9	24.1
Decarbonization and ESG	42.9	23.6	23.3	9.4
Enterprise Resilience	13.9	17.9	18.9	21.7
Other HQ	0.4	50.4	50.4	109.8
Canal Corporation				
Canal Corporation	52.3	65.0	90.1	105.2
Total NYPA and Canal Corporation	**$898.2**	**$787.0**	**$733.4**	**$769.1**
Energy Efficiency Services	**$295.8**	**$343.3**	**$347.0**	**$296.2**

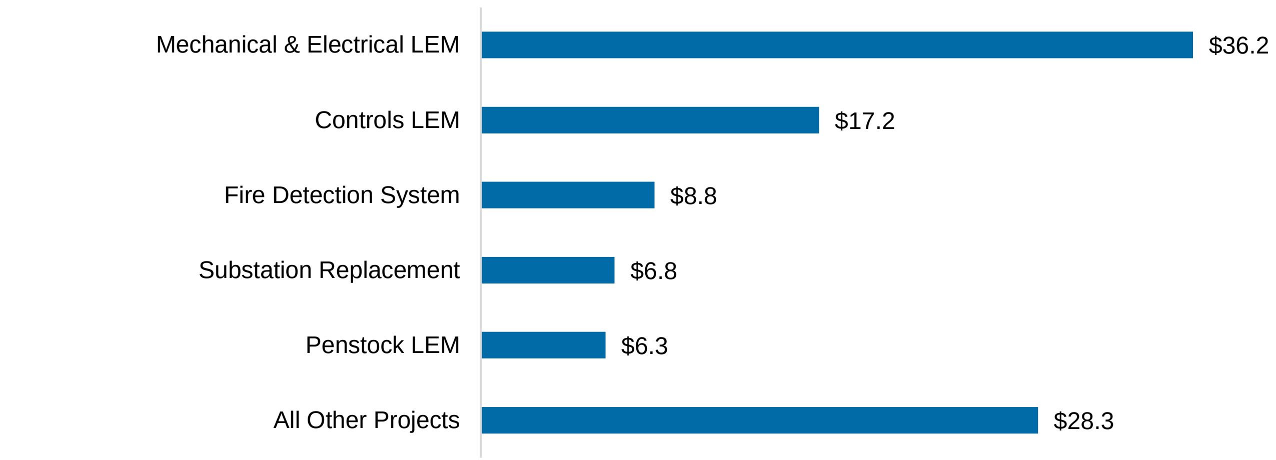
2023-2026 Capital Commitments by Function
(In $ Millions)



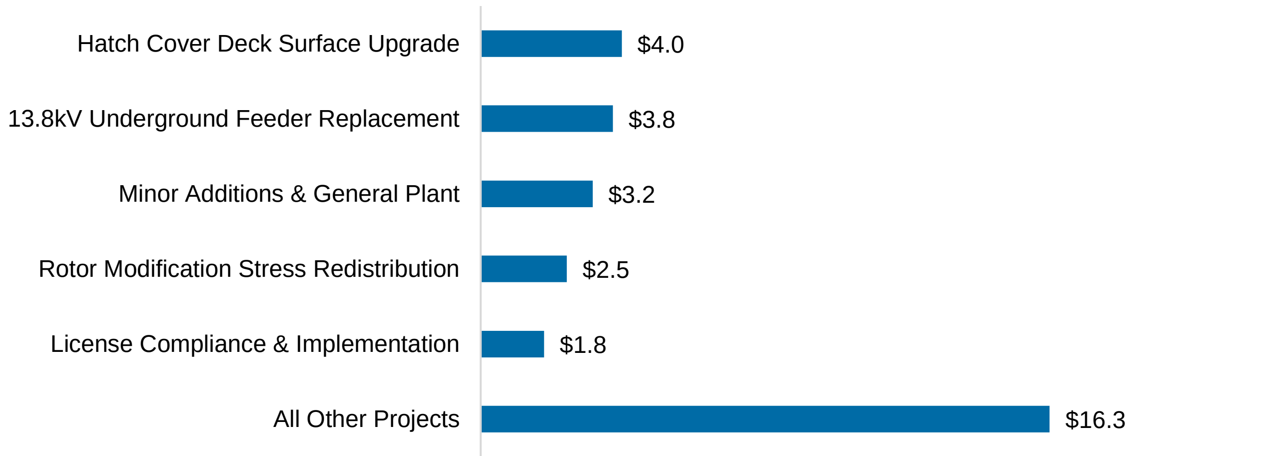
2023-2026 Energy Efficiency Services Capital Commitments
(In $ Millions)



