

NEW ISSUE—BOOK-ENTRY ONLY

In the opinions of Co-Bond Counsel to the Power Authority of the State of New York (the “Authority”), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2020 A Revenue Bonds (Tax-Exempt) (the “2020 A Bonds”) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), (ii) interest on the 2020 A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, and (iii) interest on the Series 2020 B Revenue Bonds (Federally Taxable) (the “2020 B Bonds”) is included in gross income for federal income tax purposes. See “TAX MATTERS” herein. In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the 2020 A Bonds and the 2020 B Bonds is exempt from personal income taxes imposed by the State of New York (the “State”) or any political subdivision thereof, including The City of New York (the “City”).

\$1,234,630,000

POWER AUTHORITY OF THE STATE OF NEW YORK

\$1,120,610,000 Series 2020 A Revenue Bonds (Tax-Exempt)

\$114,020,000 Series 2020 B Revenue Bonds (Federally Taxable)

Dated: Date of Delivery

Due: November 15, as shown on inside cover page

The Authority, a corporate municipal instrumentality and political subdivision of the State, is issuing the 2020 Bonds to finance capital expenditures related to the Authority’s transmission assets and other capital projects, including reimbursement for prior capital spending, pay capitalized interest, defease to maturity, or redeem prior to maturity, a portion of the Authority’s Series 2011 A Revenue Bonds, refund a portion of the Authority’s Commercial Paper Notes, and pay the costs of issuance of the 2020 Bonds. The 2020 A Bonds are referred to herein as the “Tax-Exempt Bonds”, the 2020 B Bonds are referred to herein as the “Taxable Bonds”, and the Tax-Exempt Bonds and the Taxable Bonds are referred to herein collectively as the “2020 Bonds”. See “PART 1 - PLAN OF FINANCE” herein.

The 2020 Bonds will be issued only as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the 2020 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof with respect to the Tax-Exempt Bonds and in the principal amount of \$1,000 or integral multiples thereof with respect to the Taxable Bonds. Purchasers will not receive certificates representing their interest in the 2020 Bonds purchased. So long as DTC or its nominee is the registered owner of the 2020 Bonds, payments of the principal of, and premium, if any, and interest on the 2020 Bonds will be made directly to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and Indirect Participants. See “PART 1 - APPENDIX B - BOOK-ENTRY-ONLY SYSTEM PROCEDURES” herein. The Bank of New York Mellon is the Trustee under the General Resolution Authorizing Revenue Obligations herein described. Principal of the 2020 Bonds will be payable as provided on the inside cover page of this Official Statement. Interest on the 2020 Bonds will be payable on November 15, 2020 and semiannually thereafter on each May 15 and November 15. The Authority has designated those 2020 A Bonds maturing on November 15, 2050, November 15, 2055, and November 15, 2060 and bearing interest at a rate of 4.00% as “Green Bonds” due to the environmental benefits of the projects financed with such portion of the 2020 A Bonds.

The 2020 Bonds will be payable from and secured by a pledge of the Trust Estate (subject to no prior pledge or lien), after the payment of Operating Expenses, including all revenues derived directly or indirectly from any of the Authority’s operations other than those revenues attributable directly or indirectly to the ownership or operation of any Separately Financed Projects as described herein. The 2020 Bonds are on a parity with other Obligations and Parity Debt of the Authority. See “PART 1 - SECURITY FOR THE 2020 BONDS” herein.

The Authority has no taxing power and its obligations are not debts of the State or of any political subdivision of the State, other than the Authority.

The 2020 Bonds are offered when, as and if issued and accepted by the Underwriters, and subject to the approval of legality by Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, each Co-Bond Counsel to the Authority. Certain legal matters are subject to the approval of Nixon Peabody LLP and The Hardwick Law Firm, LLC, each Co-Special Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. It is expected that the 2020 Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about May 12, 2020.

Goldman Sachs & Co. LLC

Siebert Williams Shank & Co., L.L.C.

Citigroup

Ramirez & Co., Inc.

BofA Securities

J.P. Morgan

Piper Sandler & Co.

Academy Securities

FHN Financial Capital Markets

Jefferies

Wells Fargo Securities

April 29, 2020

\$1,234,630,000
Power Authority of the State of New York

\$1,120,610,000 Series 2020 A Revenue Bonds (Tax-Exempt)

\$228,990,000 4.000% Term Bonds due November 15, 2045, Yield 3.00%^C CUSIP 64989K LD6*
\$296,355,000 4.000% Term Bonds due November 15, 2050, Yield 3.08%^C CUSIP 64989K LE4*
\$300,985,000 4.000% Term Bonds due November 15, 2055, Yield 3.22%^C CUSIP 64989K LF1*
\$194,280,000 4.000% Term Bonds due November 15, 2060, Yield 3.36%^C CUSIP 64989K LH4*
\$100,000,000 3.250% Term Bonds due November 15, 2060, Yield 3.53%^C CUSIP 64989K LG9*

\$114,020,000 Series 2020 B Revenue Bonds (Federally Taxable)

\$114,020,000 2.818% Term Bonds due November 15, 2039, Price 100.000% CUSIP 64989K LJ3*

^C Yield to first call date of May 15, 2030.

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered owners of the applicable 2020 Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2020 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Bonds.

No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations, other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2020 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Authority and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

The statements contained in this Official Statement that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual business and financial results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

The Authority maintains a website and certain social media accounts. The Authority’s websites and social media accounts are not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2020 Bonds, and are not part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and in effect on the date hereof (“Rule 15c2-12”). References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

In connection with the offering of the 2020 Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of such bonds at levels above those which might otherwise prevail in the open market. Such stabilization or maintenance, if commenced, may be discontinued at any time.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONSISTS OF THE COVER PAGE, THE INSIDE COVER PAGE, THE TABLE OF CONTENTS, THE SUMMARY AND THIS PART 1, INCLUDING THE APPENDICES TO THIS PART 1 (ALL OF THE FOREGOING, TOGETHER WITH THE INFORMATION SPECIFICALLY INCORPORATED BY REFERENCE THEREIN, ARE REFERRED TO COLLECTIVELY AS “PART 1”), AND THE ATTACHED PART 2, INCLUDING THE TABLE OF CONTENTS AND ALL APPENDICES THERETO (COLLECTIVELY, “PART 2”). BOTH THIS PART 1 AND PART 2 ARE DATED APRIL 29, 2020. THIS PART 1, TOGETHER WITH PART 2, CONSTITUTES THE AUTHORITY’S OFFICIAL STATEMENT RELATING TO THE 2020 BONDS (AND ONLY SUCH BONDS). BOTH PART 1 AND PART 2 MUST BE READ IN THEIR ENTIRETY.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Official Statement and any supplement or amendment hereto. Capitalized terms used in this Summary and not defined herein have the meanings given to such terms elsewhere in this Official Statement.

Issuer.....	<p>Power Authority of the State of New York (the “Authority”) is a corporate municipal instrumentality and political subdivision of the State of New York (the “State”). The Authority generates, transmits, purchases and sells electric power and energy as authorized by law. The Authority owns and operates five major generating facilities, eleven small electric generating units located at seven facilities, and four small hydroelectric facilities, with a total installed capacity of approximately 6,051 MW, and a number of transmission lines, including major 765-kV and 345-kV transmission facilities. The Authority’s customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities, high load factor industrial customers, commercial/industrial and not-for-profit businesses, and various public corporations located within the metropolitan area of The City of New York (the “City”) and certain neighboring states.</p> <p>Effective January 1, 2017, the New York State Canal Corporation (the “Canal Corporation”) became a subsidiary of the Authority and the Authority assumed certain powers and duties relating to the Canal System (as defined below) to be exercised through the Canal Corporation. The Canal Corporation is responsible for a 524-mile canal system consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals (the “Canal System”). See “PART 2 - NEW YORK STATE CANAL CORPORATION.”</p>
The 2020 Bonds.....	<p>The Series 2020 A Revenue Bonds (Tax-Exempt) (the “2020 A Bonds”) and the Series 2020 B Revenue Bonds (Federally Taxable) (the “2020 B Bonds” and, together with the 2020 A Bonds, the “2020 Bonds”) are being offered in the principal amount per maturity and bearing the interest rates set forth on the inside cover page of this Official Statement.</p> <p>The 2020 Bonds will be issued pursuant to the Authority’s General Resolution Authorizing Revenue Obligations, adopted on February 24, 1998, as amended and supplemented (the “General Resolution”), including as supplemented by the Eleventh Supplemental Resolution Authorizing Revenue Bonds, adopted on November 7, 2016, as amended and restated on March 31, 2020.</p>
Denominations.....	<p>The 2020 A Bonds are issuable in the denominations of \$5,000 or any integral multiple thereof and the 2020 B Bonds are issuable in the denominations of \$1,000 or any integral multiple thereof.</p>
Interest Payment Dates	<p>November 15, 2020 and semiannually thereafter on each May 15 and November 15.</p>
Redemption.....	<p>Certain of the 2020 Bonds are subject to optional and mandatory redemption or tender prior to maturity on the dates and at the redemption prices described herein under the caption “PART 1 – THE 2020 BONDS – Redemption and Mandatory Tender”.</p>

Security for the 2020 Bonds	<p>The 2020 Bonds will be payable from and secured by a pledge of the Trust Estate (subject to no prior pledge or lien), including all revenues derived directly or indirectly from any of the Authority’s operations other than those revenues attributable directly or indirectly to the ownership or operation of any Separately Financed Projects and not including any federal or State grant moneys the receipt of which is conditioned upon their expenditure for a particular purpose. The General Resolution provides that the amounts in the Operating Fund are to be used to pay debt service on Obligations, including the 2020 Bonds, and to pay Parity Debt after the payment of Operating Expenses. See “PART 1 - SECURITY FOR THE 2020 BONDS.”</p>
Rate Covenant.....	<p>The Authority has covenanted in the General Resolution that it shall at all times maintain rates, fees or charges sufficient, together with other moneys available therefor, to pay all Operating Expenses of the Authority and to pay the debt service on all Obligations, including the 2020 Bonds, and Subordinated Indebtedness, and all Parity Debt and Subordinated Contract Obligations. See “PART 1 - SECURITY FOR THE 2020 BONDS.”</p> <p>The Authority is a party to various power sales agreements, which impose limitations on the Authority’s discretion to establish rate increases. See “PART 2 - POWER SALES.”</p>
Plan of Finance	<p>The proceeds of the 2020 Bonds will be used, together with other available funds, to finance capital expenditures related to the Authority’s transmission assets and other capital projects, including reimbursement for prior capital spending, defease to maturity, or redeem prior to maturity, a portion of the Authority’s Series 2011 A Revenue Bonds, refund a portion of the Authority’s Commercial Paper Notes which have been or will be issued to refund certain other Obligations of the Authority, pay capitalized interest, and pay the costs of issuance of the 2020 Bonds. See “PART 1 -PLAN OF FINANCE.”</p>
General Resolution Funds.....	<p>Two funds are established under the General Resolution: the Operating Fund and the Capital Fund, both held by the Authority. The Authority may also establish additional funds and accounts.</p> <p>The Authority is required to pay into the Operating Fund all Revenues as and when received. Amounts in the Operating Fund shall be used in the following order of priority: to pay Operating Expenses; to pay debt service on Obligations, which includes the 2020 Bonds, and Parity Debt; to pay debt service on any Subordinated Indebtedness and Subordinated Contract Obligations; for withdrawal and deposit in the Capital Fund; and for withdrawal for any lawful corporate purpose, provided that such amounts are not needed at the time of such withdrawal to pay Operating Expenses or debt service as described above. See “PART 1 - SECURITY FOR THE 2020 BONDS.”</p> <p>The Authority shall from time to time, and in all events prior to any withdrawal of moneys from the Operating Fund for lawful corporate purposes, as described above, determine the amount, if any, to be held for reserves in the Operating Fund.</p>

Additional Indebtedness;
Parity Debt.....

Amounts in the Capital Fund shall be applied to the payment of Capital Costs, but must be applied to the payment of debt service on Obligations, including the 2020 Bonds, and Parity Debt, if needed.

As of April 1, 2020, the Authority had outstanding \$490,440,000 in principal amount of Revenue Bonds, which are Obligations payable and secured on a parity with the 2020 Bonds.

The Authority may issue additional Obligations pursuant to the General Resolution, payable and secured on a parity with the 2020 Bonds, for any purpose of the Authority authorized by Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the "Act"), or by other then-applicable State statutory provisions. The principal amount of Obligations which may be issued under the General Resolution is not limited, and there is no debt service coverage or historical or projected earnings test that must be satisfied as a condition to any such issuance.

The Authority may also issue additional Parity Debt payable and secured on a parity with Obligations, including the 2020 Bonds. Currently, there is no other Parity Debt outstanding.

Parity Debt may also be incurred in connection with, among other things, Credit Facilities, Qualified Swaps and certain take-or-pay fuel or power contracts. See "PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt."

The Authority may issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable from the Trust Estate subject and subordinate to the payments to be made with respect to Obligations, including the 2020 Bonds, and any Parity Debt, and secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate created for the payment of Obligations, including the 2020 Bonds, and any Parity Debt.

As of April 1, 2020, the Authority had outstanding \$687,753,000 in principal amount of Subordinated Indebtedness.

The Authority may issue bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Act or by other then-applicable State statutory provisions. The Authority also may finance any such project from other available funds (any project so financed is referred to herein as a "Separately Financed Project"), if such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Authority's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project or from other available funds of the Authority released from the lien on the Trust Estate in accordance with the General Resolution. The Authority currently does not have any Separately Financed Projects but intends to finance certain Clean Energy Solutions projects on this basis.

Registration of the 2020

Bonds

The 2020 Bonds will be issuable as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). No person acquiring an interest in the 2020 Bonds (a “Beneficial Owner”) will be entitled to receive a 2020 Bond in certificated form (a “Definitive Obligation”), except under the limited circumstances described in this Official Statement under “PART 1 - APPENDIX B - BOOK-ENTRY-ONLY SYSTEM PROCEDURES.” Unless and until Definitive Obligations are issued, all references to actions by Owners will refer to actions taken by DTC, upon instructions from DTC Participants, and all references herein to distributions, notices, reports and statements to Owners shall refer to distributions, notices, reports and statements, respectively, to DTC or Cede & Co., as the registered owner of the 2020 Bonds, or to DTC Participants for distribution to Beneficial Owners in accordance with DTC procedures.

Tax Considerations

In the opinions of Co-Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2020 A Bonds (the “Tax-Exempt Bonds”) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), (ii) interest on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, and (iii) interest on the 2020 B Bonds (the “Taxable Bonds”) is included in gross income for federal income tax purposes. See “PART 1 - TAX MATTERS.”

In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the 2020 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including the City). See “PART 1 - TAX MATTERS.”

Trustee and Escrow Agent

The Bank of New York Mellon.

Verification Agent

Samuel Klein and Company, Certified Public Accountants.

Authority’s Financial Advisor

PFM Financial Advisors LLC

Ratings

Moody’s Investors Service, Inc., S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC, and Fitch Ratings have assigned ratings of “Aa1”, “AA”, and “AA”, respectively, to the 2020 Bonds. See “PART 1 – RATINGS.”

TABLE OF CONTENTS FOR PART 1

INTRODUCTION	1
SECURITY FOR THE 2020 BONDS	4
Revenues	4
Trust Estate	4
Application of Revenues	5
Rate Covenant	6
Covenant Regarding Projects	6
Additional Debt Issuance	7
General	7
PLAN OF FINANCE.....	8
General	8
Estimated Sources and Uses of Proceeds	9
Potential Designation of Certain 2020 Bonds as Green Bonds	9
THE 2020 BONDS	10
General Terms	10
Redemption and Mandatory Tender	11
TAX MATTERS.....	14
The Tax-Exempt Bonds.....	14
The Taxable Bonds.....	17
ERISA CONSIDERATIONS	18
UNDERWRITING	19
CONTINUING DISCLOSURE UNDERTAKING FOR THE 2020 BONDS.....	20
RATINGS	21
FINANCIAL ADVISOR	21
VERIFICATION.....	21
LITIGATION.....	21
LEGALITY FOR INVESTMENT.....	22
APPROVAL OF LEGAL PROCEEDINGS.....	22
MISCELLANEOUS	22
APPENDIX A—Form of Approving Opinions of Co-Bond Counsel with Respect to the 2020 Bonds.....	App. A-1
APPENDIX B—Book-Entry-Only System Procedures.....	App. B-1
APPENDIX C—Form of Continuing Disclosure Agreement	App. C-1
APPENDIX D—Litigation	App. D-1

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PART 1
of the
OFFICIAL STATEMENT
of the
POWER AUTHORITY OF THE STATE OF NEW YORK

\$1,234,630,000
REVENUE BONDS

\$1,120,610,000 Series 2020 A Revenue Bonds (Tax-Exempt)
\$114,020,000 Series 2020 B Revenue Bonds (Federally Taxable)

This Official Statement provides certain information concerning the Power Authority of the State of New York (the “Authority”) in connection with the issuance of the Authority’s Series 2020 A Revenue Bonds (Tax-Exempt) (the “2020 A Bonds”) and Series 2020 B Revenue Bonds (Federally Taxable) (the “2020 B Bonds” and, together with the 2020 A Bonds, the “2020 Bonds”). The 2020 Bonds are authorized to be issued pursuant to the Power Authority Act of the State of New York, Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the “Act”), and the Authority’s General Resolution Authorizing Revenue Obligations, adopted on February 24, 1998, as amended and supplemented, including, as supplemented by the Eleventh Supplemental Resolution adopted on November 7, 2016, as amended and restated on March 31, 2020, which authorized the issuance of the 2020 Bonds. The General Resolution Authorizing Revenue Obligations, as amended and supplemented, is herein collectively referred to as the “General Resolution.” The bonds, notes, and other obligations (including the 2020 Bonds) of the Authority issued as parity obligations and from time to time outstanding pursuant to the General Resolution are referred to herein as “Obligations.” All words and terms which are defined in the General Resolution are used herein as so defined.

INTRODUCTION

The Authority is a corporate municipal instrumentality and political subdivision of the State of New York (the “State”) created in 1931 by the Act, and has its principal office located at 30 South Pearl Street, Albany, New York 12207-3425. The mission of the Authority is to power the economic growth and competitiveness of the State by providing customers with low-cost, clean, reliable power and the innovative energy infrastructure and services they value. The Authority generates, transmits, purchases and sells electric power and energy as authorized by law. The Authority’s customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities, high load factor industrial customers, commercial/industrial and not-for-profit businesses, and various public corporations located within the metropolitan area of The City of New York (the “City”), including the City, and certain neighboring states.

The Authority owns and operates in the State five major generating facilities, 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 345-kV transmission facilities (see “PART 2 - THE AUTHORITY’S FACILITIES”). The Authority’s major generating facilities consist of two large hydroelectric facilities (Niagara and St. Lawrence-FDR), a large pumped-storage hydroelectric facility (Blenheim-Gilboa) and two gas-and-oil-fired facilities (Flynn and the combined-cycle electric generating plant located in Queens, New York, named the Eugene W. Zeltmann Power Project and previously known as the 500-MW Plant).

Effective January 1, 2017, the New York State Canal Corporation (the “Canal Corporation” or “NYCC”) 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. See “PART 2 - NEW YORK STATE CANAL CORPORATION.”

The Authority’s net generation in 2019 (including output contracted by the Authority from Astoria Energy II, see “PART 2 – POWER SALES – Marketing Issues and Development - Item (6)”) by energy source was as follows: hydroelectric 81%, gas/oil/steam 18%, and gas turbine 1%. In 2019, this net generation represented approximately 25% of the electric energy used in the State. The Authority also supplied a significant portion of its customers’ needs through purchased power (see “PART 2 - POWER SALES”). Although the Authority’s rates for power and energy vary depending upon a number of factors, overall, the Authority provides low cost power and energy to its customers.

The customers served by the Authority and the rates paid by such customers vary by the customer or customer class and the source of the power and energy used to serve the customer (see “PART 2 - POWER SALES”). The Authority currently serves 1,040 customers. The following is a brief description of the customers served by the Authority:

- (1) *St. Lawrence-FDR and Niagara Customers.* Power and energy from the St. Lawrence-FDR and Niagara hydroelectric facilities is sold primarily to municipal electric systems, rural electric cooperatives, businesses and industrial customers in the State, certain public bodies in the State, and some public entities in states of Pennsylvania, Vermont, Ohio, Connecticut, Massachusetts, New Jersey and Rhode Island, and to provide services in the New York Independent System Operator (“NYISO”) markets.
- (2) *Blenheim-Gilboa Customers.* The Blenheim-Gilboa project currently operates as a merchant plant, with power and energy not committed to any customer, but primarily used to meet the requirements of the Authority’s business and governmental customers and to provide services in the NYISO markets generally at the market-clearing price.
- (3) *Southeastern New York (“SENY”) Governmental Customers.* Power and energy purchased by the Authority in the NYISO wholesale capacity and energy markets, as supplemented by Authority resources, is sold to various municipalities, school districts and public entities in the New York City Metropolitan and Westchester County areas.
- (4) *Eugene W. Zeltmann Power Project (“Zeltmann”) Customers.* The power and energy from Zeltmann is used to meet the requirements of the Authority’s City governmental customers and to participate in the NYISO markets for the benefit of those customers.
- (5) *Small Clean Power Plants (“SCPPs”) Customers.* The power and energy from these plants may be used to meet the requirements of the Authority’s governmental customers and to provide NYISO wholesale services in the NYISO markets.
- (6) *Certain Purchased Power and Energy Customers.* The Authority also sells power and energy purchased in the capacity and energy markets to a variety of customers, including businesses and industrial customers in the State, the United States Department of Energy (“DOE”), New York investor-owned electric utilities, municipal electric systems, rural electric cooperatives, and various municipal utility service agencies.