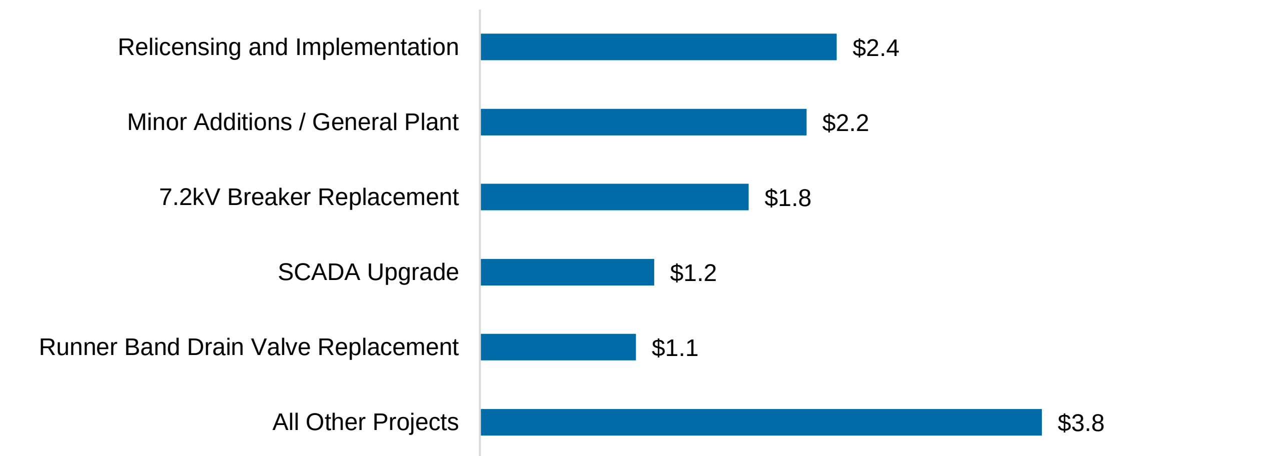
Niagara Capital Projects: $103.7M



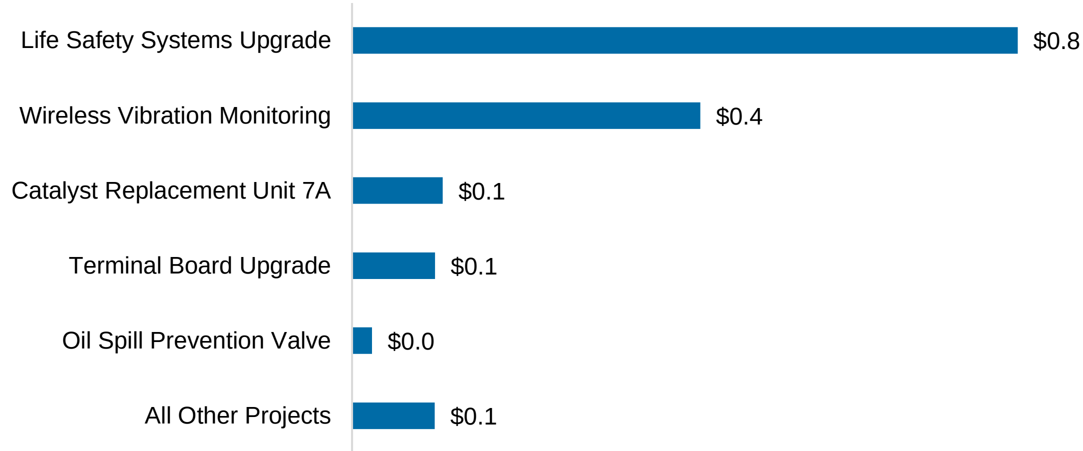
St. Lawrence Capital Projects: $31.5M



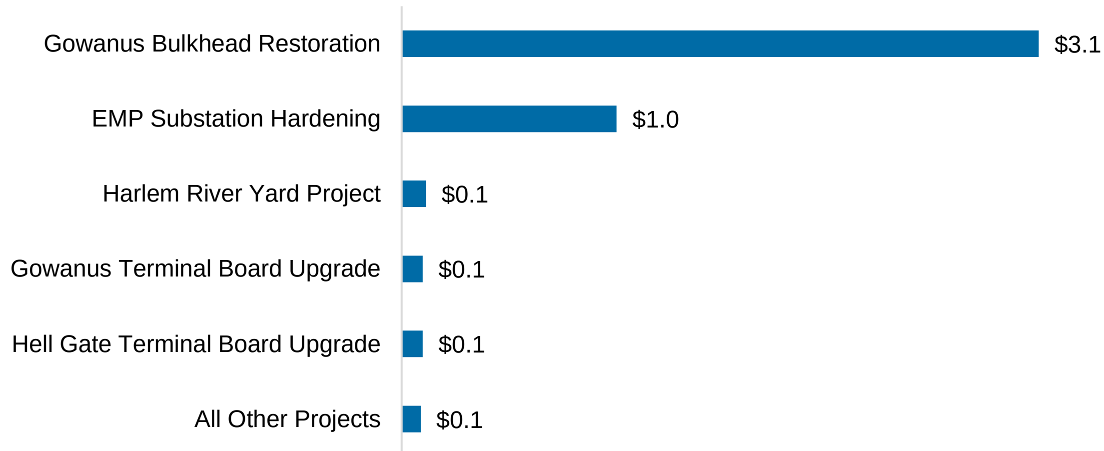
Blenheim Gilboa Capital Projects: $12.6M



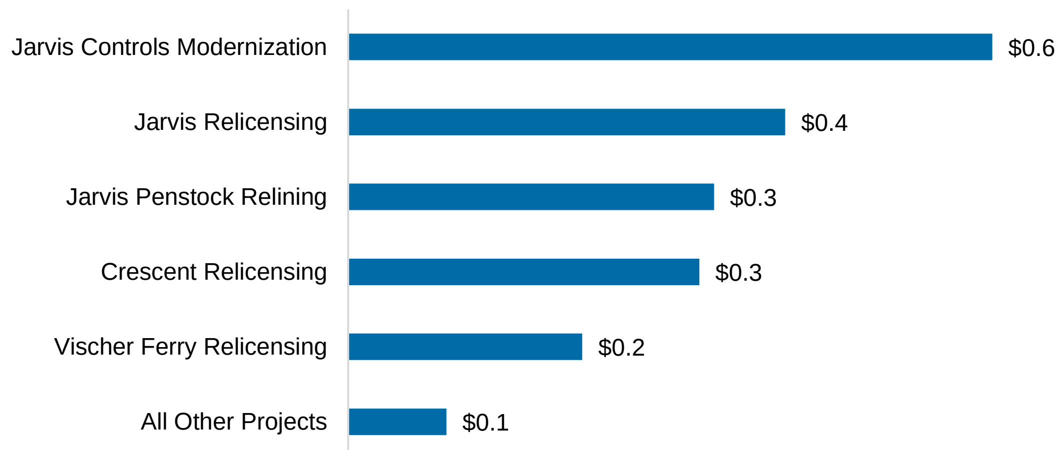
Zeltmann Capital Projects: $1.6M



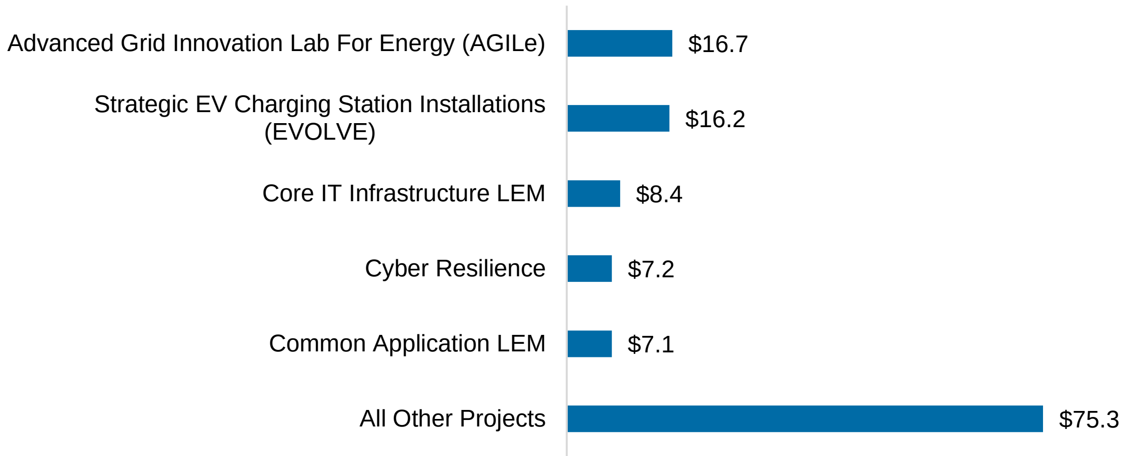
Small Clean Power Plant Capital Projects: $4.5M