- (7) *Richard M. Flynn Plant (“Flynn”) Customers.* The power and energy of Flynn is sold into the NYISO markets as merchant generation.

Transmission Facilities. The Authority owns approximately 1,400 circuit miles of high voltage transmission lines, more than any other utility in the State (230-kV and above), with the major lines being the 765-kV Massena-Marcy line, the 345-kV Marcy-South line, the 345-kV Niagara-to-Edic transmission line, and the 345-kV Long Island Sound Cable. With the implementation of the NYISO as the operator of the State’s bulk electric grid and administrator of the State’s wholesale electric markets in November 1999, all transmission service over the Authority’s facilities is either pursuant to the NYISO tariffs or pre-existing Authority contracts (see “PART 2 - NEW YORK INDEPENDENT SYSTEM OPERATOR”). In addition, the Authority has executed a contract with Hudson Transmission Partners, LLP (“HTP”) for up to 75%, subject to increase, of the 660 MW of transmission capacity on HTP’s transmission line extending from Bergen County, New Jersey to Consolidated Edison’s West 49th Street substation (see “PART 2 - POWER SALES - Marketing Issues and Development - Item (7)”).

Clean Energy Solutions. The Authority, through its Clean Energy Solutions programs, provides customers with wide-ranging on-site energy solutions including energy data analytics, planning, operations and the development and implementation of capital projects such as energy efficiency, distributed generation, advanced technologies and renewables (see “PART 2 - CLEAN ENERGY SOLUTIONS”).

VISION2030 Strategic Plan. In connection with the development of a mission statement, the Authority is in the process of developing a strategic plan with a ten-year outlook and a new vision of a “thriving, resilient New York powered by clean energy” referred to as “VISION2030.” VISION2030 will focus on achievements in the following six areas: (1) clean and affordable generation and transmission, (2) energy efficiency, (3) demand flexibility, (4) electrification, (5) internet of energy assets, and (6) people and communities. The Authority expects the VISION2030 plan to incorporate projects included in its current capital improvement plan (see “PART 2 - CERTAIN FINANCIAL MATTERS – Projected Capital and Financing Requirements and Potential Initiatives”).

Indebtedness. As of April 1, 2020, \$490,440,000 of Obligations (the “Revenue Bonds”), issued under the General Resolution, were outstanding.

As of April 1, 2020, Commercial Paper Notes of the Authority (the “CP Notes”) were outstanding in the aggregate principal amount of \$639,878,000. The CP Notes are Subordinated Indebtedness of the Authority as provided in the General Resolution.

As of April 1, 2020, Extendible Municipal Commercial Paper Notes of the Authority (the “EMCP Notes”) were outstanding in the aggregate principal amount of \$5,000,000. The EMCP Notes are Subordinated Indebtedness of the Authority as provided in the General Resolution.

As of April 1, 2020, the Authority’s Subordinated Notes, Series 2012 (the “2012 Subordinated Notes”) and its Subordinated Notes, Series 2017 (the “2017 Subordinated Notes”) were outstanding in the total aggregate principal amount of \$42,875,000. The 2012 Subordinated Notes and the 2017 Subordinated Notes are Subordinated Indebtedness of the Authority as provided in the General Resolution.

Information Included in this Official Statement. Part 1 of this Official Statement contains a description of the 2020 Bonds and the security for the 2020 Bonds, and a discussion of other matters relating to the 2020 Bonds. In Part 2 of this Official Statement, there is a description of the Authority, its operations and financial condition and a discussion of certain relevant developments.

The Authority's Consolidated Financial Statements for the years ended December 31, 2019 and December 31, 2018 (With Independent Auditors' Report Thereon) and Management's Discussion and Analysis (Unaudited) (the "2019 Financial Statements") have been filed with the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB"), currently located at <https://emma.msrb.org/>, and are hereby included by specific cross-reference in this Official Statement. For convenience, a copy of the 2019 Financial Statements is also available on the Authority's website at <https://www.nypa.gov/about/financials>. No statement on the Authority's website is included by specific cross-reference in this Official Statement.

The 2019 Financial Statements, as well as any other projections, budgets or forecasts herein, do not take into account the potential effects of the Coronavirus and COVID-19. The Authority is unable to determine if the Coronavirus and COVID-19 disruption will materially impact its future results of operations or financial position. The effects of the pandemic on the Authority's financial performance or operations could be material. See the 2019 Financial Statements, "Note 15 – Subsequent Events" on page 72. See "PART 2 – CERTAIN FINANCIAL MATTERS – Impacts from the Coronavirus and COVID-19 Pandemic."

A discussion of certain litigation pending or threatened against the Authority, or involving or adversely affecting the property or assets of or under the control of the Authority, is set forth in APPENDIX D to Part 1 of this Official Statement. A summary of certain provisions of the General Resolution is set forth in APPENDIX 1 to Part 2 of this Official Statement. The proposed form of the approving opinions of Co-Bond Counsel is set forth in APPENDIX A to Part 1 of this Official Statement. Extracts from the schedule of The Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE" are set forth in APPENDIX B to Part 1 of this Official Statement. Backgrounds of the Board of Trustees and certain senior management staff are set forth in APPENDIX 2 to Part 2 of this Official Statement. The form of the Continuing Disclosure Agreement that the Authority will execute in connection with the issuance of the 2020 Bonds is set forth in APPENDIX C to Part 1 of this Official Statement.

SECURITY FOR THE 2020 BONDS

The General Resolution authorizes the issuance of Obligations for any purpose authorized by the Act or other State statutory provision then applicable. All Obligations, including the 2020 Bonds, are payable from Revenues and secured by a pledge of the Trust Estate, subject to no prior pledge or lien.

Revenues

Revenues consist of all revenues, rates, fees, charges, rents, proceeds from the sale of Authority assets, insurance proceeds, and other income and receipts, as derived in cash by or for the account of the Authority directly or indirectly from any of the Authority's operations, including but not limited to the ownership or operation of any Project, but not including any such income or receipts attributable directly or indirectly to the ownership or operation of any project financed from other available funds (a "Separately Financed Project") (see "PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - Conditions for Issuance of Obligations") and not including any federal or State grant moneys the receipt of which is conditioned upon their expenditure for a particular purpose.

Trust Estate

The Trust Estate consists of, collectively, (i) all Revenues; (ii) the proceeds of sale of Obligations until expended for the purposes authorized by the Supplemental Resolution authorizing such Obligations; (iii) all funds, accounts and subaccounts established by the General Resolution, including investment earnings thereon; and (iv) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or

transferred as and for additional security for Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Trustee. The Trust Estate does not include any real property, structures, facilities, or equipment owned by the Authority. The Trust Estate also does not include the assets and income of the trusts established by the Authority to fund its Other Postemployment Benefits (“OPEB”) obligations and certain decommissioning costs relating to the two nuclear plants it sold in 2000. See “PART 2 - CERTAIN FINANCIAL MATTERS - State Pension Plan and Other Postemployment Benefits” and “ – Nuclear Plant Sale Matters.”

Application of Revenues

The General Resolution requires that all Revenues, and such portion of the proceeds of any Obligations issued to pay Operating Expenses, be deposited into the Operating Fund. Amounts in the Operating Fund are to be paid out, accumulated or withdrawn from time to time for the following purposes and, as of any time, in the following order of priority:

(1) payment of reasonable and necessary Operating Expenses or accumulation in the Operating Fund as a reserve (i) for working capital, (ii) for such Operating Expenses the payment of which is not immediately required, including, but not limited to amounts determined by the Authority to be required as an operating reserve, or (iii) deemed necessary or desirable by the Authority to comply with orders or other rulings of an agency or regulatory body having lawful jurisdiction;

(2) payment of, or accumulation in the Operating Fund as a reserve for the payment of, interest on and the principal or Redemption Price of Obligations, which includes the 2020 Bonds, and payments due under any Parity Debt, on a parity basis, on their respective due dates or redemption dates, as the case may be;

(3) payment of principal of and interest on any Subordinated Indebtedness or payment of amounts due under any Subordinated Contract Obligation;

(4) withdrawal and deposit in the Capital Fund; and

(5) withdrawal for any lawful corporate purpose as determined by the Authority, including but not limited to the purchase or redemption of Obligations or Subordinated Indebtedness, provided, that prior to any such withdrawal, the Authority shall have determined, taking into account, among other considerations, anticipated future receipts of Revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for any of the purposes set forth in clauses (1), (2) or (3) above (see “PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION”).

Any transfer of funds from the Operating Fund to pay Canal Corporation expenditures that are not Operating Expenses or Capital Costs would be subject to compliance with the provisions of clause (5) above. See “PART 2 - NEW YORK STATE CANAL CORPORATION” for additional information.

Since 1998, the Authority has maintained an operating reserve, presently funded in the amount of \$175 million. While the Authority intends to maintain the \$175 million operating reserve, the maintenance and size of the operating reserve is at the discretion of the Authority’s Board of Trustees and may at any time be modified or eliminated at the discretion of the Board.

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Rate Covenant

The Authority has covenanted in the General Resolution that it shall at all times 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 moneys available therefor (including the anticipated receipt of proceeds of sale of Obligations or other bonds, notes or other obligations or evidence of indebtedness of the Authority that will be used to pay the principal of Obligations issued in anticipation of such receipt),

- (i) to pay all Operating Expenses of the Authority,
- (ii) to pay the debt service on all Obligations, including the 2020 Bonds, then outstanding and the debt service on all Subordinated Indebtedness then outstanding, and all Parity Debt and Subordinated Contract Obligations, all as the same respectively become due and payable, and
- (iii) to maintain any reserve established by the Authority pursuant to the General Resolution, in such amount as may be determined from time to time by the Authority in its judgment.

The Authority is a party to various power sales agreements, which impose limitations on the Authority's discretion to establish rate increases (see "PART 2 - POWER SALES").

The rates for firm power and associated energy from the St. Lawrence-FDR and Niagara hydroelectric facilities sold by the Authority have been established for certain customers in the context of an agreement settling litigation (see "PART 2 - POWER SALES - St. Lawrence-FDR and Niagara").

The rates for power generated and transmission service provided by the Authority are subject neither to the provisions of the New York Public Service Law (the "Public Service Law") nor to regulation by the New York Public Service Commission (the "PSC").

The Authority, being engaged in the wholesale transmission, sale and purchase of electricity, is a "Market Participant" in the NYISO. The NYISO collects charges associated with the use of transmission facilities for wholesale transactions, including the Authority's transmission facilities, and remits the proceeds of such charges to the transmission owners in accordance with its tariff. Similarly, the NYISO collects charges associated with the sale of energy, capacity and ancillary services in the NYISO markets and remits the proceeds of such charges to the sellers of the electricity in accordance with their respective bids and applicable NYISO market procedures (see "PART 2 - NEW YORK INDEPENDENT SYSTEM OPERATOR").

Covenant Regarding Projects

The General Resolution also requires the Authority to operate or cause to be operated each Project in a sound and economical manner and to maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, in good repair, working order and condition, and from time to time to make all necessary and proper repairs, replacements and renewals so that at all times the operations thereof may be properly and advantageously conducted. The General Resolution permits the Authority to cease operating or maintaining, and to lease or dispose of, any Projects (other than the Niagara and St. Lawrence-FDR Projects) if, in the judgment of the Authority, it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof is not essential to the maintenance and continued operation of the rest of the Authority's Projects. See "PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION."

Additional Debt Issuance

The General Resolution permits the Authority to issue additional Obligations for any purpose authorized by the Act or other applicable State statutory provision, without restriction as to amount and without having to satisfy any debt service coverage or historical or projected earnings test. The Authority has covenanted in the General Resolution not to issue any bonds or evidences of indebtedness, other than Obligations, secured by a pledge of the Trust Estate, and not to create or cause to be created any lien or charge on the Trust Estate, except to the extent provided in the General Resolution; provided that the Authority may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable from Revenues and secured by a pledge of the Trust Estate, and such pledge shall be subordinate in all respects to the pledge created by the General Resolution as security for payment of Obligations, including the 2020 Bonds. As of the date of this Official Statement, the Subordinated Indebtedness issued by the Authority and outstanding consists of the CP Notes, the EMCP Notes, the 2012 Subordinated Notes, and the 2017 Subordinated Notes (see “PART 2 - CERTAIN FINANCIAL MATTERS - Outstanding Indebtedness”).

The Authority may also incur Parity Debt payable and secured on a parity with Obligations, including the 2020 Bonds. Currently, there is no Parity Debt outstanding. Parity Debt may also be incurred in connection with, among other things, Credit Facilities, Qualified Swaps and certain take-or-pay fuel or power contracts (see “PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION - Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt”).

In connection with future or outstanding debt, the Authority may enter into interest rate swap agreements, either of the fixed-to-floating rate or floating-to-fixed rate variety, which may also include forward swaps. The regularly scheduled payments under any such swap agreements could be either on a parity with Obligations, including the 2020 Bonds, or subordinate to Obligations, including the 2020 Bonds, as determined by the Authority. The payments relating to any termination or other fees, expenses, indemnification or other obligations to the counterparties under such swap agreements would be subordinate to Obligations, including the 2020 Bonds.

For a discussion of energy swap agreements entered into by the Authority, see the 2019 Financial Statements, “Note 8 – Risk Management and Hedging Activities” on pages 44-46.

The General Resolution also permits the Authority to issue bonds, notes, or any other obligations under another and separate resolution to finance a Separately Financed Project. The Authority currently does not have any Separately Financed Projects but intends to finance certain Clean Energy Solutions projects on this basis. See “PART 2 - CLEAN ENERGY SOLUTIONS”.

General

The Authority has no taxing power, and its obligations are not debts of the State or of any political subdivision of the State, other than the Authority. The 2020 Bonds will not constitute a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Authority. The issuance of the 2020 Bonds will not obligate the State or any of its political subdivisions to levy or pledge the receipts from any form of taxation for the payment of the 2020 Bonds.

For a description of other provisions of the General Resolution related to the security for Obligations, including the 2020 Bonds, see “PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION.”

PLAN OF FINANCE

General

The proceeds of the 2020 Bonds will be used, together with other available funds, to finance capital expenditures related to the Authority's transmission assets and other capital projects, including reimbursement for prior capital spending, defease to maturity, or call for redemption prior to maturity, a portion of the Authority's Series 2011 A Revenue Bonds, refund a portion of the CP Notes which have been or are being issued to refund certain outstanding Bonds, pay capitalized interest, and pay the costs of issuance of the 2020 Bonds. Certain proceeds of the 2020 Bonds will be used to reimburse the Authority for moneys previously spent on capital expenditures.

See "PART 2 - CERTAIN FINANCIAL MATTERS – Projected Capital and Financing Requirements and Potential Initiatives"

The Authority intends to defease to the respective maturity dates those Series 2011 A Revenue Bonds maturing on November 15 of 2020, 2021, and 2022, and redeem prior to maturity the Series 2011 A Revenue Bonds maturing on November 15, 2023 on a redemption date of November 15, 2021, which are collectively referred to herein as the "Refunded Bonds."

Upon delivery of the 2020 Bonds to the Underwriters, the Authority will enter into an Escrow Deposit Agreement (the "Escrow Agreement") with The Bank of New York Mellon (in such capacity, the "Escrow Agent"), to provide for the defeasance and payment of the Refunded Bonds. The Authority will irrevocably deposit a portion of the proceeds of the Series 2020 Bonds and other available moneys with the Escrow Agent for deposit in a special escrow fund created by the Escrow Agreement (the "Escrow Fund"). Such proceeds and other moneys deposited in the Escrow Fund will be held as cash or invested in certain Defeasance Securities (as defined in "PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" herein) (the "Escrow Securities") the maturing principal of and interest on which, together with cash on deposit in the Escrow Fund, will be sufficient without reinvestment to pay the principal of and interest on the Refunded Bonds due on and prior to maturity or earlier redemption date. Under the Escrow Agreement, the Escrow Fund (including the moneys and Escrow Securities on deposit therein), to the extent needed to pay the principal of and interest on the Refunded Bonds on and prior to their maturity or earlier redemption date, is irrevocably pledged to the payment of such principal and interest and will not be available to pay principal of or interest on the 2020 Bonds.

Proceeds of the 2020 Bonds issued to refund CP Notes will be applied to pay such CP Notes at maturity. The Authority expects to issue such CP Notes to refund the Authority's Series 2003 A Revenue Bonds maturing November 15, 2023, a portion of its Series 2007 B Revenue Bonds maturing November 15, 2037, its Series 2015 A Revenue Bonds maturing November 15, 2020 and bearing interest at a rate of 2.00%, and its Series 2015 A Revenue Bonds maturing November 15, 2020 and bearing interest at a rate of 5.00%.

Samuel Klein and Company, Certified Public Accountants (the "Verification Agent") will verify at the time of delivery of the 2020 Bonds to the Underwriters, the mathematical accuracy of schedules that demonstrate that the Escrow Securities will mature and bear interest at such times and in such amounts as will be sufficient, together with other amounts on deposit in the Escrow Fund, to pay the principal of and interest on the Refunded Bonds prior to and on the maturity or earlier redemption date. See "PART 1- VERIFICATION".

Upon issuance of the 2020 Bonds, provision will be made in the Escrow Agreement for giving notice of redemption (if applicable), and the Refunded Bonds will not be subject to redemption other than as described above. By virtue of the deposits to the Escrow Fund and provisions for payment of the Refunded Bonds described above, and other provisions of the Escrow Agreement, and in reliance on the verification by the Verification Agent described above, after the issuance of the 2020 Bonds, the Refunded Bonds will be deemed to be no longer Outstanding under the General Resolution and the pledge of Revenues and other

moneys, securities, Funds and Accounts pledged under the General Resolution and all covenants, agreements and other obligations of the Authority to the holders of the Refunded Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. See “PART 2 - APPENDIX 1 – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Defeasance”.

Estimated Sources and Uses of Proceeds

Moneys will be derived from the sources and applied to the uses approximately as set forth below:

Sources of Funds

Principal Amount of the 2020 Bonds	\$1,234,630,000.00
Net Original Issue Premium	<u>67,427,691.65</u>
Total.....	<u>\$1,302,057,691.65</u>

Application of Funds

Deposit into Construction Fund.....	\$386,000,000.00
Reimbursement of Prior Capital Expenditures	514,000,000.00
Deposit into Escrow Fund and Payment of CP Notes	269,308,740.40
Deposit to Operating Fund for Payment of Capitalized Interest.....	114,451,188.39
State Bond Issuance Fee	10,284,502.19
Financing Costs ¹	<u>8,013,260.67</u>
Total.....	<u>\$1,302,057,691.65</u>

¹ Includes costs of issuance and underwriters’ discount.

Potential Designation of Certain 2020 Bonds as Green Bonds

The Authority has designated those 2020 A Bonds maturing on November 15, 2050, November 15, 2055, and November 15, 2060 and bearing interest at a rate of 4.00% as “Green Bonds” (the “Green Bonds”) due to the environmental benefits of the projects financed with such portion of the 2020 A Bonds.

The Authority believes that the proceeds of any 2020 A Bonds designated as Green Bonds will be used to finance capital projects that will directly assist in meeting the objectives of the New York State Climate Leadership and Community Protection Act, Chapter 106 of the Laws of 2019 (“Chapter 106”). Chapter 106 calls for the reduction of statewide greenhouse gas emissions (“GHG”) to 60% of 1990 levels by 2030 and 15% of 1990 levels by 2050. The Authority expects these projects will accelerate progress towards the State’s clean energy and climate goals, including the mandate to obtain 70% of the State’s electricity from renewable sources, as identified under Chapter 106. For more information on this legislation, see “PART 2 – LEGISLATION AFFECTING THE AUTHORITY – New York State Climate Leadership and Community Protection Act” and the 2019 Financial Statements, “Certain New Legislation Affecting the Authority” on page 16.

Use of Green Proceeds. The Authority has applied to Sustainalytics for a Green Bond certification for the Green Bonds, as the Authority anticipates the Green Bonds proceeds will meet certain defined uses that it expects to be eligible for a Green Bond certification. The Authority can provide no assurance that the certification will be approved. These defined uses may include expenditures for additions and improvements to certain of the Authority’s major transmission projects, including those described below:

- The 765-kV line south from the Canadian border to Marcy, New York;

- Two 345-kV lines from the Niagara Project east to Niagara Mohawk’s Edic Substation in central New York;
- Two 345-kV lines from Marcy, New York, connecting to other utility substations in southeastern New York;
- Three 345-kV lines from the Blenheim-Gilboa Project extending to substations near Athens, New Scotland, and Delhi, respectively; and
- Two 230-kV lines extending east from the St. Lawrence Project to Plattsburgh, New York, and to the Vermont border.

For more information on the Authority’s transmission assets which may qualify for Green Bond designation, see “PART 2 - THE AUTHORITY’S FACILITIES - Transmission – *The Authority’s Transmission System.*”

Environmental Benefits. Based on the expected contribution of these projects towards the realization of the objectives of Chapter 106, and their critical importance to ensuring the overall resiliency and flexibility of the NYISO electric grid, the Authority has submitted an application for certification of such 2020 A Bonds as Green Bonds.

Green Bonds Designation. The term “Green Bonds” is not defined in nor related to the General Resolution. The use of the term in this Official Statement is solely for identification purposes and is not intended to provide or imply that any owner of any 2020 Bond is entitled to any security other than as provided in the General Resolution. The repayment obligation of the Authority with respect to the 2020 Bonds is not conditioned on the satisfaction of any certification related to the status of the 2020 Bonds as Green Bonds. The Authority does not make any representation as to the sustainability of the 2020 Bonds to fulfill such environmental and ability criteria. The 2020 Bonds may not be a suitable investment for investors seeking exposure to green or sustainable assets. There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” or “sustainable” and therefore no assurance can be provided to investors that the projects financed with proceeds of the 2020 Bonds will continue to meet investor expectations regarding sustainability performance.

THE 2020 BONDS

General Terms

The 2020 Bonds will be term bonds and will be dated, will mature at the times and in the principal amounts, and will bear interest at the rates as set forth on the inside cover page of this Official Statement.

The 2020 A Bonds are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof and the 2020 B Bonds are issuable in fully registered form in the denominations of \$1,000 or any integral multiple thereof. The 2020 Bonds will be registered in the name of Cede & Co., as nominee of DTC (see “PART 1 - APPENDIX B - BOOK-ENTRY-ONLY SYSTEM PROCEDURES”). So long as the 2020 Bonds are registered in the name of Cede & Co., principal and interest will be payable solely to Cede & Co., as nominee of DTC, as the sole registered owner of the 2020 Bonds, and, except under the caption “PART 1 - TAX MATTERS,” references herein to the registered owners or owners shall be to DTC and not the beneficial owners.

The 2020 Bonds will bear interest payable on November 15, 2020 and semiannually thereafter on each May 15 and November 15, to the registered owners as of the close of business on the first day (whether or not a business day) of the month in which such interest payment date occurs by check or draft mailed to

the address as it appears on the books of registry maintained by The Bank of New York Mellon, the Registrar pursuant to the General Resolution, at its principal corporate trust office.

Redemption and Mandatory Tender

2020 A Bonds.

Optional Redemption and Mandatory Tender. The 2020 A Bonds will be subject to redemption prior to maturity, or mandatory tender, at the option of the Authority on or after May 15, 2030, upon 20 days' written notice, at any time as a whole or in part as determined by the Authority, at a price equal to the principal amount of the 2020 A Bonds, plus accrued interest to the redemption date.

Sinking Fund Redemption. The 2020 A Bonds will be subject to mandatory redemption prior to maturity in part through application of sinking fund installments at 100% of the principal (subject to authorized denominations) amount thereof plus accrued interest to the date of redemption, on the dates and in the amounts of the sinking fund installments shown on the following schedule:

<u>Term Bonds Maturing on November 15, 2045</u>		<u>Term Bonds Maturing on November 15, 2050</u>	
<u>November 15</u>	<u>Principal Amount</u>	<u>November 15</u>	<u>Principal Amount</u>
2039	\$ 6,335,000	2046	\$54,715,000
2040	27,485,000	2047	56,905,000
2041	28,580,000	2048	59,180,000
2042	29,720,000	2049	61,545,000
2043	33,675,000	2050*	64,010,000
2044	50,585,000		
2045*	52,610,000		

<u>Term Bonds Maturing on November 15, 2055</u>		<u>Term Bonds Maturing on November 15, 2060</u> <u>(bearing interest at 4.00%)</u>	
<u>November 15</u>	<u>Principal Amount</u>	<u>November 15</u>	<u>Principal Amount</u>
2051	\$55,570,000	2056	\$36,100,000
2052	57,790,000	2057	37,450,000
2053	60,105,000	2058	38,850,000
2054	62,510,000	2059	40,310,000
2055*	65,010,000	2060*	41,570,000

Term Bonds Maturing on November 15, 2060 (bearing interest at 3.25%)

<u>November 15</u>	<u>Principal Amount</u>
2056	\$18,510,000
2057	19,205,000
2058	19,925,000
2059	20,670,000
2060*	21,690,000

* Maturity.

In the event that a principal amount of 2020 A Bonds maturing on November 15, 2045, November 1, 2050, November 1, 2055 or November 1, 2060 (bearing interest at a particular rate) is deemed to be no longer Outstanding, except by mandatory redemption pursuant to the preceding paragraph, such principal amount

shall be applied to reduce the remaining sinking fund installments for such 2020 A Bonds, on the dates and in such order of maturity, as may be determined by the Authority.

2020 B Bonds

Optional Redemption and Mandatory Tender. The 2020 B Bonds will be subject to redemption prior to maturity, or mandatory tender, at the option of the Authority at any time as a whole or in part (and if less than all of the 2020 B Bonds are to be redeemed, subject to minimum authorized denominations), at a price equal to the principal amount of the 2020 B Bonds to be redeemed plus the Applicable Premium, if any, together with accrued interest to the redemption date. The “Applicable Premium” of any redeemed 2020 B Bond equals the excess of: (a) the present value at the date of redemption or mandatory tender of the principal amount of such 2020 B Bonds subject to redemption or mandatory tender, plus all required interest payments due on such 2020 B Bond to the Principal Payment date(s) (excluding accrued but unpaid interest), calculated by the Authority (which calculation shall be conclusive), using a discount rate equal to the Treasury Rate plus 25 basis points minus (b) the principal amount of such 2020 B Bond. The Applicable Premium shall not be less than \$0.00. For purposes of this provision, with respect to 2020 B Bonds subject to sinking fund redemption as described below, “such 2020 B Bonds” and “Principal Payment” refers to those sinking fund installments that the Authority has determined to reduce or eliminate as a result of such optional redemption or Mandatory Tender.

If the period from the date of redemption or mandatory tender to the weighted average maturity of the Principal Payment date(s) is greater than one year, the “Treasury Rate” will be equal to the actual or interpolated yield to maturity of U.S. Treasury Securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15) that becomes publicly available on the date of calculation of the Applicable Premium, but in no event less than seven days nor more than sixty days prior to the date of redemption, equal to the period from the date of redemption to the weighted average maturity of the Principal Payment date(s). If the weighted average maturity of the Principal Payment date(s) is less than one year, the “Treasury Rate” will be equal to the weekly average yield of actually traded United States Treasury securities adjusted to a constant maturity of one year. If the Federal Reserve Statistical Release H. 15 is no longer published, the Applicable Premium shall be calculated using any publicly available source of similar market data.

Sinking Fund Redemption. The 2020 B Bonds will be subject to mandatory redemption prior to maturity in part through application of sinking fund installments at 100% of the principal (subject to authorized denominations) amount thereof plus accrued interest to the date of redemption, on the dates and in the amounts of the sinking fund installments shown on the following schedule:

Term Bonds Maturing on November 15, 2039

<u>November 15</u>	<u>Principal Amount</u>
2034	\$16,435,000
2035	16,890,000
2036	17,365,000
2037	17,860,000
2038	25,150,000
2039*	20,320,000

* Maturity.

In the event that a principal amount of 2020 B Bonds maturing on November 15, 2039 is deemed to be no longer Outstanding, except by mandatory redemption pursuant to the preceding paragraph, such principal amount shall be applied to reduce the remaining sinking fund installments for such 2020 B Bonds, on the dates and in such order of maturity, as may be determined by the Authority.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

The 2020 Bonds are being offered as multi-modal bonds in a fixed rate mode. The Authority may cause a mandatory tender of the 2020 Bonds at the applicable optional redemption price on any date such Bonds are subject to optional redemption by giving 20 days' written notice to the Holders. If notice of mandatory tender has been given and funds prove insufficient, the 2020 Bonds not purchased shall continue in the fixed rate mode, without change in interest rate, maturity date or other terms. Other modes to which the 2020 Bonds may be converted following a mandatory tender are not described in this Official Statement. After mandatory tender and purchase of the 2020 Bonds, the 2020 Bonds may be remarketed in an alternate mode and may bear interest from the date thereof at a different rate.

Selection of 2020 Bonds to Be Redeemed or Tendered

In the event that less than all of the 2020 A Bonds of a maturity are redeemed or called for mandatory tender, the 2020 A Bonds of such maturity to be redeemed or tendered will be selected by the Trustee in such manner as the Trustee shall deem appropriate and fair. In the event that less than all of the 2020 B Bonds are redeemed or called for mandatory tender, the 2020 B Bonds to be redeemed or called for mandatory tender will be selected by the Trustee *pro rata* in such manner as the Trustee shall deem appropriate and fair, subject to minimum denominations. However, for so long as a book-entry-only system is in effect with respect to the 2020 B Bonds, DTC or its successor will treat partial redemptions in accordance with its rules and procedures as a "Pro Rata Pass-Through Distribution of Principal" and DTC or its successor, and direct and indirect DTC participants, will determine the particular ownership interests of 2020 B Bonds to be redeemed. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to make such determination will not affect the sufficiency or the validity of the redemption of 2020 B Bonds to be redeemed (see "PART 1 - APPENDIX B - BOOK-ENTRY-ONLY SYSTEM PROCEDURES").

Notice of Redemption or Tender

For so long as a book-entry-only system is in effect with respect to the 2020 Bonds, notice of redemption or mandatory tender of 2020 Bonds to be redeemed or subject to mandatory tender is to be mailed, not less than 20 days nor more than 45 days prior to the redemption date or tender date, as applicable, to DTC or its nominee or its successor. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to notify a beneficial owner of a 2020 Bond of any redemption or tender will not affect the sufficiency or the validity of the redemption or tender of the 2020 Bonds to be redeemed or tendered (see "PART 1 - APPENDIX B - BOOK-ENTRY-ONLY SYSTEM PROCEDURES").

Any notice of optional redemption or tender may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the Redemption Price or tender price of such 2020 Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price or tender price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of 2020 Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Neither the Authority nor the Trustee can give any assurance that DTC or its successor, or direct or indirect DTC participants, will distribute such redemption or tender notices to the beneficial owners of the 2020 Bonds, or that they will do so on a timely basis.

TAX MATTERS

The Tax-Exempt Bonds

Opinions of Co-Bond Counsel.

In the opinions of Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, Co-Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2020 A Bonds (the “Tax-Exempt Bonds”) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering their opinions, Co-Bond Counsel have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Tax-Exempt Bonds, and Co-Bond Counsel have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

In addition, in the opinions of Co-Bond Counsel to the Authority, under existing statutes, interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

Co-Bond Counsel express no opinion as to any other federal, state or local tax consequences arising with respect to the Tax-Exempt Bonds, or the ownership or disposition thereof, except as stated above. Co-Bond Counsel render their opinions under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement their opinions to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to their respective attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Co-Bond Counsel express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Co-Bond Counsel express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds in order that interest on the Tax-Exempt Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Tax-Exempt Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Tax-Exempt Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted under the General Resolution to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Tax-Exempt Bonds from gross income under Section 103 of the Code.

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Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Tax-Exempt Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Tax-Exempt Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Bonds.

Prospective owners of the Tax-Exempt Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Tax-Exempt Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Tax-Exempt Bonds. In general, the issue price for each maturity of the Tax-Exempt Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Co-Bond Counsel further are of the opinion that, for any Tax-Exempt Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Tax-Exempt Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant-yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant-yield principles (in certain cases involving a Premium Bond callable

prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds under federal or state law or otherwise prevent beneficial owners of the Tax-Exempt Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Tax-Exempt Bonds.

Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the foregoing matters.

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The Taxable Bonds

General

In the opinions of Co-Bond Counsel to the Authority, interest on the 2020 B Bonds (the “Taxable Bonds”) (i) is included in gross income for federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State or any political subdivisions thereof including the City.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are “U.S. Holders,” as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as “capital assets;” and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a “hedge” or “straddle,” U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Taxable Bond.

The Authority may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the General Resolution (a “defeasance”). (See “PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION” herein). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States.

Backup withholding may apply to U.S. Holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions whether at the federal or State level may adversely affect the tax-exempt status of interest on the Taxable Bonds under State law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets include the assets of such plans pursuant to the final regulations issued by the United States Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2020 Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements or Section 4975 of the Code, but may be subject to requirements or prohibitions under applicable federal, state, local, non-U.S. or other laws or regulations that are, to a material extent, similar to the requirements of ERISA and Section 4975 of the Code ("Similar Law").

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, regulatory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2020 Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts described in Section 408(a) of the Code and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the State or any dealer of the 2020 Bonds might be considered or might become a "party in interest"

within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2020 Bonds are acquired by such plans or arrangements with respect to which the State or any dealer is a party in interest or disqualified person.

By its acceptance of 2020 Bonds, each purchaser will be deemed to have represented and warranted that either (i) no “plan assets” of any ERISA Plan or a plan subject to Similar Law have been used to purchase such 2020 Bonds or (ii) the purchase and holding of such 2020 Bonds is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory, regulatory, class or administrative exemption and will not violate Similar Law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2020 Bonds. The sale of the 2020 Bonds to a plan is in no respect a representation by the Authority or the Underwriters that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any ERISA Plan fiduciary or other person considering whether to invest in the 2020 Bonds on behalf of an ERISA Plan should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law. In addition, persons responsible for considering the purchase of 2020 Bonds by a governmental plan, non-electing church plan or non-U.S. plan should consult with its counsel regarding the applicability of any Similar Law to such an investment.

UNDERWRITING

The underwriters listed on the cover page of this Official Statement (collectively, the “Underwriters”), have jointly and severally agreed, subject to certain conditions, to purchase from the Authority the 2020 Bonds at a purchase price of \$1,295,454,432.89, or approximately 104.926531% of the aggregate principal amount of the 2020 Bonds. The purchase price reflects an original issue premium (net of discount) of \$67,427,691.65 and an underwriters’ discount of \$6,603,258.76. The Underwriters will be obligated to purchase all 2020 Bonds if any are purchased. Goldman Sachs & Co. LLC is acting as the representative of the Underwriters with respect to the 2020 Bonds.

The Underwriters have advised the Authority that the 2020 Bonds being reoffered may be offered and sold to certain dealers (including dealers depositing such 2020 Bonds into investment trusts) at prices lower than such initial public offering prices. After the initial public offering, the public offering prices may be changed from time to time by the Underwriters.

The following paragraphs have been provided by the Underwriters:

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the 2020 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission (the “SEC”) as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934, as amended and in effect on the date hereof (the “Exchange Act”).

CONTINUING DISCLOSURE UNDERTAKING FOR THE 2020 BONDS

Pursuant to a Continuing Disclosure Agreement dated the date of the delivery of the 2020 Bonds, to be entered into by and between the Authority and the Trustee, the Authority will covenant, for the benefit of the holders of the 2020 Bonds, to provide certain financial information and operating data relating to the Authority by no later than nine months after the end of each of the Authority’s fiscal years (presently, by each September 30) (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events with respect to the 2020 Bonds. Any filing under the Continuing Disclosure Agreement will be made solely by transmitting such filing to EMMA, currently located at <https://emma.msrb.org/>.

The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in the form of the Continuing Disclosure Agreement, which is included in its entirety in APPENDIX C to Part 1 of this Official Statement. The Authority’s agreement will be made in order to assist the Underwriters in complying with Rule 15c2-12 adopted by the SEC under the Exchange Act as amended and in effect on the date hereof (“Rule 15c2-12”).

The Authority’s 2012 Subordinated Notes were issued and sold to another New York State public authority (the “2012 Purchaser”) in a private placement. Although such private placement was not subject to the continuing disclosure requirements of Rule 15c2-12, the Authority and 2012 Purchaser agreed that the Authority would file annual financial information and information about certain notice events relating to the 2012 Subordinated Notes with the MSRB in a manner and at times comparable to the provision of such annual information and notice events to the MSRB pursuant to the Authority’s continuing disclosure agreement relating to the Authority’s Series 2011 A Bonds. The Authority timely filed its annual financial information for 2012 but such filing did not identify the 2012 Subordinated Notes as being one of Authority obligations which were the subject of such filing. Subsequent continuing disclosure filings have identified the 2012 Subordinated Notes and the Authority amended its 2012 filing on October 16, 2015. The annual financial and operating information for the year ended December 31, 2018 filed with EMMA by the Authority on September 30, 2019 did not include the “capacity and availability factors information by unit” required to be filed in accordance with the Authority’s continuing disclosure undertakings. Such capacity and availability information was filed with EMMA on October 1, 2019.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC ("S&P"), and Fitch Ratings ("Fitch") have assigned ratings of "Aa1", "AA", and "AA", respectively, to the 2020 Bonds.

The respective ratings by Moody's, S&P, and Fitch of the 2020 Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, S&P Global Ratings, 55 Water Street, New York, New York 10041, and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its ratings and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Authority has furnished to each rating agency rating the 2020 Bonds information, including information not included in this Official Statement, about the Authority and the 2020 Bonds. There is no assurance such ratings for the 2020 Bonds will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2020 Bonds.

FINANCIAL ADVISOR

PFM Financial Advisors LLC ("PFM") serves as independent financial advisor to the Authority in connection with the structuring, marketing and sale of the 2020 Bonds, including the timing and conditions of issuance, and other such financial guidance as requested by the Authority. Although PFM participated in the review of this Official Statement and other related transaction documents, PFM has not independently verified any of the information set forth herein.

VERIFICATION

The sufficiency of amounts on deposit and investment earnings under the Escrow Agreement and to be paid with respect to the 2020 Bonds will be verified by the Samuel Klein and Company, Certified Public Accountants, as Verification Agent. The Verification Agent will deliver a report or reports to that effect on the date of delivery of the 2020 Bonds. The report or reports of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report or reports.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority, threatened in any court (either State or federal) to restrain or enjoin the sale, issuance or delivery of the 2020 Bonds or questioning the creation, organization or existence of the Authority, the title to office of the Trustees or officers of the Authority, the validity of the General Resolution, the pledge of the Trust Estate, the proceedings for the authorization, execution, authentication and delivery of the 2020 Bonds or the validity of the 2020 Bonds.

Litigation pending against the Authority (under the jurisdiction of either State or federal courts or agencies) or threatened against the Authority, or involving or adversely affecting any of the property or assets of or under the control of the Authority, includes, among other matters, the matters described in APPENDIX D to Part 1 of this Official Statement.

The Authority is unable to predict the outcome of matters described in APPENDIX D, as well as the other actions or proceedings referred to in this Official Statement, but believes that the Authority has meritorious defenses or positions with respect thereto. Adverse decisions or determinations of certain types could, however, delay or impede the Authority's construction and operation of its existing or planned projects and could require the Authority to incur substantial additional costs, and such decisions or determinations could also adversely affect the Authority's revenues. See "PART 2 - CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND THE AUTHORITY" for information with respect to certain other regulatory and administrative matters.

LEGALITY FOR INVESTMENT

The Act provides that the 2020 Bonds will be legal investments under present provisions of State law for public officers and bodies of the State and municipalities and municipal subdivisions, insurance companies and associations and other persons carrying on an insurance business, banks, bankers and trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds of the State; but the 2020 Bonds will not be eligible for the investment of funds, including capital, of trusts, estates or guardianships under the control of individual administrators, guardians, executors, trustees and other individual fiduciaries, except when such individual fiduciary is acting with a corporate co-fiduciary. Under the Act, the 2020 Bonds will be eligible for deposit with all public officers and bodies of the State for any purpose for which the deposit of the State's obligations is or may be authorized.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization and issuance of the 2020 Bonds are subject to the approval of Hawkins Delafield & Wood LLP and Bryant Rabbino LLP, each Co-Bond Counsel to the Authority. The approving opinions of Co-Bond Counsel to be delivered with such 2020 Bonds will be in substantially the form attached to Part 1 of this Official Statement as APPENDIX A. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. Certain legal matters are subject to the approval of Nixon Peabody LLP and The Hardwick Law Firm, LLC, each Co-Special Counsel to the Authority.

Each of Co-Bond Counsel, Co-Special Counsel, and Underwriters' Counsel will receive compensation contingent upon the sale and delivery of the 2020 Bonds. From time to time, Co-Bond Counsel and Co-Special Counsel each may represent one or more of the Underwriters in matters unrelated to the Authority or the 2020 Bonds.

MISCELLANEOUS

The references in this Official Statement (which consists of Part 1 and Part 2) to the General Resolution, the State Constitution, the Act, the Public Service Law, the Niagara Redevelopment Act, the Federal Power Act, the Code, certain other legislation and court and Federal Energy Regulatory Commission decisions, orders and other actions, the licenses, certifications and permits for the Authority's facilities and certain contracts and leases of the Authority are brief summaries and outlines of certain portions or provisions thereof. Such summaries and outlines do not purport to be complete, and reference is made to such documents, legislation, decisions, orders, actions, licenses, certifications, permits, contracts and leases for full and complete statements of such portions or provisions. Copies of such documents are on file at the offices of the Authority. All estimates and opinions presented herein are intended only as such and not as representations of fact.

The agreements with the Owners of the 2020 Bonds are fully set forth in the General Resolution and the Continuing Disclosure Agreement. This Official Statement does not constitute and is not intended to constitute a contract between the Authority and any Owner of any 2020 Bond.

All inquiries to the Authority relating to this Official Statement should be addressed to Treasurer, Power Authority of the State of New York, 123 Main Street, White Plains, New York 10601 (telephone number: (914) 681-6200).

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APPENDIX A

**FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL
WITH RESPECT TO THE 2020 BONDS**

May __, 2020

Power Authority of the State of New York
123 Main Street
White Plains, New York 10601

Ladies and Gentlemen:

We have examined a certified copy of a record of proceedings relating to the issuance of Series 2020 A Revenue Bonds (Tax-Exempt) in the principal amount of \$1,120,610,000 (the “2020 A Bonds”) and Series 2020 B Revenue Bonds (Federally Taxable) in the principal amount of \$114,020,000 (the “2020 B Bonds”, and together with the 2020 A Bonds, the “2020 Bonds”) of the Power Authority of the State of New York (the “Authority”), a body corporate and politic constituting a corporate municipal instrumentality and political subdivision of the State of New York (the “State”).