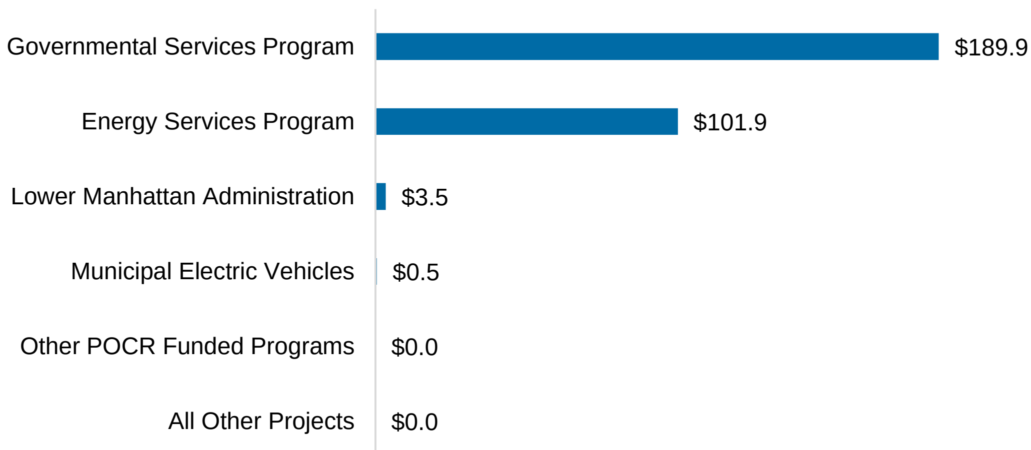
Small Hydro Capital Projects: $1.9M



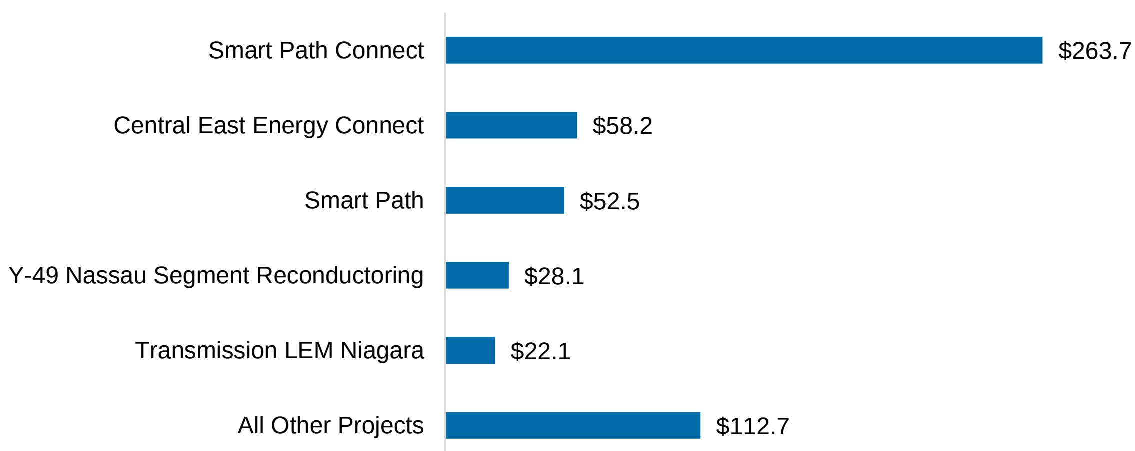
Headquarters Capital Projects: $131M

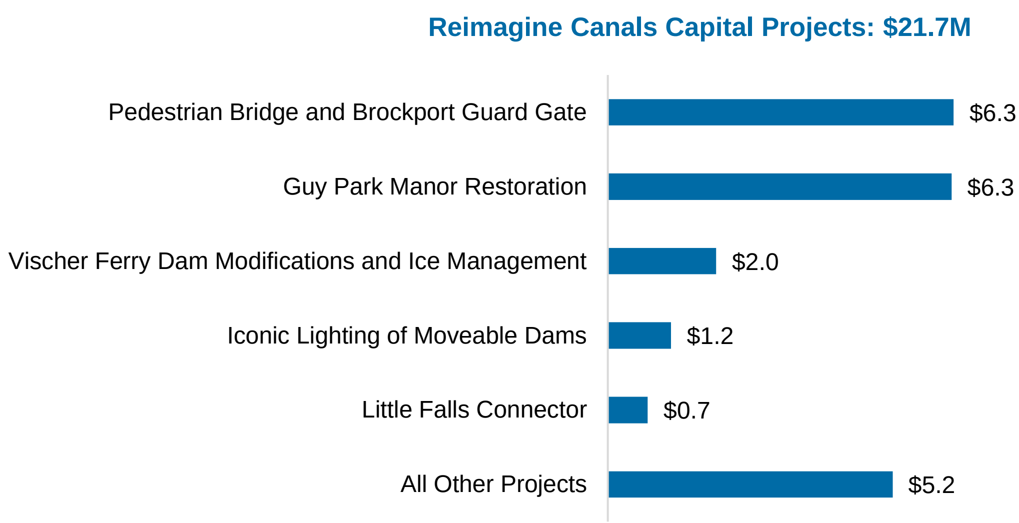


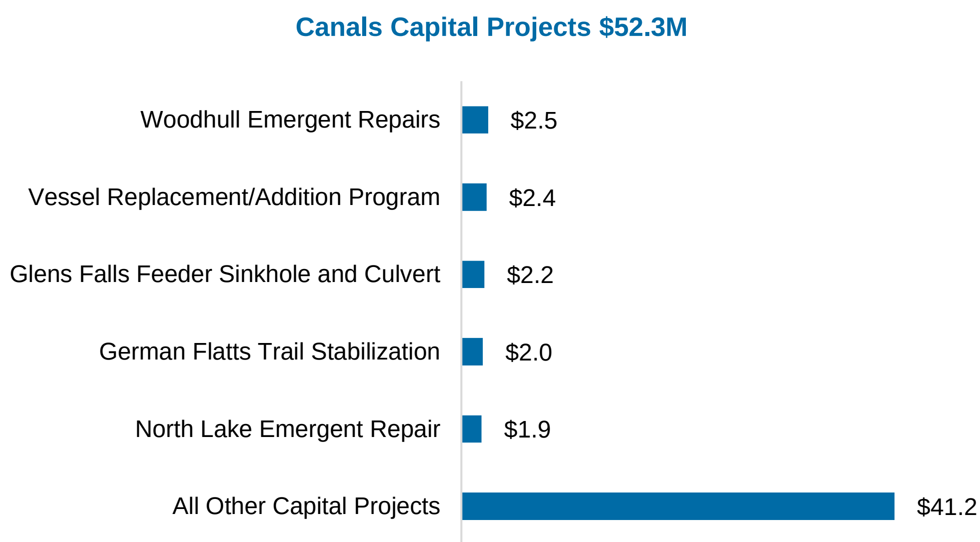
Energy Services Capital Projects: $295.8M



Transmission Capital Projects: $537.3M




Reimagine Canals Capital Projects: $21.7M
Pedestrian Bridge and Brockport Guard Gate
$6.3
Guy Park Manor Restoration
$6.3
Vischer Ferry Dam Modifications and Ice Management
$2.0
Iconic Lighting of Moveable Dams
$1.2
Little Falls Connector
$0.7
All Other Projects
$5.2