The 2020 Bonds are issued under and pursuant to the Constitution and statutes of the State, including the Power Authority Act, being Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the “Act”), and under and pursuant to proceedings of the Authority duly taken, including a resolution of the Authority adopted on February 24, 1998, entitled “General Resolution Authorizing Revenue Obligations” (the “General Resolution”), as amended and supplemented, including by an Eleventh Supplemental Resolution adopted on November 7, 2016, as amended and restated on March 31, 2020 (the “Eleventh Supplemental Resolution” and, together with the General Resolution, the “Resolution”).

The 2020 Bonds are dated, mature, are subject to redemption and tender, are payable and bear interest, all as provided in the Resolution.

The Authority reserves the right to issue additional bonds, notes and other obligations as parity obligations under the Resolution (collectively with the 2020 Bonds and all other outstanding parity obligations under the Resolution, the “Revenue Bonds”) on the terms and conditions, and for the purposes, stated in the Resolution. Under the provisions of the Resolution, all such Revenue Bonds will rank equally as to security and payment with the 2020 Bonds.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act.
2. The Authority has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Eleventh Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the General Resolution, is authorized or permitted by the General Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms. The Resolution creates the valid pledge which it purports to create of the Trust Estate (as defined and to the extent provided in the Resolution), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

App. A-1

3. The 2020 Bonds have been duly and validly authorized and issued in accordance with law and in accordance with the Resolution, and are valid, binding and direct obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Act, payable solely from the Trust Estate as and to the extent provided in the Resolution. The Authority has good right and lawful authority under the Act to effectuate the purposes for which the proceeds of such Bonds will be utilized, subject to obtaining such licenses, orders or other authorizations, if any, as, at the date hereof, may be required to be obtained from any agency or regulatory body having lawful jurisdiction in order to effectuate such purposes. The Authority has no taxing power, the 2020 Bonds are not debts of the State or of any political subdivision of the State, other than the Authority, and the 2020 Bonds will not constitute a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Authority.

4. Under existing statutes, interest on the 2020 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

5. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2020 A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2020 A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering the opinions in this paragraph 5, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the 2020 A Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2020 A Bonds from gross income under Section 103 of the Code.

6. The original issue discount on the 2020 A Bonds if any, that has accrued and is properly allocable to the owners thereof under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2020 A Bonds.

7. Interest on the 2020 B Bonds is included in gross income for federal income tax purposes.

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights, and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the 2020 Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4, 5, 6 and 7 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2020 A Bonds.

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the 2020 Bonds. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Authority, other than the record of proceedings referred to above, and we express no opinion as to the

accuracy, adequacy, sufficiency or completeness of any financial or other information which has been or will be supplied to purchasers of the 2020 Bonds.

This letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material or matters of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. Our services did not include financial or other non-legal advice.

Very truly yours,

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APPENDIX B**BOOK-ENTRY-ONLY SYSTEM PROCEDURES**

The information contained in the following paragraphs (1)-(10) of this Appendix has been extracted from a schedule prepared by The Depository Trust Company, entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The Authority makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully registered certificates will be issued for each maturity of each series of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2020 Bonds, except in the event that use of the book-entry-only system for the 2020 Bonds is discontinued.

4. To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2020 Bond documents. For example, Beneficial Owners of the 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. As long as the book-entry system is used for the 2020 Bonds, the Trustee will give any notice of redemption or any other notices required to be given to Owners of such 2020 Bonds only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant, or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2020 Bonds called for such redemption, or of any other action premised on such notice.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and principal and interest payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

9. The requirement for physical delivery of 2020 Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the 2020 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2020 Bonds to Tender Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the 2020 Bonds are required to be printed and delivered.

11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the 2020 Bonds will be printed and delivered to DTC (or a successor securities depository) upon satisfaction of the applicable procedures of DTC with respect thereto.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) dated May __, 2020 by and between the Power Authority of the State of New York (the “Issuer”) and The Bank of New York Mellon, as trustee (the “Trustee”), under a resolution adopted by the Issuer on February 24, 1998 entitled “General Resolution Authorizing Revenue Obligations” (the “General Resolution”), as amended and supplemented, including by an Eleventh Supplemental Resolution adopted on November 7, 2016, as amended and restated on March 31, 2020 (the “Eleventh Supplemental Resolution” and, together with the General Resolution, (the “Resolution”), is executed and delivered in connection with the issuance of the Issuer’s \$1,120,610,000 principal amount of Revenue Bonds, Series 2020 A (Tax-Exempt) (the “2020 A Bonds”) and \$114,020,000 principal amount of Revenue Bonds, Series 2020 B (Federally Taxable) (the “2020 B Bonds” and, together with the 2020 A Bonds, the “2020 Bonds”). Capitalized terms used in this Agreement which are not otherwise defined in the Resolution shall have the respective meanings specified above or in Article IV hereof. The parties agree as follows:

ARTICLE I

The Undertaking

Section 1.1. *Purpose.* This Agreement is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. *Annual Financial Information.* (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2019, by no later than nine months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. *Audited Financial Statements.* If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. *Notice Events.* (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Trustee.

(b) Any such notice of a defeasance of 2020 Bonds shall state whether the 2020 Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Resolution, the Trustee has actual notice of an occurrence which, if material, would require the Issuer to provide notice of a Notice Event hereunder; provided, however, that the failure of the Trustee so to advise the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Resolution.

(d) Each notice concerning a Notice Event relating to the 2020 Bonds shall include the CUSIP numbers of the 2020 Bonds to which such Notice Event relates or, if the Notice Event relates to all bond issues of the Issuer including the 2020 Bonds, such notice need only include the CUSIP number of the Issuer.

Section 1.5. *Additional Disclosure Obligations.* The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.6. *Additional Information.* Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer chooses to do so, the Issuer shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.7. *No Previous Non-Compliance.* The Issuer represents that it has previously entered into written contracts or agreements of the type referenced in paragraph (b)(5)(i) of the Rule and is in compliance with such agreements.

ARTICLE II

Operating Rules

Section 2.1. *Reference to Other Filed Documents.* It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. *Submission of Information.* Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. *Dissemination Agents.* The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and revoke or modify any such designation.

Section 2.4. *Transmission of Notices, Documents and Information.* (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. *Fiscal Year.* (a) The Issuer's current fiscal year is January 1-December 31, and the Issuer shall promptly notify (i) the MSRB and (ii) the Trustee of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. *Effective Date; Termination.* (a) This Agreement shall be effective upon the issuance of the 2020 Bonds.

(b) The Issuer's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance of all of the 2020 Bonds, prior redemption or payment in full of all of the 2020 Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the 2020 Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. *Amendment.* (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the 2020 Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have delivered to the Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel or the Trustee) and acceptable to the Issuer, addressed to the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the 2020 Bonds or (ii) the holders of the 2020 Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of 2020 Bonds pursuant to the Resolution as in effect at the time of the amendment, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the 2020 Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and Trustee, to the effect that performance by the Issuer and the Trustee under this Agreement as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the 2020 Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of the SEC or its staff, and (2) the Trustee shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. *Benefit; Third-Party Beneficiaries; Enforcement.* (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the 2020 Bonds, except that beneficial owners of 2020 Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding 2020 Bonds, or by the Trustee on behalf of the holders of Outstanding 2020 Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding 2020 Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than a majority in aggregate principal amount of the 2020 Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The holders' and the Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of 2020 Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of 2020 Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

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ARTICLE IV

Definitions

Section 4.1. *Definitions.* The following terms used in this Agreement shall have the following respective meanings:

1. “Annual Financial Information” means, collectively, (I)(a) the following financial information and operating data contained in the Official Statement for each fiscal year of the Issuer, as follows: (i) net revenue and expense data of the type set forth in Part 2 of the Official Statement under the heading “CERTAIN FINANCIAL MATTERS - Historical Net Income”, specifically under the table “Summary Statements of Net Income”; (ii) outstanding indebtedness of the Issuer set forth in Part 2 of the Official Statement under the heading “CERTAIN FINANCIAL MATTERS - Outstanding Indebtedness”; and (iii) the information set forth in Part 2 of the Official Statement in the third paragraph under the heading “NEW YORK STATE CANAL CORPORATION”; (b) generation, energy purchases, and power and energy sales of the Authority set forth in Part 2 of the Official Statement under the heading “POWER SALES”, specifically under the table “Generation and Power Sales 2019”; and (c) capacity factors or availability factors information by unit; and (II) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1) of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

2. “Audited Financial Statements” means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2(a) hereof, the Issuer may, if permitted by GAAP, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific provision describing such accounting principles, or other description thereof.

3. “Counsel” means Hawkins Delafield & Wood LLP, Bryant Rabbino LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

4. “Exchange Act” means the Securities Exchange Act of 1934, as amended and in effect on the date hereof.

5. “Financial Obligation” means. a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Exchange Act) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

6. “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

7. “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

8. “Notice Event” means any of the following events with respect to the 2020 Bonds, whether relating to the Issuer or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2020 A Bonds or other material events affecting the tax status of the 2020 A Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the 2020 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional Trustee or the change of name of a Trustee, if material;

(xv) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (xv) and (xvi) and the definition of “Financial Obligation” in Section 2 hereof, reference to the Rule includes the guidance provided by the SEC in Release No. 34 83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

9. “Official Statement” means the Official Statement dated April 29, 2020 of the Issuer relating to the 2020 Bonds.

10. “Rule” means Rule 15c2-12 promulgated by the SEC under the Exchange Act (17 CFR Part 240, ss.240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

11. “SEC” means the United States Securities and Exchange Commission.

12. “State” means the State of New York.

13. “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

14. “Underwriters” means any of the underwriters of the 2020 Bonds required to comply with the Rule in connection with the offering of the 2020 Bonds.

ARTICLE V

Miscellaneous

Section 5.1. *Duties, Immunities and Liabilities of Trustee.* Article VII of the Resolution is hereby made applicable to this Agreement as if this Agreement were, solely for this purpose, contained in the Resolution.

Section 5.2. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives all as of the date first above written.

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____
An Authorized Representative

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
An Authorized Representative

APPENDIX D

LITIGATION

(a) *St. Regis Litigation*

In 1982 and again in 1989, several groups of Mohawk Indians, including a Canadian Mohawk tribe, filed lawsuits (the St. Regis litigation) against the State of New York (the “State”), the Governor of the State, St. Lawrence and Franklin counties, the St. Lawrence Seaway Development Corporation, the Authority and others, claiming ownership to certain lands in St. Lawrence and Franklin counties and to Barnhart, Long Sault and Croil islands. These islands are within the boundary of the Authority’s St. Lawrence-FDR Project and Barnhart Island is the location of significant Project 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, among other things, 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 Authority power for use on the reservation. The legislation required to effectuate the settlement was never enacted and the litigation continued.

In 2013, all claims against the Authority were dismissed and the lawsuit against the Authority was concluded. On May 28, 2014, the State, the St. Regis Mohawk Tribe, St. Lawrence County and the Authority executed a Memorandum of Understanding (the “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 the Authority 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 the Authority is 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. The Authority is in continuing settlement discussions with some of the parties to the St. Regis litigation.

(b) *Long Island Sound Cable Project*

In January 2014, one of the Long Island Sound Cable Project underwater cables was severely impacted by an anchor and/or anchor chain dropped by one or more vessels, causing the entire electrical circuit to fail and the circuit breaker to trip. As a result of the impact to the cable, dielectric fluid was released into Long Island Sound. At December 31, 2019 and December 31, 2018, the consolidated statements of net position includes approximately \$19 million and \$18 million, respectively, in other long-term assets, reflecting the cost of damages net of insurance recoveries. The Authority believes that it will be able to recover the full amount of its damages through legal proceedings, insurance coverage and contractual obligations.

(c) *Helicopter Incident near Authority's Transmission Lines in Beekmantown, NY*

In April 2014, Authority contracted with Northline Utilities, LLC ("Northline") to install fiber optic ground wire along the Authority's transmission system. Thereafter, Northline engaged Catalyst Aviation, LLC ("Catalyst") to provide helicopter services. On October 30, 2018, a Catalyst helicopter was destroyed when it collided with a wooden utility pole and power lines near Beekmantown, New York. Members of the helicopter crew were injured, and two members of that crew died as a result of their injuries. The Authority has received two notices of claim arising out of this incident. The Authority has pursued insurance coverage under Northline's insurance policies that name the Authority as an additional insured. The Authority tendered its defense of these notices of claim to Northline's insurer and the insurer has accepted the Authority's tender. The Authority believes that there exists sufficient insurance coverage to cover these claims. In any event, to the extent that the insurance coverage limitations are insufficient, Northline is responsible under the defense and indemnification provisions of its contract with the Authority.

(d) *Miscellaneous*

In addition to the matters described above, other 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 of such other actions or claims will, in the opinion of the Authority, be disposed of within the amounts of the Authority's insurance coverage, where applicable, or the amount which the Authority has available therefor and without any material adverse effect on the business of the Authority. While the Authority cannot presently predict the outcome of the matters described above or any related litigation, the Authority believes that it has meritorious defenses and positions with respect thereto. However, adverse decisions of a certain type in the matters discussed above could adversely affect Authority operations and revenues.

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PART 2

of the

OFFICIAL STATEMENT

of the

POWER AUTHORITY OF THE STATE OF NEW YORK

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TABLE OF CONTENTS FOR PART 2

	<u>Page</u>
THE AUTHORITY	1
Introduction	1
Management	1
Executive Management Committee	2
Authority and Canals Risk Management and Insurance Program	2
CERTAIN FINANCIAL MATTERS	4
Impacts from the Coronavirus and COVID-19 Pandemic	5
Historical Net Income	8
Management’s Discussion and Analysis	8
State Pension Plans and Other Postemployment Benefits	8
Outstanding Indebtedness	8
Debt Service Requirements for Senior Lien Debt	10
Projected Capital and Financing Requirements and Potential Initiatives	11
Other Initiatives	14
Voluntary Contributions and Transfers to the State	15
Nuclear Plant Sale Matters	16
2020-2023 Budget and Financial Plan	16
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE RATIOS	17
NEW YORK STATE CANAL CORPORATION	18
NEW YORK INDEPENDENT SYSTEM OPERATOR	18
New York Independent System Operator Arrangement	18
NYISO Market Procedures	19
Certain Authority Plant Outage Risks	20
NYISO Energy and Capacity Market Mitigation Measures	21
NYISO Capacity Requirements Matters	21
Potential NYISO Budget Shortfalls and Bad Debt Losses	22
TRANSMISSION REVENUE REQUIREMENT	22
POWER SALES	24
Top Customers	25
Marketing Issues and Development	25
Sales of Purchased Power and Energy for Industrial Power	28
SENY Governmental Customers	29
St. Lawrence-FDR and Niagara	29
Blenheim-Gilboa	31
Small Clean Power Plants	31
Zeltmann	31
Flynn	31
CLEAN ENERGY SOLUTIONS	32
THE AUTHORITY’S FACILITIES	33
Generation	33
Transmission	37
Certain Operating Information	38
Fuel Supply	39
LEGISLATION AFFECTING THE AUTHORITY	39
EXECUTIVE ORDER NO. 88	42
CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND THE AUTHORITY	42
Regulation Generally	42
Dodd-Frank Act	42

Environmental 42
Other Factors 43
Effects on the Authority 45
REGULATION..... 46
 New York State 46
 Federal 48
APPENDIX 1—Summary of Certain Provisions of the General Resolution App. 1-1
APPENDIX 2—Backgrounds of the Board of Trustees and Certain Senior Management
 Staff App. 2-1

PART 2
of the
OFFICIAL STATEMENT
of the
POWER AUTHORITY OF THE STATE OF NEW YORK

\$1,234,630,000
REVENUE BONDS

\$1,120,610,000 Series 2020 A Revenue Bonds (Tax-Exempt)
\$114,020,000 Series 2020 B Revenue Bonds (Federally Taxable)

THE AUTHORITY

Introduction

For an introduction to the Authority, see “PART 1 – Introduction”.

Capitalized terms not otherwise defined in this Part 2 of the Official Statement have the meanings set forth in Part 1 of the Official Statement or APPENDIX 1 to this Part 2 of the Official Statement.

Management

Trustees

The governing board of the Authority consists of seven Trustees (the “Board of Trustees”) appointed by the Governor of the State (the “Governor”), with the advice and consent of the State Senate. There is currently one vacant seat on the Board of Trustees. The current Trustees are:

<u>Trustees</u>	<u>Term Expires</u>
John R. Koelmel, Chairman	May 6, 2021
Hon. Eugene L. Nicandri.....	May 6, 2018*
Tracy B. McKibben.....	January 11, 2017*
Anthony Picente, Jr.	May 6, 2020
Michael A.L. Balboni.....	February 27, 2018*
Dennis G. Trainor.....	May 6, 2022

The members of the Board of Trustees also serve as board members of the Canal Corporation.

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* Continuing to serve on a holdover basis until confirmed for an additional term or a new Trustee is appointed.

Senior Management

The senior management staff of the Authority includes the following:

Gil C. Quiniones, President and Chief Executive Officer;
 Joseph Kessler, Executive Vice President and Chief Operating Officer;
 Kristine Pizzo, Executive Vice President and Chief Human Resources and Administration Officer;
 Justin E. Driscoll, Executive Vice President and General Counsel;
 Adam Barsky, Executive Vice President and Chief Financial Officer;
 Sarah Orban Salati, Executive Vice President and Chief Commercial Officer;
 Robert Piascik, Senior Vice President and Chief Information Officer;
 Yves E. Noel, Senior Vice President of Strategy and Corporate Development;
 Soubhagya Parija, Senior Vice President and Chief Risk Officer;
 Sundeep Thakur, Vice President and Controller;
 Christina Reynolds, Treasurer; and
 Daniella Piper, Chief of Staff and Vice President Digital Transformation Officer.

The officers of the Authority also serve as officers of the Canal Corporation.

See “PART 2 - APPENDIX 2 - BACKGROUNDS OF THE BOARD OF TRUSTEES AND CERTAIN SENIOR MANAGEMENT STAFF.”

Executive Management Committee

The Authority’s Executive Management Committee periodically reviews corporate strategies, policies and programs, and reports, with the Chairman’s concurrence, to the Board of Trustees. Currently, the Executive Management Committee includes the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President and Chief Commercial Officer, the Executive Vice President and General Counsel, and certain other members of the senior management staff of the Authority designated by the President and Chief Executive Officer.

Authority and Canals Risk Management and Insurance Program

The Authority maintains a robust enterprise-wide risk management program, including a policy that covers all personnel and business units responsible for management of relevant risks that impact strategic and/or corporate goals. Risk management at the Authority starts with a proactive Board of Trustees setting a “tone at the top” of a strong risk management culture. The Board of Trustees have authorized an Executive Risk Management Committee (the “ERMC”) comprised of top leadership responsible for the establishment and oversight of risk management processes throughout the organization. The Authority is ISO 550001 certified, and was the first to receive such certification in North America, with implementation of an integrated system for asset management that transparently informs on decisions between risks and opportunities. Risk management personnel sits on the Asset Management Board to provide key insights. The Authority has established an investment committee to promote the efficient allocation and deployment of financial resources. The Authority has a commodity risk management analytics solution with integrated platforms monitoring market exposures, and active volumetric hedging program to reduce exposure in energy markets, capacity, and metals. Management of a counterparty portfolio enables the Commercial Operational team with a portfolio of highly-rated counterparties in support of trading activities, monitoring for credit exposure and managing collateral requirements to protect the Authority’s positions. The Board of Trustees has established a separate subcommittee dedicated to cyber security, and the Authority has a dedicated Chief Information Security Officer (“CISO”) and cyber team focused on existing and emerging cyber issues. An

established governance and continuous improvement model is fully integrated into everyday operations, ensuring response readiness with actionable security standards and training.

Insurance Program

The Authority maintains a comprehensive property/casualty insurance program designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities and transfers specific risks to insurance carriers who are better suited to accept such risks on their balance sheets. Based on underwriting information and actuarial analysis, insurance carriers issue policies of insurance that cover the Authority's risks subject to specified terms and conditions. The insurance program is reviewed and modified when construction, operational exposures, or developments in the insurance industry require. The Authority budgets for reserves to meet potential insurance deductibles and self-insured liability claims.

The Authority purchases insurance coverage for its operations, and in certain instances, is self-insured. The Authority maintains comprehensive property insurance that protects the various real and personal property owned by the Authority and the property of others while in the care, custody and control of the Authority for which the Authority may be held liable. Liability insurance protects the Authority from third-party liability related to its operations, including general liability, automobile, aircraft, marine and its officers and directors. Cyber liability insurance protects the Authority against first- and third-party losses. The Authority pursues subrogation claims as appropriate against any entities that cause damage to its property.

Other Self-Insured and Uninsured risks.

The Authority self-insures certain programs such as workers' compensation, and its employee benefits programs (health, dental, vision, etc.). The Authority also retains certain commercially uninsurable risks, including reputational, regulatory, hydro flow and transmission line risks.

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The Authority's and the Canal Corporation's insurance policies, insurers, coverage, self-insured retention, and excess coverage are outlined in the table below:

Insurance Coverage

Policy	Entity	Coverage	Self-insured Retention	Excess Coverage⁽¹⁾
Automobile	The Authority	\$250,000	\$0	Up to \$100,000,000 (above primary coverage)
General Liability	The Authority ⁽²⁾	1,000,000	0	(Automobile, General Liability and Marine Liability)
General Liability	The Authority	N/A	1,000,000	
Marine Liability	The Authority	1,000,000	Variable per vehicle	
Automobile	NYCC	2,000,000	0	
Business Travel	The Authority	5,000,000	0	
General Liability	NYCC	2,000,000	1,000,000	
Crime	The Authority	5,000,000	100,000	
Water Quality Liability	The Authority	5,000,000	0	
Ocean Marine	NYCC	1,000,000	Variable	Up to \$100,000,000 (above primary coverage) (Ocean Marine and Marine pollution)
Marine pollution	NYCC	1,000,000	0	
Owner Controlled Insurance Program ⁽³⁾	The Authority	200,000,000	5,000,000	
Property	The Authority	500,000,000	Variable up to \$2,000,000	
Property	NYCC	20,000,000	5,000,000	
Workers' Compensation	The Authority	35,000,000	500,000	
Workers' Compensation	NYCC	10,000,000	250,000	
Aviation	The Authority & NYCC	200,000,000	0	Up to \$300,000,000 (above \$200,000,000 base)
Cyber	The Authority & NYCC	5,000,000	1,000,000	
Director & Officers	The Authority & NYCC	25,000,000	1,000,000	Up to \$50,000,000 (above \$25,000,000 base)

(1) If applicable

(2) White Plains Office Only

(3) Multiple Layers

CERTAIN FINANCIAL MATTERS

The Authority's Consolidated Financial Statements for the years ended December 31, 2019 and December 31, 2018 (With Independent Auditors' Report Thereon) and Management's Discussion and Analysis (Unaudited) (the "2019 Financial Statements") have been filed with the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB") by the Authority. The 2019 Financial Statements are included by specific cross-reference in this Official Statement. Prospective purchasers of the 2020 Bonds should review such 2019 Financial Statements prior to purchasing the 2020 Bonds. For convenience, a copy of the 2019 Financial Statements can also be found on the Authority's website at <https://www.nypa.gov/about/financials>. No statement on the Authority's website is included by specific cross-reference herein.

The 2019 Financial Statements, as well as any other projections, budgets or forecasts herein, do not take into account the potential effects of the Coronavirus and COVID-19. The Authority is unable to determine if the COVID-19 disruption will materially impact its 2020 results of operations or financial position. The effects of the pandemic on the Authority's financial performance or operations could be material. See the 2019 Financial Statements, "Note 15 – Subsequent Events" on page 72. See "PART 2 – CERTAIN FINANCIAL MATTERS – Impacts from the Coronavirus and COVID-19 Pandemic."

Impacts from the Coronavirus and COVID-19 Pandemic

General. The outbreak of a new strain of coronavirus (the “Coronavirus”) and the disease caused thereby (“COVID-19”), an upper respiratory tract illness first identified in Wuhan, China, has spread to numerous countries across the globe, including the U.S. COVID-19 has been characterized as a pandemic by the World Health Organization, and has resulted in a declaration of a state of emergency by certain states (including by the State on March 7, 2020) and local governments (including by the City on March 12, 2020), and of a national emergency by the Federal Government on March 13, 2020.

While the effects of COVID-19 may be temporary, it has substantially altered the behavior of federal and state governments, businesses and people in a manner that is having serious negative impacts on global and local economies, Financial markets in the U.S. and globally have seen significant recent declines that have been attributed to concerns related to the Coronavirus and COVID-19 and decreases in business activity attributable thereto. Capital markets in the U.S. have been severely disrupted. These adverse impacts are intensifying and continue to evolve daily.

State Response. The State has been referred to as the epicenter of the Coronavirus and COVID-19 in the U.S. On March 20, 2020, Governor Cuomo signed the “New York State on PAUSE” Executive Order, which cancelled or postponed non-essential gatherings of any size for any reason, limited any concentration of individuals outside their home to workers providing essential services, and mandating practice of social distancing by individuals and businesses, among others, through at least May 15, 2020. The Governor’s Executive Order designated utilities, including power generation, fuel supply and transmission, as “essential businesses” in the State. On March 28, 2020, the State, along with the surrounding states of New Jersey and Connecticut, was placed under a travel advisory by the U.S. Centers for Disease Control and Prevention, wherein residents were urged to refrain from non-essential domestic travel for fourteen days. On April 13, 2020, Governor Cuomo, the Governors of the States of New Jersey, Connecticut, Delaware, Rhode Island, and the Commonwealth of Pennsylvania announced a new coalition to coordinate the timing for reopening the region from the coronavirus-driven shutdown of schools and businesses. The announcement references a working group consisting of an economic development official and a public health official from each state which is expected to release a final plan in April or May of 2020, which may involve coordination with the federal government on mandating gloves and covering, testing requirements and other details.

Authority Response. The Authority has been taking steps to address the ongoing pandemic of the Coronavirus and COVID-19, first, to ensure the health and safety of its employees and second, to sustain the generation and transmission facilities of the Authority for the people of the State.

To support the resiliency of the generation and transmission facilities of the Authority and power system generally, the Authority has entered into mutual aid agreements with other utility providers in the State and in Canada and is offering assistance to such other utilities through the exchange of employees as well as the sharing of expertise, equipment and materials. These agreements are currently expected to remain in effect through September 2020.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Authority cannot predict the extent or duration of the outbreak or what impact it may have on the Authority’s financial condition or operations. There can be no assurances that the spread of the Coronavirus and COVID-19 or other highly contagious or epidemic diseases will not adversely impact the Authority, its financial condition, operations, supply chains and customers. The effects of the pandemic on the Authority’s financial performance or operations could be material. The Authority cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. If the pandemic and its consequences are prolonged, the likelihood of adverse impacts occurring from these risks or others could be increased.

Employee Safety. In January, the Authority formed an internal COVID-19 task force, and in March opened an emergency operations center. The Authority has adopted work-from-home policies for all non-essential employees and has implemented a shelter-in-place policy for crucial employees, wherein power plant control room and transmission control center operators are sequestered at those locations. If a significant number of the Authority's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing electric service could be adversely impacted. The Authority has also negotiated a memorandum of understanding with the union representing employees who are sequestered in place at facilities and day workers at those facilities wherein those employees will receive special overtime rates. The Authority expects the costs of overtime due to the shelter-in-place order to be approximately \$4 million per month. In addition, the Authority expects additional impact upon employees' ability to work when moderate to full operations are resumed and schools are reopened.

Financial Assistance for Customers. On March 31, 2020, the Authority approved a waiver of applicable energy and demand rate increases for its economic development power customers that participate in its ReCharge New York, Replacement Power, Expansion Power and Preservation Power programs for the July 1, 2020 to June 30, 2021 rate year. For a description of such programs, see "POWER SALES" below. In addition, customers participating in those Authority power programs are now able to suspend payment to the Authority for up to six months beginning with their April 2020 electric bill. Customers that opt-in to the new relief program can make payment installments over the following 18 months, free from any interest or penalties. The Authority estimates the financial impact of the deferral to be up to \$80 million, which is expected to be paid back over eighteen months, with approximately \$400,000 of revenue lost in fiscal year 2020 and an additional approximately \$400,000 of revenue lost in 2021. Additional relief is being considered by the Authority, which may take the form of suspension of certain compliance actions on economic development customers during fiscal year 2020.

Financial Preparedness and Liquidity. The Authority has implemented additional cost reductions, including a hiring and wage freeze and a six-month freeze of all discretionary expenses. The Authority expects these and other actions will defer the expenditure of approximately \$545 million in expenses. Upon the issuance of the 2020 Bonds, the Authority expects to have liquidity of \$1.6 billion in cash and approximately \$450 million of undrawn but committed capacity, and expects to have nearly 400 days liquidity. The Authority has established a process to track Coronavirus and COVID-19 related costs for which it will seek reimbursement from the Federal Emergency Management Agency.

Adjustments to Capital Planning. The pandemic and related consequences have also disrupted supply chains and could further disrupt or delay construction activities and adversely impact the timing of capital projects, including capital projects designed to further renewable energy and carbon reduction goals and requirements. Due to concerns related to the Coronavirus and COVID-19, the Authority has deferred all nonessential capital projects and operations and maintenance projects for six months, and delayed certain strategic projects until further notice, to be determined in accordance with the Authority's internal policies and direction from the Governor. See "PART 2 - CERTAIN FINANCIAL MATTERS – Projected Capital and Financing Requirements and Potential Initiatives."

Potential Changes in Customer Demand and Stress Testing. The Authority saw a reduction in customer usage during March, 2020, which has accelerated in April. As of April 17, 2020, the Authority has observed a roughly 18% drop in expected usage across its customer base compared to projected data for this time period. Approximately 9% of this load reduction impacts the Authority's hydro assets. The remaining customer load reduction reduces the wholesale market power that the Authority would purchase on behalf of its customers and pass through at cost. With the 9% load reduction, the excess generation not taken by contracted customers is monetized as NYISO market sales, which currently is having a non-material impact to revenues. The Authority expects to experience decreased customer sales through at least June, 2020.

Further, the Authority has undertaken a stress testing modeling exercise which shows a similar, minimal impact to its finances based upon a system wide 20% load reduction as well as a 20% customer load reduction through the end of 2020. This stress test modeling scenario resulted in locational-based marginal price (“LBMP”) decreases as shown in the table below when a 20% system-wide decrease (from 154 terawatt hours (“TWh”) to 124 TWh) was incorporated:

LBMP Price Change (\$/MWh)

Location	Current Projection⁽¹⁾	20% Load Decrease
Central New York	\$22.65	16%
Niagara Bus	20.28	15
STL Bus	19.31	17
Downstate	25.22	10-12

⁽¹⁾ Based on Platt’s January 31, 2020 Natural Gas Forward Prices.

In this scenario, NYISO energy prices dropped between 10-18% system-wide through the end of 2020, which resulted in a *de minimis* financial impact of a loss in revenue of \$4 million for the Authority when compared to its current projections, as shown in more detail in the table below:

Financial Impact of 20% Stress Test (\$ in millions)

Reduced Revenue from Market Energy Decline (NYISO)	(\$22)
Lost Revenue from Customer Load Drop	(19)
Revenue from Customer Load Sold in the NYISO Market	27
Increased Value of Existing Authority Hedge Portfolio	<u>10</u>
Total:	(\$4)

Potential Impact of COVID-19 on NYISO. Due to the Coronavirus and COVID-19 pandemic and the associated reductions in energy load, the total amount of electricity flowing through the NYISO may be significantly less than forecasted, or that certain other market participants in the NYISO may not be able to make required payments to NYISO. If either such event occurs, the Authority may be required to pay additional amounts to NYISO as a market participant. See “PART 2 – NEW YORK INDEPENDENT SYSTEM OPERATOR – Potential NYISO Budget Shortfalls and Bad Debt Losses.”

Additional Information. Additional information with respect to events surrounding the outbreak of the Coronavirus and COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor’s office (<https://coronavirus.health.ny.gov/home>). *The Authority has not incorporated by reference the information on such websites and does not assume any responsibility for the accuracy of the information on such websites.*

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Historical Net Income

The net income of the Authority, which is derived from the Statements of Revenues, Expenses and Changes in Net Assets in the financial statements of the Authority for the years ended December 31, 2019, December 31, 2018 and December 31, 2017, are summarized below:

Summary Statements of Net Income			
(In millions)			
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenues	\$ 2,370	\$ 2,689	\$ 2,573
Operating Expenses			
Purchased power	529	710	557
Fuel	140	189	165
Operations and maintenance	692	679	618
Wheeling	647	654	680
Depreciation	250	235	242
Impairment Loss	<u>—</u>	<u>—</u>	<u>73</u>
Total Operating Expenses	2,258	2,467	2,335
Operating Income	\$ 112	\$ 222	\$ 238
Non-operating Revenues	46	23	29
Non-operating Expenses	<u>(135)</u>	<u>(143)</u>	<u>(148)</u>
Net Income	<u>\$ 23</u>	<u>\$ 102</u>	<u>\$ 119</u>

Management’s Discussion and Analysis

For additional information, see the 2019 Financial Statements, “Management’s Discussion and Analysis – Consolidated Statements of Revenues, Expenses and Changes in Net Position.”

State Pension Plans and Other Postemployment Benefits

For a discussion of the Authority’s participation in State pensions plans, the Authority’s other postemployment benefit obligations and related issues, see (i) the 2019 Financial Statements, “Note 10 – Pension Plans” on pages 50-52, (ii) “Note 11 – Postemployment Benefits Other Than Pensions, Deferred Compensation and Savings” on pages 53-59 and (iii) Required Supplementary Information (Unaudited) on pages 73-78.

Outstanding Indebtedness

As of April 1, 2020, the total outstanding indebtedness of the Authority consisted of Revenue Bonds issued under the General Resolution Authorizing Revenue Obligations, adopted February 28, 1998, as amended and supplemented (the “General Resolution”), the Authority’s Commercial Paper Notes (the “CP Notes”), the Extendible Municipal Commercial Paper Notes (the “EMCP Notes”), the Subordinated Notes, Series 2012 (the “2012 Subordinated Notes”) and the Subordinated Notes, Series 2017 (the “2017 Subordinated Notes”) and, together with the 2012 Subordinated Notes, the “Subordinated Notes”). As of April 1, 2020, the CP Notes were outstanding in the amount of \$639,878,000, the EMCP Notes were outstanding in the amount of \$5,000,000, the 2012 Subordinated Notes were outstanding in the amount of \$19,575,000 and the 2017 Subordinated Notes were outstanding in the aggregate amount of \$23,300,000.

After the issuance of the 2020 Bonds and the application of all refunding proceeds, the Authority will have outstanding (i) senior indebtedness of approximately \$1,624,840,000, consisting of \$117,395,000 of the 2003 A Bonds, \$210,215,000 of the 2007 B Bonds, \$62,600,000 of the 2011 A Bonds, \$1,120,610,000 of the 2020 A Bonds and \$114,020,000 of the 2020 B Bonds, and (ii) approximately \$687,753,000 of Subordinated Indebtedness, as defined in the General Resolution, consisting of the CP Notes, EMCP Notes, Subordinated Notes, Series 2012 and Subordinated Notes, Series 2017.

Additionally, for a discussion of certain interest rate and energy swap agreements that the Authority has entered into and may enter into, see “PART 1 - SECURITY FOR THE 2020 BONDS - Additional Debt Issuance.”

The Authority has entered into a revolving credit agreement with banks to provide liquidity support for the CP Notes. The agreement relating to the CP Notes provides for the Authority to borrow up to \$700 million; the agreement terminates on January 14, 2022 and may be extended twice, each by one additional year, if agreed by the parties. The Authority’s obligation to reimburse the respective banks for any borrowing therefrom pursuant to the revolving credit agreement constitutes Subordinated Indebtedness. Any other payments under the revolving credit agreement will constitute Subordinated Contract Obligations. There are no outstanding borrowings under the revolving credit agreement.

The Authority is entering into a revolving credit agreement with J.P. Morgan Chase Bank, N.A. (the “Bank”) to provide additional liquidity support for the CP Notes. Such agreement provides for the Authority to borrow up to \$250 million and terminates in April, 2021, unless extended by the parties. The Authority is also entering into a note purchase agreement with the Bank under which the Bank will purchase notes issued by the Authority in an aggregate principal amount up to \$250 million, provided that the principal amount outstanding under such note purchase agreement, together with the principal amount outstanding under such new revolving credit agreement may not in the aggregate exceed \$250 million. The proceeds of drawings under the note purchase agreement may be used for the payment of any capital expenditures, operating expenses or any other lawful corporate purpose of the Authority. The Authority’s obligation to reimburse the Bank for any borrowing pursuant to the new revolving credit agreement and under any notes purchased pursuant to such note purchase agreement would constitute Subordinated Indebtedness. The Authority expects to issue additional CP Notes supported by the new revolving credit agreement to refund certain Obligations of the Authority and then retire such CP Notes with a portion of the proceeds of the 2020 Bonds.

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Debt Service Requirements for Senior Lien Debt

The following table shows the debt service for the Authority's senior lien debt, consisting entirely of the Revenue Bonds, expected to be outstanding subsequent to the issuance of the 2020 Bonds and the implementation of the plan of finance, including the refunding of certain Outstanding Obligations through CP Notes, as described in "PART 1 - PLAN OF FINANCE".

Calendar Year ⁽¹⁾	Outstanding Senior Lien Debt ^{(2) (3) (4)}		2020 Bonds		Total ^{(2) (3) (4)}
	Principal (\$)	Interest (\$)	Principal (\$)	Interest (\$) ⁽⁵⁾	
2020	-	\$ 22,222,562	-	\$ 24,037,804	\$ 46,260,366
2021	-	22,222,562	-	47,287,484	69,510,045
2022	-	22,222,562	-	47,287,484	69,510,045
2023	-	22,222,562	-	47,287,484	69,510,045
2024	\$ 15,895,000	22,222,562	-	47,287,484	85,405,045
2025	16,780,000	21,336,312	-	47,287,484	85,403,796
2026	17,715,000	20,399,981	-	47,287,484	85,402,464
2027	18,705,000	19,409,360	-	47,287,484	85,401,844
2028	23,035,000	18,361,337	-	47,287,484	88,683,821
2029	24,325,000	17,069,928	-	47,287,484	88,682,411
2030	25,705,000	15,694,055	-	47,287,484	88,686,539
2031	27,415,000	14,239,889	-	47,287,484	88,942,372
2032	28,965,000	12,690,440	-	47,287,484	88,942,924
2033	30,600,000	11,054,406	-	47,287,484	88,941,890
2034	16,585,000	9,325,673	\$ 16,435,000	47,287,484	89,633,156
2035	17,510,000	8,404,024	16,890,000	46,824,345	89,628,369
2036	18,485,000	7,430,660	17,365,000	46,348,385	89,629,045
2037	19,510,000	6,402,713	17,860,000	45,859,039	89,631,752
2038	13,810,000	5,317,417	25,150,000	45,355,745	89,633,162
2039	13,830,000	4,498,925	26,655,000	44,647,018	89,630,942
2040	14,655,000	3,671,199	27,485,000	43,821,000	89,632,199
2041	15,535,000	2,794,097	28,580,000	42,721,600	89,630,697
2042	16,465,000	1,864,328	29,720,000	41,578,400	89,627,728
2043	14,685,000	878,897	33,675,000	40,389,600	89,628,497
2044	-	-	50,585,000	39,042,600	89,627,600
2045	-	-	52,610,000	37,019,200	89,629,200
2046	-	-	54,715,000	34,914,800	89,629,800
2047	-	-	56,905,000	32,726,200	89,631,200
2048	-	-	59,180,000	30,450,000	89,630,000
2049	-	-	61,545,000	28,082,800	89,627,800
2050	-	-	64,010,000	25,621,000	89,631,000
2051	-	-	55,570,000	23,060,600	78,630,600
2052	-	-	57,790,000	20,837,800	78,627,800
2053	-	-	60,105,000	18,526,200	78,631,200
2054	-	-	62,510,000	16,122,000	78,632,000
2055	-	-	65,010,000	13,621,600	78,631,600
2056	-	-	54,610,000	11,021,200	65,631,200
2057	-	-	56,655,000	8,975,625	65,630,625
2058	-	-	58,775,000	6,853,463	65,628,463
2059	-	-	60,980,000	4,651,900	65,631,900
2060	-	-	63,260,000	2,367,725	65,627,725
TOTAL^{(2) (3) (4)}	<u>\$390,210,000</u>	<u>\$311,956,447</u>	<u>\$1,234,630,000</u>	<u>\$1,437,502,419</u>	<u>\$3,374,298,866</u>

(1) Debt service amounts are for the years in which they accrue, not for the years in which they are paid.

(2) Includes debt service on the Authority's Series 2003 A Revenue Bonds, Series 2007 B Revenue Bonds, and Series 2011 A Revenue Bonds maturing after November 15, 2023.

(3) Figures above do not reflect outstanding subordinated indebtedness, including the Subordinated Notes. Annual principal and interest for the Subordinated Notes in the fiscal year ending December 31, 2020 is expected to be approximately \$2.42 million.

(4) Totals may not add due to rounding.

(5) Includes capitalized interest paid on a portion of the 2020 A Bonds through November 15, 2023.

Projected Capital and Financing Requirements and Potential Initiatives

In December 2019, the Authority approved its 2020 Capital Budget, which estimated that it will commit approximately \$3.45 billion on capital investments for its generation, transmission and other core assets and initiatives over the four-year period 2020-2023, as indicated in the table below. The 2020 Capital Budget consists of strategic initiatives focused on business diversification and growth, and specifically an investment in the Authority’s growing transmission business and growing clean energy business from the Authority’s current levels of receiving over 80% of its energy as clean energy. It contains a focus on cash flow, return on investment and maintaining credit metrics consistent with an “AA” rating. In January 2020, the 2020 Capital Budget was increased to include an additional \$300 million investment over five years for the Reimagine the Canals Initiative, and an increase of \$30 million to fund the Reimagine the Canals Initiative (as defined herein) in 2020. See “PART 2 - NEW YORK STATE CANAL CORPORATION” for a description of expected Canal System-related capital expenditures.

The Authority anticipates that these capital improvements and energy efficiency initiatives will be funded by internally generated funds, additional borrowings, including commercial paper and fixed rate debt, energy efficiency customer receipts and existing construction funds. The Authority is also considering the possibility of funding a portion of Clean Energy Solutions (“CES”) projects as “Separately Financed Projects” under a new bond resolution. The Authority continually monitors the use of internally generated funds versus debt financing in order to achieve a desired capital structure and financial metrics. At the present time, the Authority intends to finance capital plan initiatives with approximately 50% debt and 50% equity, and estimates that no more than 50% of its capital plan will be funded with additional borrowing, including through the issuance of the 2020 Bonds.