Canals Capital Projects $52.3M
Woodhull Emergent Repairs
$2.5
Vessel Replacement/Addition Program
$2.4
Glens Falls Feeder Sinkhole and Culvert
$2.2
German Flatts Trail Stabilization
$2.0
North Lake Emergent Repair
$1.9
All Other Capital Projects
$41.2

n. CREDIT AGENCY RATING DISCUSSION

Maintaining a strong relationship with the capital markets is critical to how NYPA operates. Fitch Ratings and S&P Global Ratings affirmed the Authority's AA Senior long-term bond rating, while Moody's Investor Services affirmed the Aa2 rating, which is among the highest rating given to public electric utilities. This allows us to borrow money for capital projects at competitive rates and to continue to offer low-cost financing to qualified customers to help fund impactful energy efficiency initiatives. The Authority's long-term bonds are issued pursuant the "General Resolution Authorizing Revenue Obligations" (as amended and supplemented up to the present time, the "General Bond Resolution"). The General Bond Resolution covers all of NYPA's projects, which it defines as any project, facility, system, equipment or material related to or necessary or desirable in connection with the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the Authority, including any output in which NYPA has an interest authorized by the Act or by other applicable state statutory provisions, provided, however, that the term "Project" shall not include any Separately Financed Project as that term is defined in the General Bond Resolution.

NYPA has covenanted with bondholders under the General Bond Resolution that at all times the Authority shall maintain rates, fees, or charges, and any contracts entered into by the Authority for the sale, transmission, or distribution of power shall contain rates, fees, or charges sufficient together with other monies available therefore (including the anticipated receipt of proceeds of sale of Obligations, as defined in the General Bond Resolution, issued under the General Bond Resolution or other bonds, notes or other obligations or evidences of indebtedness of the Authority that will be used to pay the principal of Obligations issued under the General Bond Resolution in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of any Project), to meet the financial requirements of the General Bond Resolution.

NYPA's revenues (excluding revenues attributable directly or indirectly to the ownership or operation for Separately Financed Projects and after deductions for operating expenses and reserves, including reserves for working capital, operating expenses or compliance purposes) are applied first to the payment of, or accumulation as a reserve for payment of, interest on and the principal or redemption price of Obligations issued under the General Bond Resolution and the payment of Parity Debt issued under the General Bond Resolution.

The General Bond Resolution also provides for withdrawal for any lawful corporate purpose as determined by NYPA, including but not limited to the retirement of Obligations issued under the General Bond Resolution, from amounts in the Operating Fund in excess of the operating expenses, debt service on Obligations and Parity Debt issued under the General Bond Resolution, and subordinated debt service requirements.

To support our Aa2/AA/AA bond ratings and all of the advantages it offers the Authority and its customers, NYPA sets certain targets which are consistent with other peer-rated organizations. In May 2011, the Authority's Board of Trustees adopted a policy statement (Policy Statement) which relates to, among other things, voluntary contributions, transfers, or other payments to the state by the Authority after that date.

The Policy Statement provides, among other things, that in deciding whether to make such contributions, transfers, or payments, NYPA shall use as a reference point the maintenance of a debt service coverage ratio of at least 2.0X (this reference point should not be interpreted as a covenant to maintain any particular coverage ratio), in addition to making the other determinations required by the General Bond Resolution. The Policy Statement may at any time be modified or eliminated at the discretion of the Board of Trustees.

Fitch Ratings and S&P Global Ratings assigned an "AA-" rating to the Authority's SFP Transmission Project Revenue Bonds, Series 2022A, while Moody's Investors Services assigned an A2 rating. The Green Transmission Project Revenue Bonds, Series 2022A outstanding as of June 30, 2022, have an average interest rate of 3.25% and mature through 2061.

Certification of Assumptions and Method of Estimation for Approved 2023 Budget and 2023-2026 Financial Plan in accordance with the Comptroller's Regulation § 203.9 Certification

December 13, 2022

To the Board of Trustees

Power Authority of the State of New York

To the best of my knowledge and belief after reasonable inquiry, I, the undersigned, certify that the Approved 2023 Budget and 2023-2026 Financial Plan is based on reasonable assumptions and methods of estimation and that the regulations enumerated in Part 203, "Budget and Financial Plan Format, Supporting Documentation and Monitoring - Public Authorities" have been satisfied.

Joseph F. Kessler

Joseph Kessler

Chief Operating Officer

Adam Barsky

Adam Barsky

Chief Financial Officer

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