Due to concerns related to COVID-19, the Authority has deferred nonessential capital projects and operations and maintenance projects for six months, and delayed certain strategic projects until further notice. See the 2019 Financial Statements, “Note 15 – Subsequent Events” on page 72. See “PART 2 – CERTAIN FINANCIAL MATTERS – Impacts from the Coronavirus and COVID-19 Pandemic.”

Proceeds of borrowings over the four-year period, including proceeds of the 2020 Bonds, for capital investments are anticipated to be used to fund a portion of the costs associated with the modernization of a pump-generating plant with storage reservoir and power transformation and transmission facilities (the “Lewiston Pump-Generating Plant”) at the Niagara Project and a life extension and modernization program of the Authority’s transmission system, each as described in further detail below, and other strategic initiatives.

The Authority’s projected capital improvements for the period 2020-2023 are set forth below.

Capital Plan by Business Plan* (in \$ millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Transmission	\$262.6	\$395.4	\$298.1	\$162.1
Power Generation	122.2	108.9	101.3	102.6
Information Technology & Support	152.5	117.0	101.2	70.6
Clean Energy Solutions	257.2	315.0	325.0	333.1
Canal Corporation	69.9	60.0	55.0	45.0
Reimagine the Canals	30.0	36.0	48.0	75.0
Total Authority Capital	\$894.4	\$1,032.3	\$928.6	\$788.4

* Includes capital improvements that will be financed by the 2020 Bonds.

Moses Adirondack Line Upgrade

The Authority is moving forward with its plans to update a major section of the Moses Adirondack Line, one of the Authority's backbone transmission facilities. The project covers 78 miles of 230-kV transmission line from Massena to the town of Croghan in Lewis County. In July 2017, the Authority received authorization under NYISO tariff to include the costs of this project in its NTAC mechanism for cost recovery of the Authority's transmission system costs, which means that the costs will be allocated to all ratepayers in the State. The project includes the update of obsolete wood pole structures with higher, steel pole structures, as well as an update of a failing conductor with a new conductor and insulation. The line will operate at its current 230-kV level, but the conductor and insulation design will accommodate future 345-kV operation. The Authority anticipates that the Moses Adirondack line will support the transmission of growing levels of renewable generation located in upstate New York and Canada, such as wind and hydroelectricity, and assist in meeting the State's renewable energy goals. The rebuilt line is also expected to enhance grid reliability by supporting the NYISO's black start plan. On September 21, 2018, the PSC determined that the Authority's April 2018 Article VII application was complete. The PSC granted the Certificate of Compatibility and Public Need for the project on November 14, 2019, approving the Joint Proposal. On February 6, 2020, the PSC issued an order approving Part One of the Environmental Management and Construction Plan, and construction started on Part One in March 2020. Additionally, the Authority has received its Nationwide Permit from the U.S. Army Corps of Engineers and the New York State Department of Public Service has issued a Notice to Proceed. It is anticipated that construction on a portion of the Part Two Environmental Monitoring & Construction Protection Plan will be approved in July 2020, with construction beginning immediately after approval. The remainder of approvals will follow through the summer and into the fall of 2020. In addition, Part Three approval is anticipated in October 2020 and construction will begin in 2021. The Authority estimates a project cost of \$484 million through project completion in 2023.

Marcy to New Scotland Upgrade Project

On August 1, 2014, the Public Policy Transmission Planning Process administered by the NYISO invited solicitations for new transmission lines to relieve the congested Central East and UPNY/SENY transmission interfaces. In March 2016, the Authority executed a Memorandum of Understanding (the "NAT MOU") with North America Transmission ("NAT") to develop and submit proposals to the solicitation. The NAT MOU provided that, if any of the Authority/NAT proposals are accepted, the Authority, at its sole discretion, may elect to purchase an ownership share in the project(s) or operate and maintain the project(s). In December 2016, the Board of Trustees approved funding in the amount of approximately \$1 million for the Authority's share of expenses pursuant to the NAT MOU.

In June 2018, the Authority and NAT entered into a participation agreement that supersedes the NAT MOU, which granted the Authority the option to secure an ownership interest of up to 37.5% in the jointly proposed projects. In April 2019, the NYISO board selected the project proposed by LS Power Grid New York, LLC ("LS Power", formerly known as NAT) and the Authority for Segment A (also known as the Marcy to New Scotland Upgrade Project) to increase transfer capability from central to eastern New York.

The NYISO estimated the total cost of the Segment A project to be about \$750 million (in 2018 dollars, including 30% contingency). In August 2019, LS Power and the Authority submitted an Article VII application to the PSC and the Authority filed a petition for incentive rate treatment with Federal Energy Regulatory Commission ("FERC") pursuant to Section 219 of the Federal Power Act. FERC granted the Authority's incentive rates effective November 21, 2019 inclusive of a 9.45% return on equity. If the PSC authorizes the project, construction of the project would begin, which was initially targeted for March 2021. Ultimately, the transmission lines to be rebuilt as part of the Segment A project are expected to be energized as part of the New York electrical system by the end of 2023.

In May 2019, the Board of Trustees approved capital expenditures of approximately \$28 million for the Segment A project, with an additional \$3 million in funding previously approved. In December 2019, the Board of Trustees approved a capital commitment of \$275 million for the Segment A project as part of the 2020-2023 Budget and Financial Plan. As of December 31, 2019, the Authority has spent approximately \$4.6 million. In consideration of maintaining the purchase option under the participation agreement, the Authority will fund 33% of the Segment A project development costs until such time as the Authority decides to exercise its 37.5% purchase option.

The development agreement with LS Power was assigned to LS Power Grid New York Corporation I and approved by the Board of Trustees in January 2020, and the executed agreement was filed at FERC on March 4, 2020. The Authority expects its costs with respect to the development of the Segment A project to be recovered through FERC's cost-recovery mechanisms.

Niagara Parkway Redevelopment

The State plans to replace an underutilized two-mile stretch of the Robert Moses Parkway North in Niagara Falls with open space, scenic overlooks and recreational trails. Construction commenced in 2018 and is expected to take approximately three years to complete with funding to be provided by the Authority. As of December 31, 2019, the Board of Trustees has approved up to \$46.3 million in funding by the Authority. As of December 31, 2019, the Authority has disbursed approximately \$25.4 million.

Offshore Wind

On July 18, 2019, Governor Cuomo announced the development of the Sunrise Wind Project, a proposed 880 MW offshore wind farm to be located 30 miles off the shore of Long Island, New York ("Sunrise Wind") in support of the Governor's target of producing 9,000 MW of offshore wind power by 2035 as part of a Green New Deal plan and a mandate to generate 50% of the State's electricity from renewable sources by 2030. Sunrise Wind is a joint development of Danish power company Ørsted and US-based energy provider Eversource. In October 2019, Sunrise Wind signed a 25-year purchase-and-sale agreement with the New York State Energy Research Development Authority ("NYSERDA"). Construction of the Sunrise Wind Project will be started in 2022 with operations scheduled to begin in 2024. The Authority and Con Edison Transmission plan to support the development of the transmission facilities needed to deliver the offshore wind energy to the grid. To that effect, the Authority entered into a Memorandum of Understanding with Bay State Wind LLC, the joint venture between Ørsted and Eversource Energy, effective January 30, 2019 (the "Bay State MOU"). The Bay State MOU has expired but is expected to be renewed. The total project cost for the dry transmission assets is estimated to be \$300 million. The planned interconnection point is the Holbrook and West-Bus substations in the town of Brookhaven, within the service territory of the Long Island Power Authority. Additional initiatives to support offshore wind development are being considered by NYSERDA and the Authority may participate in such initiatives.

AGILe

The Authority, in collaboration with the State utilities, NYSERDA and NYISO, has developed an advanced grid innovation lab for energy ("AGILe") to create new tools to better monitor, control, accommodate and respond to the evolving energy sector. On July 25, 2017, the Board of Trustees authorized capital expenditures in the amount of \$20 million for the initial phase of AGILe, which has since commenced. Costs to the Authority are estimated at \$20 million over the initial three-year period and are not expected to exceed \$50 million through final build-out of the facility. Upon completion, operating and maintenance costs are expected to be shared among AGILe participants. As of December 31, 2019 approximately \$4.7 million has been spent.

Reimagine the Canals Initiative

On January 29, 2020 the Board of Trustees authorized an investment of \$300 million over five years for the Reimagine the Canals Initiative (“Reimagine the Canals Initiative”) and approved \$30 million to fund the Reimagine the Canals Initiative in 2020. The Reimagine the Canals Initiative encompasses three prongs: (1) \$100 million of funding for projects in communities along the Canal System, (2) \$65 million of funding for projects that will help prevent ice jams and related flooding, and (3) \$135 million of funding for projects recommended by the Reimagine the Erie Canal Task Force and approved by the Authority for projects related to mitigation of drought impacts on agriculture, expansion of fishing opportunities, flood mitigation, invasive species prevention, and ecosystem restoration.

Potential Additional Initiatives

In addition to the above, the Authority is embarking on several other initiatives and has several other potential initiatives in varying stages of review and/or development which if they come to fruition will involve significant additional capital commitments and/or operating expenses beyond those indicated in the table or otherwise discussed above.

The construction costs of any other future facilities or any other improvements to existing facilities may be financed with the proceeds of additional Obligations, as defined in the General Resolution (see “PART 2 - APPENDIX 1 - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION”), or other debt issued by the Authority or through the use of existing construction funds or internal sources.

The Authority may issue additional Obligations under the General Resolution or additional Subordinated Indebtedness, as defined in the General Resolution, under subordinate resolutions for any purpose of the Authority authorized by the Act or other then-applicable State statutory provision. The principal amount of Obligations or Subordinated Indebtedness, which may be issued under the General Resolution or under subordinate resolutions, respectively, is not limited, and there is no debt service coverage or historical or projected earnings test that must be satisfied as a precondition to any such issuance. The Authority may also determine to finance an additional project from internal funds, from bank borrowings, from bonds, notes or other obligations issued pursuant to a resolution other than the General Resolution, or from other sources; if such project qualifies as a Separately Financed Project, as defined in the General Resolution, the revenues from such additional project would not be Revenues under the General Resolution, and therefore not available to pay the 2020 Bonds. The Authority currently does not have any Separately Financed Projects but intends to finance certain Clean Energy Solutions projects on this basis (see “PART 2 – CLEAN ENERGY SOLUTIONS”).

Other Initiatives

Large Scale Renewable Program

The current Clean Energy Standard set by the PSC requires that 50% of the State’s electricity come from renewable sources by 2030. The New York Climate Leadership and Community Protection Act that was enacted in June 2019 includes a goal of the State obtaining 70% of its electricity from renewable sources by 2030, and 100% of its electricity from renewable sources by 2040. The PSC is initiating proceedings to revise the Clean Energy Standard to be consistent with these new goals.

In support of the Clean Energy Standard goal for the State to achieve 50% renewable energy by 2030, the Authority issued a request for proposals in June 2017 to solicit renewable energy credits, energy and capacity from eligible large-scale renewable projects with a minimum of 5 MW, 10 MW, or 20 MW, depending on the underlying technology. In February 2019, the Authority executed a 20-year power purchase

agreement with Canisteo Wind Energy LLC (“Canisteo”) for energy, capacity and renewable energy credits to be generated from a to-be-constructed 290 MW wind project to be located in Steuben County, New York. Canisteo is responsible for construction, operation and maintenance of the project. The power purchase agreement with Canisteo includes an option for the Authority to purchase the project in year eleven. The agreement requires the project to be in-service by December 31, 2020, subject to limited extensions. The Authority intends to seek recovery of costs associated with the agreement through sales of energy and capacity through the NYISO by Canisteo on the Authority’s behalf and sales of renewable energy credits by the Authority to the Authority’s customers. See “PART 2 – REGULATION – New York State – Clean Energy Standard” and the 2019 Financial Statements, “Note 13(k) – Other Developments – Large-Scale Renewable Program” on page 72.

The power purchase agreement with Canisteo is the first procurement undertaken by the Authority to comply on a voluntary basis with the Clean Energy Standard. The Authority anticipates it will undertake future procurements of large scale renewable projects in order to support its customers and the State-wide Clean Energy Standard.

Voluntary Contributions and Transfers to the State

Legislation enacted into law, as part of the 2000-2001 State budget, as amended up to the date of this Official Statement, has authorized the Authority as deemed feasible and advisable by the Trustees, to make a series of voluntary contributions into the State’s treasury. The 2020-2021 Enacted State Budget contains a provision authorizing the Authority as deemed “feasible and advisable by its trustees” to transfer to the State treasury to the credit of the general fund \$20 million for the State fiscal year commencing April 1, 2020, the proceeds of which will be utilized to support energy-related State activities. The projections of the calculation of Debt Service Coverage contained under the caption “HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE RATIOS” assume that there will be no voluntary contributions to the State during the projected period. The Authority cannot predict what additional contributions to the State may be authorized in the future.

As a result of budget legislation enacted in February 2009, the Authority was requested to provide temporary asset transfers to the State of funds held in reserves. Pursuant to the terms of a Memorandum of Understanding dated February 2009 (the “MOU”) between the State, acting by and through the State’s Director of Budget, and the Authority, the Authority transferred \$215 million associated with its Spent Nuclear Fuel Reserves (“Asset B”) in March 2009 and \$103 million of funds set aside for future construction projects (“Asset A”) in September 2009. The Authority subsequently executed amendments to the MOU in 2014 and 2017 that extended the return date for the Asset A and Asset B, respectively, and provided for their return in installments over several years, subject to annual appropriation by the State Legislature. The Authority received cumulative payments of \$103 million with respect to Asset A through 2018. As of December 31, 2019, the Authority has received cumulative payments of \$86 million on Asset B. Pursuant to the amended MOU, the remaining payments on Asset B are to be made by the State from 2020-2023, subject to annual appropriation by the State Legislature. The Authority and the State are currently in discussions regarding another amendment to the MOU that would provide for the remaining \$129 million of Asset B to be returned in three equal installments from State Fiscal Year 2021-2022 to State Fiscal Year 2023-2024, subject to annual appropriation by the State Legislature.

In May 2011, the Board of Trustees adopted a policy statement (the “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, the Authority shall use as a reference point the maintenance of a debt service coverage ratio of at least 2.0 (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 Bond

Resolution. The Policy Statement may at any time be modified or eliminated at the discretion of the Board of Trustees.

For a discussion of the Authority’s voluntary contributions to the State and the Authority’s temporary transfer of funds to the State, see the 2019 Financial Statements, “Note 13(e) – Commitments and Contingencies – New York State Budget and Other Matters” on pages 65-67.

Nuclear Plant Sale Matters

For a discussion of the Authority’s nuclear plant divestiture and issues relating to nuclear fuel disposal, see the 2019 Financial Statements, “Note 12 – Nuclear Plant Divestiture and Related Matters” on pages 59-60.

2020-2023 Budget and Financial Plan

Regulations implemented by the Office of the State Comptroller (the “OSC”) require that the Authority prepare annual budgets and four-year financial plans that are approved by the Board of Trustees and then submitted to the OSC and made available to the public. The Authority’s Financial Planning team is responsible for consolidating information received from various departments at the Authority that are incorporated into the financial forecast. The Financial Planning team actively engages and challenges all assumptions as they develop and work toward preparing a budget and financial plan representing the most likely future financial outcome based upon information available to them at that time.

The Authority adopted its 2020-2023 Approved Budget and Financial Plan (the “Approved Four-Year Plan”) on December 11, 2019 in reliance on data and projections that were developed during the annual budgeting process period in 2020.

Budget and financial plan documents are posted on the Authority’s website for review by the public. These documents are not a part of this Official Statement and are not filed on EMMA. They are not prepared with a view to providing disclosure to investors in the securities of the Authority, and accordingly, should not be relied upon by an investor in making an investment decision.

The Approved Four Year Plan was adopted prior to the onset of the Coronavirus and COVID-19 Pandemic and does not reflect the economic consequences of the Coronavirus and COVID-19 Pandemic, which are generally described herein under “PART 2 – CERTAIN FINANCIAL MATTERS – IMPACTS FROM THE CORONAVIRUS AND COVID-19 PANDEMIC.” Given the recent circumstances affecting the Authority’s operations and finances due to the Coronavirus and COVID-19, the Authority’s budget and financial results will be different from the Approved Four Year Plan.

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HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE RATIOS

The Authority's debt service coverage ratios for the four years ended December 31, 2016 through December 31, 2019 are set forth below:

Calculation of Debt Service Coverage Ratio (in \$ millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Income	\$296	\$238	\$222	\$112
(+) Depreciation Expense	231	242	235	250
(+) Investment Income	25	29	23	46
Funds Available for Debt Service	552	509	480	408
Debt Service Expense	105	106	108	109
Debt Service Coverage Ratio	5.3x	4.8x	4.4x	3.7x

For additional information, see the 2019 Financial Statements, "Consolidated Statements of Revenues, Expenses and Changes in Net Position."

Based on updated financial forecast projections prepared by the Authority as of April 1, 2020, the Authority expects to have debt service coverage ratios of 10.3x in 2020, 10.1x in 2021, 10.3x in 2022 and 7.4x in 2023. Such projections are based upon certain operational and financial assumptions including, but not limited to, assumptions relating to (i) Great Lake water levels and hydro flows at the Authority's Niagara and St. Lawrence power projects, (ii) forecasted forward energy and capacity prices in New York State, (iii) future assessment of Regional Transmission Enhancement Plan ("RTEP") charges associated with the HTP Line (see "PART 2 – POWER SALES – Marketing Issues and Development – Item (7)"), (iv) the amount and timing of debt to be incurred by the Authority, and (v) the level of support required from the Authority for operating and capital costs for the Canal Corporation. The projections also assume that no additional voluntary contributions will be made by the Authority to the State during the forecast period, and that the sale of the 2020 Bonds, including the refunding of certain Outstanding Obligations refunded by the new revolving line of credit, will be accomplished as described under "PART 1 - PLAN OF FINANCE" and "PART 2 - CERTAIN FINANCIAL MATTERS—Outstanding Indebtedness." Although the financial forecast projections prepared by the Authority as of April 1, 2020 were based on operational and financial assumptions that the Authority believed to be reasonable, the achievement of certain results or other expectations contained in such projections is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results or expectations expressed or implied by such projections.

These forecasts and projections of debt service coverage do not take into account the potential effects of the Coronavirus and COVID-19, including the potential delayed payments of certain customers under the Authority's customer relief programs put in place as a response to the Coronavirus and COVID-19 pandemic. The Authority is unable to determine if the Coronavirus and COVID-19 disruption will materially impact its 2020 results of operations or financial position and may affect the funds available for debt service or the ability of the Authority to meet its debt service coverage ratio. The effects of the pandemic on the Authority's financial performance or operations could be material. See the 2019 Financial Statements, "Note 15 – Subsequent Events" on page 72 and "PART 2 – CERTAIN FINANCIAL MATTERS – Impacts from the Coronavirus and COVID-19 Pandemic."

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NEW YORK STATE CANAL CORPORATION

Legislation (the “Canal Corporation Transfer Legislation”) was enacted on April 4, 2016 which provided for (1) the transfer of the Canal Corporation from the New York State Thruway Authority (the “Thruway Authority”) to the Authority and (2) the Authority’s assumption from the Thruway Authority of powers and duties relating to the Canal System, and jurisdiction over the Canal System and state assets, equipment and property in connection with the planning, development, construction, reconstruction, maintenance and operation of the Canal System, which the Authority is authorized to exercise through the Canal Corporation. 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 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 December 11, 2019, the Canal Corporation’s Board of Directors adopted a budget for 2020 that included expenditures of \$91 million for operations and maintenance, \$69.9 million for capital, and \$2.6 million for Canal Development Fund expenses. Given the age of the Canal System, the Authority expects that significant maintenance and capital investments will be required to assure its continuing operation. In January 2020, the Authority’s budget was amended to include an additional \$300 million investment over five years for the Reimagine the Canals Initiative, and an increase of \$30 million to fund the Reimagine the Canals Initiative in 2020. For a discussion of the Canal Corporation, see the 2019 Financial Statements, “Management’s Discussions and Analysis – Canal Corporation” on pages 14-15 and “Note 14 – Canal Corporation” on page 72.

Capital expenditures for the Canal System are expected to be paid from moneys in the Operating Fund upon compliance with certain conditions in the General Resolution. See “PART 1 – SECURITY FOR THE 2020 BONDS – Application of Revenues.”

NEW YORK INDEPENDENT SYSTEM OPERATOR

New York Independent System Operator Arrangement

In 1999, two not-for-profit organizations, the NYISO and the New York State Reliability Council (the “Reliability Council”), were established. The NYISO assumed control of the State’s bulk electric power grid pursuant to tariffs and market rules approved by FERC.

The NYISO dispatches power from generating facilities, including the Authority’s units, based on the bid curves submitted by each of the generators. The NYISO coordinates the reliable dispatch of power and operates markets for the sale of electricity and ancillary services within the State. The NYISO collects charges associated with the use of the transmission facilities, including the Authority’s facilities, and the sale of energy, capacity, and services through the markets that it operates and remits those proceeds to the owners of the facilities in accordance with its tariffs and to the sellers of the electricity and services in accordance with their respective offers and applicable NYISO market procedures. See “NYISO Market Procedures” and “Certain Authority Plant Outage Risks” below.

The mission of the Reliability Council is to promote and preserve the reliability of electric service on the NYISO's system by developing, maintaining, and, from time to time, updating the reliability rules relating to the transmission system (the "Reliability Rules"), to be complied with by the NYISO and all entities engaging in electric transmission, ancillary services, energy and capacity transactions. The Authority, each of the current investor-owned utilities (the "IOUs") and a subsidiary of the Long Island Power Authority (such subsidiary and authority are herein collectively referred to as "LIPA") are among the many "Market Participants" (which includes any entity engaged in the wholesale sale, transmission or purchase of electric energy) in the NYISO and members of the Reliability Council.

The Authority is represented on each of the NYISO's several committees, which are subject to the oversight of the NYISO Board of Directors, and on the Executive Committee of the Reliability Council, which consists of thirteen members and governs the Reliability Council.

Under the NYISO Open Access Transmission Tariff ("OATT"), certain charges for ancillary services (which include NYISO operating costs), congestion, losses, and a portion of the Authority's transmission costs are assessed against the Authority and other entities, known as Load Service Entities ("LSEs"), responsible for serving ultimate customers. Because such costs are currently passed through to most Authority customers, the Authority remains an active participant in the governance of the NYISO markets.

NYISO Market Procedures

Under NYISO procedures, LSEs represent electricity end-users in dealings with the NYISO. The Authority is an LSE for large segments of its load in the State and must ensure it has sufficient installed capacity to meet its customers' needs and NYISO and Reliability Council reliability rules, either through ownership of such capacity, bilateral installed capacity purchase contracts or auction purchases conducted by the NYISO (for a discussion of these installed capacity requirements relating to the City and Long Island, see "NYISO Capacity Requirements Matters," below, and "PART 2 - CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND THE AUTHORITY").

As an LSE, the Authority is also obligated to ensure that it has enough energy and capacity to meet its customers' load requirements. The energy needs can be met in the NYISO regime through the Authority's own generation, bilateral purchases from others, or purchases of energy in the NYISO "day-ahead" market (the "DAM") (wherein bids are submitted for energy to be delivered the next day) or in the NYISO "real time" market (the "RTM"). The capacity needs can be met in the NYISO regime through the Authority's own generation, bilateral purchases from others, or purchases of capacity in the NYISO auctions before and during each NYISO designated capability period, including monthly and spot auctions.

Generators may bid their energy into the DAM and/or the RTM. However, generators whose installed capacity has been sold in the NYISO's installed capacity ("ICAP") market must then bid the energy from such claimed capacity into the DAM. To satisfy this requirement, the Authority bids into the DAM all of the Authority generation it claims to meet ICAP requirements, which consists of virtually all of its generation. The Authority also bids the generation into the RTM in such amounts and at such offers as the Authority deems appropriate.

The NYISO evaluates the offers and bids submitted in the DAM and the RTM by generators and dispatches the units on the basis of economic and reliability considerations to meet load needs at any point in time. Unless governed by a bilateral arrangement between a generator or power marketer and an LSE, the price a generator is paid and the price paid to the NYISO by an LSE purchasing energy is dependent upon the results of the offer/bidding process and system conditions (for a discussion of certain NYISO rules having an impact on the offer/bidding procedures, see "NYISO Energy and Capacity Market Mitigation Measures" below). A significant feature of the NYISO energy markets is that prices are determined on a location-

specific basis taking into account local generating bids submitted and the effect of transmission congestion and electrical losses between regions of the State.

The Authority, being an LSE and a generator owner and operator, may choose to meet its LSE load and capacity requirements by a combination of (1) bilateral arrangements, which, in the Authority's case, would mean specified Authority generation and energy purchased under contractual arrangements, linked to specified Authority loads, and (2) purchases in the DAM or the RTM. The Authority's ownership of certain transmission-related rights serves to reduce uncertainty concerning congestion costs to the Authority of such bilateral arrangements and energy market transactions.

Certain Authority Plant Outage Risks

The NYISO administers the DAM and the RTM through which suppliers and purchasers of energy and ancillary services can sell and acquire such products. The Authority participates in these markets as both a buyer and a seller of electricity and ancillary services.

Because of NYISO installed capacity market rules, the Authority is required to bid into the DAM virtually all of the installed capacity of its units. The NYISO then decides which Authority units will be dispatched, if any, and how much of each unit's generation will be dispatched. The dispatch of a particular unit's generation depends upon the offer prices for the unit submitted by the Authority, offers submitted by other generators, the amount of generation needed by the NYISO to meet expected demand and transmission security limits. If an Authority unit is dispatched by the NYISO, the Authority receives a fixed price for each hour (the "Market Clearing Price"), based on NYISO pricing methodology, for the energy dispatched above that designated by the Authority as bilateral arrangement generation (the "Excess Energy"). As to the energy provided under the bilateral arrangements (the "Contract Energy"), the Authority receives the price in its contracts with its customers (the "Contract Price").

Being selected for dispatch in the DAM also obligates the Authority to supply the energy in question during a specified time period (the "Short-Term Period") if the unit is selected. If a forced outage occurs at the Authority plant which is to supply such energy, then the Authority is obligated to pay during the Short Term Period (1) in regard to the Excess Energy amount, the difference between the price of energy in the RTM and the Market Clearing Price in the DAM, and (2) in regard to the Contract Energy amount, the price of energy in the RTM which is offset by the Contract Price. This RTM price may be subject to more volatility than the DAM price. The risk attendant with this outage situation is that, under certain circumstances, the Market Clearing Price in the DAM and the Contract Price may be well below the price in the RTM, with the Authority having to pay the difference. In times of maximum energy usage, this cost could be substantial. In addition to the risk associated with Authority generation bids into the DAM, the Authority could incur substantial costs in times of maximum energy usage in purchasing replacement energy for its customers in the DAM or through other supply arrangements.

As part of an ongoing risk mitigation program, the Authority implements financial hedging techniques to cover, among other things, future maximum energy usage periods and uses its various resources for outage risk mitigation purposes. In addition, the NYISO has implemented a FERC-approved bid cap on generator bids into the DAM and the RTM. The bid cap, which remains in effect until further FERC action, serves to limit the Authority's outage loss exposure.

There can be no guarantee, however, that even with any protective hedging techniques, offsetting economic benefits, and a bid cap, the Authority would not suffer substantial economic loss in the future if one or more of its units were to suffer a forced outage during a maximum energy usage period or an extended forced outage period or a counterparty failed to perform under its energy supply contract.

NYISO Energy and Capacity Market Mitigation Measures

Wholesale electric energy markets that are generally competitive may occasionally cease to be competitive if conditions arise that temporarily give Market Participants an ability to raise prices significantly by economically withholding energy or ancillary services. High loads, facility outages, binding transmission constraints, or other factors can cause such instances, either singly or in combination. Pursuant to its Market Administration and Control Area Services Tariff (“Services Tariff”), the NYISO implements manual mitigation measures that it can apply manually throughout the New York Control Area to remedy conduct that the NYISO determines could distort or impair competition within the DAM or RTM. In addition, the NYISO has established an automated mitigation procedure, which automates the manual energy market mitigation measures within certain transmission-constrained areas identified by the NYISO. However, the NYISO currently applies automatic mitigation measures only to the “City” capacity zone for the detection and mitigation of energy and other offers in the NYISO DAM and RTM that exceed certain established criteria within that zone. These mitigation rules could result in a Market Participant’s bid being mitigated if specified conduct and impact thresholds are exceeded.

With respect to the capacity market, FERC ordered the NYISO in 2011 to revise its Services Tariff language to establish mitigation rules intended to protect the City and Lower Hudson Valley capacity zones against unjustifiably high market prices and uneconomic entry of new resources that would cause unjustifiably low market prices. The rules to prevent unjustifiably high capacity market prices, commonly known as Supplier-Side Mitigation, provide that the offers of “Pivotal Suppliers” are subject to caps under certain circumstances. Pivotal Suppliers are those that control more than a set amount of capacity, which is necessary to meet the applicable locational capacity requirement. The Authority has been and has the potential to be a Pivotal Supplier in the future depending on market conditions. As such, the Authority may potentially be subject to NYISO Services Tariff provisions that require all its capacity be offered in each ICAP spot market auction and prohibit certain instances of capacity sales outside of the NYISO markets.

The rules to prevent uneconomic entry of new resources, commonly referred to as Buyer-Side Mitigation, require the NYISO to evaluate new entry and determine if the new entry is an economic decision. If the NYISO determines a new entrant into the City or Lower Hudson Valley capacity zone is not economic, an offer floor price is established and the new entrant is required to offer into the spot market at a level no lower than the mitigation offer floor. Such a floor can result in the new resource not receiving capacity revenues for certain months. Capacity from new entrants is relieved of the offer floor requirement after clearing the spot market for 12 monthly spot auctions, which need not be consecutive months.

NYISO Capacity Requirements Matters

The ICAP market in New York was created administratively to ensure the reliability of the electricity system. The Reliability Council annually sets the State’s minimum capacity requirement which is currently 118.9% of the State’s peak load, and the NYISO has set the current City, Lower Hudson Valley and Long Island locational ICAP requirements at 86.6%, 90% and 103.4% of their peak load levels, respectively. The ICAP requirements related to the City, Lower Hudson Valley and Long Island capacity zones must be met with resources electrically located within those areas, while the ICAP quantities above these locational ICAP requirement levels can be procured from anywhere in the State and from external resources. The requirements are allocated among LSEs in proportion to the load they serve.

Pursuant to its Services Tariff, the NYISO employs an ICAP demand curve which provides payments to ICAP providers for ICAP above the minimum level required for reliability in order to support the construction and retention of needed generating facilities in the State. Generally, these provisions have increased the amount of ICAP an LSE will be obligated to obtain to meet NYISO requirements, including separate requirements applicable to the City, Lower Hudson Valley and Long Island capacity zones. The Authority has been able, as an LSE, to meet these revised requirements through its own units, contracts with

other generators, and purchases in the NYISO-administered ICAP market, and expects to be able to do so in the future.

Potential NYISO Budget Shortfalls and Bad Debt Losses

NYISO's annual budget is approximately \$150 million which is collected via a volumetric charge to NYISO market participants. The NYISO forecasts the volume of electricity it expects to flow through its markets for a given year, and divides the annual budget amount by that volume, to produce a rate of dollars per MWh of electricity. If the actual amount of electricity that flows through the NYISO is significantly less than the forecasted amount, there is potential for a significant shortfall in NYISO collecting the \$150 million. In such case, the Authority, as one of approximately 350 NYISO market participants, could have to shoulder a portion of that shortfall. In its twenty-one year history, NYISO has never had to ask market participants to shoulder such a burden. Given the unprecedented COVID-19 virus and the associated reductions in electricity load, this risk should be noted at this time.

NYISO has a procedure for collecting "bad debt losses" in the case of a market participant payment default. In such cases, remaining market participants shoulder those defaults via a dollar volume methodology allocation. NYISO has a rigorous credit policy to manage non-payment risks by market participants. Depending on a market participant's creditworthiness, NYISO collects collateral and other forms of security from the market participant to liquidate in the event of a payment default by that market participant. Bad debt losses are only declared after any posted collateral and NYISO collections efforts fail to satisfy the non-payment. Historically, NYISO bad debt losses shouldered by market participants have been very low, but the potential exists in the unprecedented COVID-19 environment for increased payment defaults resulting from depressed electricity consumption.

TRANSMISSION REVENUE REQUIREMENT

The NYISO is responsible for scheduling the use of the bulk transmission system in the State, which normally includes all of the Authority's transmission facilities, and for collecting related transmission fees from customers. Each IOU, LIPA and the Authority retains ownership, and is responsible for maintenance, of its respective transmission lines. All wholesale customers served under the NYISO pay the local utility's transmission service charge, which is included in the NYISO OATT, plus the NYISO's fees for ancillary services, losses and congestion for use of the transmission system. Each such transmission customer also pays, as part of its NYISO charges, a separate fee to compensate the Authority for the use of its transmission system which is designed to ensure the Authority's recovery of its annual transmission revenue requirement ("ATRR"). If the NYISO does not maintain a FERC-accepted tariff which provides for full recovery by the Authority of its ATRR, the Authority is permitted to withdraw from the NYISO on 90-days' notice to the other parties. In addition, any of the IOUs, LIPA and the Authority may withdraw from the NYISO on 90-days' notice to the Board of Directors of the NYISO, but, in the case of an IOU, such withdrawal is conditioned upon the effectiveness of an "open access" transmission facilities tariff on file with FERC. In 1996 the Authority adopted an OATT, which was accepted by FERC.

In 1999, FERC approved the NYISO OATT, the NYISO Services Tariff, and each of the related agreements submitted to it for approval in connection with the formation of the NYISO. Also in 1999, the Authority transferred day-to-day operational controls of its transmission facilities to the NYISO. In addition, FERC approved the use of the Authority's then-existing ATRR in developing the rates for service under the NYISO OATT and approved the NYPA Transmission Adjustment Charge ("NTAC") as the NYISO tariff mechanism for the recovery of those costs, which are allocated to all loads served by the NYISO. The NTAC is an essential component of the Authority's ATRR as direct customer payments to the Authority under "grandfathered" transmission agreements have diminished as many of those agreements have or eventually will expire or be terminated. FERC also approved a separate Authority Transmission Service Charge for the

recovery of Authority's transmission facilities used to serve "directly connected" loads, largely applicable at the St. Lawrence Project.

In March 2016, the Authority applied to FERC to establish a formula rate in the NYISO OATT to recover its ATRR. This proceeding resulted a settlement agreement approved by FERC in January 2017, and established an Authority formula rate template and formula rate implementation protocols within the NYISO tariff for the recovery of the ATRR. In July 2017, the Authority received authorization under the NYISO tariff to include the costs of the Moses Adirondack Line in its NTAC mechanism for cost recovery of the Authority's transmission system costs, which means that the costs will be allocated to all ratepayers in the State. The ATRR includes the NTAC mechanism applicable to the Authority's legacy transmission infrastructure (much of which is over forty-five years old), plus any other project-specific revenue requirements (e.g. Marcy South Series Compensation Project) whose cost allocation may be done differently than the NTAC. Under the formula rate, the Authority updates the ATRR annually, effective July 1st of each year. The currently effective ATRR under the formula rate is \$237.7 million. The formula to calculate the ATRR is based on a debt to equity ratio of 50%, a rate of return of 7.25% on invested capital, inclusive of a return on equity of 9.45%. The Authority expects the ATRR to be \$238.7 million in 2020, \$267.5 million in 2021, \$301.2 million in 2022 and \$320.9 million in 2023.

Transmission-related projects represent approximately 50% of the expenditures expected to be made pursuant to the Authority's capital plan as set forth in PART 2 - "CERTAIN FINANCIAL MATTERS – Projected Capital and Financing Requirements and Potential Initiatives." The Authority expects to invest approximately \$1.118 billion in transmission in the next four years, consisting of approximately \$262.6 million in 2020, \$395.4 million in 2021, \$298.1 million in 2022, and \$162.1 million in 2023. New investments are expected to be focused on new build-out of transmission, life extension and modernization programs, maintenance of capital expenses, and digitalization.

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POWER SALES

A summary of the Authority's generation, energy purchases, and power and energy sales for 2019 is set forth below:

Generation and Power Sales 2019 (Megawatt Hours and Dollars in Thousands) (Accrual Basis)

	<u>MWh</u>			<u>Revenues</u>	
		<u>From Power and</u>	<u>Energy Sales⁽¹⁾</u>	<u>% of Total</u>	<u>Revenues</u>
Authority Generation and Purchases:					
Net Station Generation	30,206				
Purchases from the NYISO, utilities and others.....	8,063				
Losses and unaccounted for	<u>(374)</u>				
Total Available	37,895				
Sold to:					
Commercial and industrial customers	7,839	21%	\$ 288,951	12%	
Municipal, other public and cooperative customers ⁽²⁾	16,165	43	1,334,896	57	
Sales to utilities and the NYISO for resale ⁽³⁾	<u>13,891</u>	<u>36</u>	<u>718,553</u>	<u>31</u>	
Total Sales.....	37,895	100%	\$2,342,400	100%	
Authority Generation by Fuel Source:					
Hydroelectric	24,406			81%	
Oil/Gas/Steam.....	5,496			1	
Gas Turbines.....	<u>304</u>			<u>18</u>	
	30,206			100%	

(1) Includes wheeling and transmission charges, excludes CES non-utility revenue of \$27,730,000.

(2) Includes sales to 47 municipal systems, 4 rural cooperatives, and more than 100 public agencies in the State and to 7 neighboring states and 9 host communities.

(3) Includes sales to the 6 investor-owned utilities in the State, LIPA, and the NYISO. Sales to the NYISO amounted to 13,304,578 MWh. Portions were designated for resale to residential and farm customers or to businesses and not-for-profit customers in the State.

The electric power and energy of the Authority is sold principally pursuant to contracts and agreements described below. In addition to these sales, the Authority has executed short-term supply agreements that provide for sales by the Authority of power and energy for periods of short duration (less than three years) on terms and conditions mutually agreeable to the Authority and customers. Such sales are only transacted after all firm commitments are satisfied. The Authority also offers its generation and buys energy and capacity in the markets administered by the NYISO.

Pursuant to agreements with its Southeastern New York governmental customers ("SENY Governmental Customers"), the Authority has assumed the load growth responsibility for such customers in the City and Westchester County (see "Marketing Issues and Development," below). In addition, the Authority serves the full requirements of certain municipal electric system and rural cooperative system customers.

Contracts for the sale, transmission and distribution of power and energy generated by the Niagara and St. Lawrence-FDR Projects and by other projects (i) to provide an adequate supply of energy for optimum utilization of its hydroelectric projects, (ii) to attract and expand high load factor industrial customers, (iii) to

provide for the additional needs of the Authority’s municipal electric and rural electric cooperative customers, and (iv) to assist in maintaining an adequate, dependable electric power supply for the State, are subject to the approval process specified in Section 1009 of the Act. Such approval process requires, in addition to agreement between the Authority and the other contracting parties, (i) submission of the contract to the Governor and representatives of the State Senate and Assembly, (ii) public hearings and further review and, if deemed necessary, renegotiation of the contract by the Authority, and (iii) approval of the Governor.

Top Customers

The top ten customers of the Authority represent over 81% of the Authority’s customer revenue in for fiscal year 2019. These top ten customers, along with the termination dates of their respective contracts with the Authority, and the percentage of the Authority’s revenues from such top ten customers, are presented in the table below:

	Customer	Revenue by Customer	Contract Termination Date
1.	City of New York	45%	December 31, 2027 ⁽¹⁾
2.	Metropolitan Transportation Authority	28	December 31, 2027 ⁽¹⁾
3.	New York City Housing Authority	11	December 31, 2027 ⁽¹⁾
4.	Port Authority of New York and New Jersey	4	N/A (Evergreening)
5.	Alcoa	4	December 31, 2027 ⁽¹⁾
6.	New York State Office of General Services	2	March 31, 2026
7.	Long Island Power Authority	2	December 31, 2027 ⁽¹⁾
8.	County of Westchester	2	February 28, 2021
9.	City of Cleveland	1	Niagara: September 1, 2025 St. Lawrence: April 30, 2032
10.	Olin Corporation	1	December 31, 2028

⁽¹⁾ Customer under separate agreement with a delivery period through 2031.

Marketing Issues and Development

The bulk electric market in the State has experienced significant changes with the advent of a competitive marketplace and the creation of the NYISO. As a major participant in the State’s wholesale energy and capacity market, the Authority has been affected by these changes. With increased focus on customer needs, the Authority has initiated marketing programs and taken other actions to retain and provide value to its various customers.

(1) *Governmental Customers in the New York Metropolitan Area and Southeastern New York.* For a discussion of the agreements relating to the Authority’s major governmental customers in the City (the “NYC Governmental Customers”) and its other SENY Governmental Customers, see the 2019 Financial Statements, “Note 13(b) – Governmental Customers in the New York City Metropolitan Area” on pages 61-63. In 2018 and 2019, the Authority executed new supplemental long-term electricity supply agreements (the “Supplemental LTAs”) with its eleven NYC Governmental Customers. Under the 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 (1) terminate at any time upon at least 12 months’ notice or (2) terminate effective December 31, 2022 upon at least 6 months’ notice. Under the Supplemental LTAs, fixed costs were set for each customer and are subject to renegotiation in 2022. Variable costs, including fuel, purchased power and NYISO related costs, will be passed through to each customer by an energy charge adjustment.

The revenues from the NYC Governmental Customers were approximately 54.3% and 43.1% of the Authority's 2018 and 2019 Operating Revenues (including wheeling charges), respectively.

The revenues from the Westchester Governmental Customers were approximately 3.3% and 2.5% of the Authority's 2018 and 2019 Operating Revenues (including wheeling charges), respectively.

(2) *Certain Power Programs.* The Act and the New York Economic Development Law ("EDL") (i) allow for certain of the Authority's power-based economic development programs or (ii) create additional economic development programs in regard to several of the Authority's economic development power programs provided to certain Authority customers. A summary of such programs is set forth below.

(a) *Industrial Power Programs*

The Authority is authorized under the Act and the EDL to purchase power in the marketplace and to use certain other Authority resources to serve economic development power programs, including the High Load Factor Power program, which provides electricity to energy-intensive manufacturers throughout the State. Power supplied under these programs is hereinafter referred to as "Industrial Power."

(b) *Replacement Power and Expansion Power*

The Act provides for the Replacement Power ("RP") program and ensures the continued availability of low-cost hydroelectric power from the Niagara Project to serve businesses in western New York. The RP program was established by the federal Niagara Redevelopment Act ("NRA") in 1957 and initially provided up to 445 MW of hydroelectric power to industries in the Niagara Mohawk Power Corporation (doing business as "National Grid") service territory within a 30-mile radius of the Niagara Project switchyard. New applications for Replacement Power are treated under the same criteria as apply to the Authority's Expansion Power ("EP") program, established under the Act. Allocations are awarded on a competitive basis to businesses that commit to create jobs, increase electric load, build new or expanded facilities, and have at least 100 kilowatts ("kW") of demand. The EP program provides up to 250 MW of hydroelectric power to businesses within a 30-mile radius of the Niagara Project.

(c) *Preservation Power*

The Preservation Power program allows businesses in the northern part of the State to continue to be served with low-cost hydroelectric power from the St. Lawrence-FDR Project. The Preservation Power program governs the allocation of up to 490 MW of firm and interruptible power from the St. Lawrence-FDR Project to industry in Jefferson, St. Lawrence and Franklin Counties. It applies the same criteria for allocations as are applicable to RP and EP. Renewals of existing contracts for business use of power under the Preservation Power program are subject to the criteria in the Act.

(3) *Recharge New York Power Program.* Pursuant to State legislation enacted in 2011, the Authority is authorized to make available, as "Recharge New York Power," up to 910 MW of low cost power comprised of up to 455 MW of hydropower from the Niagara and St. Lawrence-FDR Projects and up to 455 MW of other power procured by the Authority from other sources. For a description of the Recharge New York Power Program, see the 2019 Financial Statements, "Note 13(a) –Power Programs – Recharge New York Program" on page 60.

(4) *Western New York Power Proceeds Allocation Act*. Pursuant to State legislation enacted in 2012, the Authority was authorized to deposit net earnings from the sale of unallocated EP and RP from the Authority’s Niagara Project in the Western New York Economic Development Fund to be used to support certain projects in western New York. For a description of such program, see the 2019 Financial Statements, “Note 13(a) –Power Programs – Western New York Power Proceeds Allocation Act” on pages 60-61.

(5) *Northern New York Power Proceeds Allocation Act*. Pursuant to State legislation enacted in 2014, the Authority was authorized to deposit net earnings from the sale of unallocated “St. Lawrence County Economic Development Power” in the Northern New York Development Economic Development Fund to be used to make awards to eligible applicants for certain projects meeting specified eligibility criteria. For a description of such program, see the 2019 Financial Statements, “Note 13(a) –Power Programs – Northern New York Power Proceeds Allocation Act” on page 61.

(6) *Astoria Energy II*. The Authority and Astoria Energy II LLC entered into a long-term supply contract in July 2008. The delivery period under the contract is through 2031. The costs associated with the contract will be borne by the NYC Governmental Customers for the life of the contract. The Astoria Energy II contract is a standalone agreement, which is outside of the long term supply contracts with the NYC Governmental Customers. In the event of termination of these long term supply contracts, the Astoria Energy II contract would remain in effect. The 550-MW Astoria Energy II plant entered into commercial operation on July 1, 2011. The Authority is accounting for and reporting this transaction as a capital asset and a capitalized lease liability in the amount of \$1.007 billion as of December 31, 2019. Fuel for the Astoria Energy II plant is provided by the Authority and the costs thereof are being recovered from the NYC Governmental Customers. For a description of such program, see the 2019 Financial Statements, “Note 13(b) - Power Programs – Governmental Customers in the New York City Metropolitan Area – Astoria Energy II” on page 62.

(7) *Hudson Transmission Partners*. In 2011, the Trustees authorized Authority staff to enter into an agreement with Hudson Transmission Partners, LLC (“HTP”) 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 through the transmission rights associated with HTP’s transmission line (the “Line”) extending from Bergen County, New Jersey in the PJM Interconnection, LLC (“PJM”) transmission system, to Consolidated Edison Company of New York, Inc.’s (“Con Edison”) West 49th Street substation in the NYISO. Specifically, the Authority executed a Firm Transmission Capacity Purchase Agreement (“FTCPA”) with HTP which provided the Authority with 75% of the Line’s 660 MW capacity, or 495 MW, for 20 years. 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”) as discussed below and (b) increase the Authority’s leased portion of the Line’s capacity to 87.12%, or 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.

The Authority’s payment obligations under the FTCPA include capacity payments, interconnection and transmission upgrades, and RTEP charges allocated to HTP in accordance with the PJM tariff. Interconnection and transmission upgrades were completed in 2018 at a total cost to the Authority of \$334.9 million. The RTEP charges imposed upon HTP, which are still subject to legal challenge, are discussed in more detail below.

It is estimated that the revenues derived from the Authority’s rights under the FTCPA will not be sufficient to fully cover the Authority’s costs under the FTCPA during the 20-year term of the FTCPA. In December 2019, the Authority estimated that its under-recovery of costs for the Line could be in the range of approximately \$91 million to \$95 million per year over the period from 2020-2023. The under-recovery estimates were based on projections of the capacity payment obligations, the costs of interconnection and transmission upgrades and energy revenues.

The Authority's obligations under the FTCPA include payment of the RTEP charges allocated to HTP. From June 2013 through December 2019, the Authority has been billed and has paid approximately \$97 million in RTEP charges for the Line. Effective 2018, HTP relinquished the FTWRs held by HTP on the Line that were the basis for the bulk of its RTEP allocations. PJM's annual RTEP cost allocation update for 2018 eliminated the Authority's obligation in 2018 and beyond to pay RTEP charges related to the Bergen Linden Corridor project, which accounted for the bulk of the RTEP charges allocated to HTP. However, the Authority may be responsible for RTEP associated with projects other than the Bergen Linden Corridor project, but FERC orders addressing this issue were issued on March 31, 2020 and directed PJM to submit revised tariff sheets that are anticipated to reinstate a portion of RTEP going forward and to recover certain amounts relating back to the date HTP relinquished the FTWRs. The Authority intends to contest the ruling. The Authority's potential financial responsibility could be material.

(8) *Certain Energy Efficiency Initiatives.* For a description of certain energy efficiency initiatives of the Authority, see "PART 2 - CLEAN ENERGY SOLUTIONS," "PART 2 - EXECUTIVE ORDER NO. 88," and the 2019 Financial Statements, "Note 13(k) – Other Developments" on pages 69-72.

Sales of Purchased Power and Energy for Industrial Power

A total of three contracts are in effect with two high-load factor industries and one direct service contract with the DOE at Upton, New York, which provide for the sale of approximately 112.8 MW of purchased power and energy. The three contracts with two high-load factor industries do not have specific termination dates and may be terminated by either party upon contractual notice. The DOE contract is currently subject to yearly federal appropriations. A modification to the contract was executed in late 2010, extending the term through December 31, 2020, with a provision allowing for a renewal of an additional five years. Negotiations to continue the sale of power to Brookhaven National Laboratory began in the first quarter of 2019 and are ongoing. The contract extension provides for market prices to be flowed through to the DOE. The Act (see "PART 2 - POWER SALES - Marketing Issues and Development - Item (2)") also directs the Authority "to identify the net revenues produced by the sale of EP and further to identify an amount of the net revenues from the sale of EP which shall be used solely for industrial incentive awards." The statute provides that "[n]otwithstanding other lawful purposes for which such revenues may be used, it shall be the preferred purpose of the [A]uthority to make available all such net revenues for industrial incentive awards." Industrial incentive awards ("Awards") are to be made in accordance with an economic development plan proposed by the Authority and approved by the Economic Development Power Allocation Board.

The current process generally provides for the Authority to authorize Awards to eligible applicants (i) to support economic development or (ii) for revitalization of businesses demonstrating a risk of closure or relocation out of the State. The form of the Award has generally been a ¢/kWh price discount on an agreed-to level of electricity consumption for one year. Awards would normally be for one year, with the ability to renew for one or two additional years provided the company continues to meet an agreed-to job commitment for the State. The Board of Trustees has approved the release of up to \$64 million in net earnings, calculated for the period August 30, 2010 through December 31, 2019 as provided in the legislation, for deposit into the Fund. As of December 31, 2019, approximately \$42 million has been deposited into the Fund. As of December 31, 2019, the Authority has approved awards of Fund money totaling approximately \$38 million to businesses that have proposed eligible projects and has made payments totaling \$32 million to such businesses. Payment of these awards is contingent upon the execution of acceptable contracts between the Authority and individual awardees.

The Authority also sells incremental purchased power and energy at full cost to 12 of its 51 municipal electric system and rural electric cooperative customers to meet their electric power requirements in excess of their hydroelectric power allocations, which incremental power amounts during the peak winter months, in the aggregate, to approximately 80 MW and during the off-peak summer period diminishes to about 33% of the winter amount.

SENY Governmental Customers

The Authority supplies power and energy from acquisitions in the energy and capacity markets, as well as from Authority sources, to the NYC Governmental Customers and the Westchester Governmental Customers for use for education, public housing, street lighting, subways, airports, bridges and tunnels and other public purposes. The contracts with such governmental bodies provide for firm power service under the Authority’s applicable service tariffs and its rules and regulations for power service, as supplemented by long term agreements with many of these customers (see “PART 2 - POWER SALES - Marketing Issues and Development - Item (1)”). The rates established vary from customer to customer in accordance with load characteristics, and, in most cases, include both demand and energy rates. Authority power is delivered to these customers over the transmission and distribution system of Con Edison. The Authority pays Con Edison a delivery service charge to cover the cost of delivering this power to the point of use by the customer, which cost is recovered by the Authority from the customer.

The Authority’s Small Hydroelectric Facilities are used to support service to Westchester Governmental Customers under the arrangements discussed above.

To serve the NYC Governmental Customers, the Authority has as resources its existing generation, including Zeltmann (see “PART 2 - THE AUTHORITY’S FACILITIES – Generation - Zeltmann Combined-Cycle Electric-Generating Plant; Closure of Poletti Plant”), the power and energy from the Astoria Energy II plant that entered into service on July 1, 2011 for which it has a power supply contract, as well as market-based purchases. See “PART 2 - POWER SALES - Marketing Issues and Development - Item 6.” The Authority anticipates that through these various sources it will be able to meet the power and energy needs of such customers. See “PART 2 - NEW YORK INDEPENDENT SYSTEM OPERATOR - Certain Authority Plant Outage Risks” for a discussion of risks relating to outages at Authority units or non-performance of counterparties to energy supply contracts.

St. Lawrence-FDR and Niagara

Power and energy from the St. Lawrence-FDR and Niagara hydroelectric facilities currently is sold to three investor-owned electric utility companies: National Grid, New York State Electric & Gas Corporation (“NYSEG”), and Rochester Gas and Electric Corporation (“RG&E”), 47 municipal electric systems and four rural electric cooperatives in the State, three industrial plants at Massena, New York, the Metropolitan Transportation Authority (the “MTA”), Niagara Frontier Transportation Authority (“NFTA”), including the Niagara Falls Air Base through the NFTA, seven neighboring state customers, seven Niagara host communities, Niagara University, the Tuscarora Nation and beginning in March 2011, the DOE via a sale for resale arrangement through LIPA. Energy is also sold to the St. Lawrence Seaway Development Corporation and to the New York State Office of Parks, Recreation and Historic Preservation, as well as into the NYISO wholesale markets. Service is provided to the three investor-owned utilities under contracts providing for sale of 360 MW of peaking power through December 31, 2017, subject to withdrawal upon thirty days’ notice by the Authority as may be authorized by law or otherwise as may be determined by the Board of Trustees. State statutes allow the Authority to sell up to 250 MW of EP and up to 445 MW of RP directly to businesses located within 30 miles of the Niagara Project. The majority of RP and EP contracts have been extended through December 31, 2028.

Contracts are in place through September 1, 2025 with entities that were part of the Niagara Project relicensing settlement agreements. Total power allocations for these entities amount to 32 MW, which is distributed among seven host communities, Niagara University and the Tuscarora Nation. The Authority also has an annual minimum obligation of \$5 million through 2057 and \$4.7 million through 2029 respectively to the Host Community Fund and the Erie/Buffalo Waterfront Development Funds which is met via the monetization of power sales made into the NYISO market.

Contracts for the sale of up to 764.8 MW of firm and 3.6 MW of peaking power through August 31, 2025 with the 47 municipal electric systems and four rural electric cooperatives which own their own electric distribution systems are in effect. A contract with the MTA for 10 MW expired in July 2000, but the Authority is continuing to provide service to the MTA on a month-to-month basis. Service to NFTA was under contract through December 31, 2019, and services currently provided on a month-to-month basis. A new contract with NFTA has been sent to the Governor for signature, which if approved would expire on December 31, 2024.

In May 2011, the Board of Trustees approved a Preservation Power allocation of 3 MW to the Upstate Niagara Cooperative. That allocation has since been decreased to 2.25 MW per the customer's request. In July 2014, the Board of Trustees approved a Preservation Power allocation of 2.1 MW to Corning's Canton, NY facility. In December 2014, the Board of Trustees approved a Preservation Power allocation of 4 MW to St. Lawrence Zinc Company. A contract for the sale of 20 MW of power to MED to be used for economic development purposes within St. Lawrence County was approved by the Board of Trustees on June 26, 2012. Legislation enacted into law in 2014 created the Northern New York Power Proceeds Act, which authorizes the Authority, as deemed feasible and advisable by its Trustees, to deposit net earnings from the sale of unallocated power under the Authority-MED Contract in the Northern New York Development Economic Development Fund, which is a subfund within the Authority's Operating Fund (see "PART 2 - POWER SALES - Marketing Issues and Development - Item (5)" and " - Sales of Purchased Power and Energy for Industrial Power"). A contract executed in 2010 provides for the Authority's sale of 15 MW to LIPA for resale to the DOE at Upton, New York, for a term of ten years with an option for the Authority to extend the contract for an additional five years. Sales under the contract commenced in March 2011.

Contracts with the seven out-of-state customers are in effect through August 31, 2025 and provide for the sale of 191.2 MW of firm and the 40.9 MW of peaking power from the Niagara Project. The license issued to the Authority in 2003 for the St. Lawrence-FDR Project provides for the sale of approximately 4.25% of Project power, amounting to 34.5 MW of allocations of firm power and associated energy to six nearby state customers, known as the "neighboring states," along with certain non-firm energy, at cost-based rates under contracts with terms through April 30, 2017. The Board of Trustees has approved extension contracts that would provide for the sale of such power and energy through April 30, 2032 and have authorized transmittal of the contracts to the Governor in accordance with Section 1009 of the Power Authority Act.

The charges for firm and firm peaking power and associated energy sold by the Authority, as applicable, to the municipal electric systems and rural electric cooperatives in the State, the MTA, the NFTA, the seven neighboring state customers, and the three investor-owned utility companies for the benefit of their rural and domestic customers have been established in the context of an agreement settling litigation respecting rates for hydroelectric power, judicial orders in that litigation, and contracts with certain of these customers. Essentially, the settlement agreement and relevant judicial orders define the rates charged to these customers as cost-based rates and specifically permit the inclusion of interest on indebtedness and continuing depreciation and inflation adjustment charges with respect to the capital costs of the Niagara and St. Lawrence-FDR Projects and preclude the inclusion of any expense associated with debt service for non-hydroelectric projects in the hydroelectric rates charged to wholesale customers for the benefit of rural and domestic customers. The basic rates for RP and EP have been set above costs and are subject to annual adjustment in July of each year, based on three economic indices. At their September 2010 meeting, the Trustees approved a new service tariff for all RP and EP customers that was effective on July 1, 2013 and which provides for a three-year phase-in to the new rates based on Preservation Power rates. The new service tariff was incorporated into the extensions of the RP and EP contracts through 2020, which were approved by the Governor in December 2010. The majority of RP and EP contracts have been extended through December 31, 2028.

Contracts with National Grid, NYSEG and RG&E relating to hydroelectric power from the plants contain various limitations on the obligations of parties under particular circumstances, including, among other things, provisions allowing for withdrawal of power and energy to comply with the NRA, the Authority's Niagara and St. Lawrence-FDR licenses, and orders of FERC. The Authority may discontinue service upon 15-days' written notice for non-payment of bills and terminate any such contract upon 60-days' notice for violations of the terms thereof. The Authority may terminate an agreement upon 30 days' written notice to a utility. A utility company may elect to terminate its contract for any reason upon 30 days' written notice to the Authority after one year and on 90-days' written notice in the event that the charge for service is increased or the terms, conditions or rules governing the service are materially modified without the agreement of the utility.

From time to time, below average water levels in the Great Lakes reduce the amount of water available to generate power at the Authority's Niagara and St. Lawrence-FDR Projects, thereby requiring the periodic curtailment of electricity supplied to the Authority's customers from these projects.

Blenheim-Gilboa

The Blenheim-Gilboa Pumped Storage Power Project (the "Blenheim-Gilboa Project") currently operates as a merchant plant, with all of its capacity and energy output sold into the NYISO market generally at the marking clearing price. Prior to 2018 and signing of the new LTAs, the NYC Governmental Customers received a 250 MW allocation of firm capacity and associated energy revenues. The Blenheim-Gilboa Project's capacity can be used to meet the requirements of some of the Authority's other business and governmental customers and/or sold in the NYISO market.

Small Clean Power Plants

The installed capacity of the Small Clean Power Plants (the "SCPPs") is being used by the Authority to meet its installed capacity needs or, if not needed by the Authority, is subject to sale to other users. The Authority is offering the generation of the SCPPs into the DAM and the RTM in such a manner as the Authority deems advisable so as to maximize the SCPPs' availability to the NYISO to assure the economical and reliable supply of electricity in the SENY area. The Authority believes that the revenues derived from the sale of the SCPPs' generation into the NYISO energy markets will be sufficient to meet the costs associated with the SCPPs.

Zeltmann

The installed capacity of Zeltmann is being used by the Authority to meet a portion of its customers' installed capacity needs in the City. The Authority is offering the generation of the plant into the DAM and the RTM of the NYISO for the benefit of its NYC Governmental Customers and the Authority so as to, among other things, recover the costs of the operation of the unit and to maximize the unit's availability to the NYISO to assure the economical and reliable supply of electricity.

Flynn

The installed capacity of the Richard M. Flynn Plant ("Flynn") plant is being used by the Authority to meet its installed capacity needs or, if not needed by the Authority, is subject to sale to other users. The Authority is bidding the generation of Flynn into the DAM and the RTM in such a manner as the Authority deems advisable so as to maximize Flynn's availability to the NYISO to assure the economical and reliable supply of electricity in the Long Island area.

CLEAN ENERGY SOLUTIONS

The Authority, through its Clean Energy Solutions programs, provides customers with wide-ranging on-site energy solutions including energy data analytics, planning, operations and the development and implementation of capital projects such as energy efficiency, distributed generation, advanced technologies and renewables. The Authority was also responsible for implementation of the Governor’s Executive Order No. 88 (to improve energy efficiency at State owned and managed buildings), and is responsible for the Five Cities Energy Efficiency Implementation Plans (for the cities of Albany, Buffalo, Rochester, Syracuse and Yonkers to reduce overall energy costs and consumption, strengthen the reliability of energy infrastructure, create jobs in local clean energy industries and contribute to a cleaner environment), and the K-Solar program (to reduce energy costs of certain schools through the use of solar power). For more on Executive Order No. 88, see “PART 2 - EXECUTIVE ORDER NO. 88.” During the period from January 1, 2013 through December 31, 2019, the Authority has in aggregate provided approximately \$651 million in financing for energy efficiency projects at State agencies and authorities covered by Executive Order No. 88.

The Authority currently implements energy services programs primarily aimed at two groups of entities, its SENY Governmental Customers and various other public entities throughout the State. The Authority is also authorized to: provide and finance energy services to eligible business customers and to issue bonds and notes for such purpose; provide energy services to public and non-public elementary and secondary schools and specified military establishments in the State; and supply certain market power and energy and renewable energy products to any Authority customer, public entity, or community choice aggregation (“CCA”) community in the State.

With respect to expenditures on CES in the next four years, the Authority has designated approximately \$257.2 million in 2020, \$315 million in 2021, \$325 million in 2022, and \$333.1 million in 2023, as set forth in “PART 2 - CERTAIN FINANCIAL MATTERS - Projected Capital and Financing Requirements and Potential Initiatives.” Except for certain limited costs, the Authority expects to recover its expenditures on these programs, including its financing costs, over periods not exceeding twenty-five years. Except as described below, such expenditures are generally recovered from the benefitted customer or entity, with customer repayments to April 16, 2020 of approximately \$2.6 billion. In addition, the Authority implements other energy services programs financed by other sources, such as the State and the City. The Authority’s energy services programs generally provide funding for, among other things, high efficiency lighting technology conversions, high efficiency heating, ventilating and air conditioning systems and controls, boiler conversions, replacement of inefficient refrigerators with energy efficient units in public housing projects, electric vehicles and charging stations, distributed generation technologies and clean energy technologies, and installation of non-electric energy saving measures. Participants in these programs include departments, agencies or other instrumentalities of the State, the Authority’s SENY Governmental Customers, certain public authorities, public school districts or boards and community colleges located throughout the State, county and municipal entities with facilities located throughout the State, certain not-for-profit entities, and the Authority’s municipal and rural electric cooperative customers.

The Authority is authorized to provide and finance energy services, including through the issuance of bonds for that purpose, and also may provide energy services to virtually all of its commercial and industrial customers and to independent not-for-profit institutions of higher education in the state. The Authority is also authorized to provide energy services to public and non-public elementary and secondary schools and specified military establishments in the State and to finance and administer programs to replace inefficient refrigerators with energy efficient units in certain public and private multiple dwelling buildings.

As of December 31, 2019, the Authority had outstanding aggregate expenditures of \$842.8 million for these programs, comprised of approximately \$557.8 million in accounts receivable (including the principal balance of loans for projects in billing) and approximately \$284.9 million of construction work in progress, pending for billing. The Authority expects to spend an additional \$1.210 billion for these programs

and projects over the period from 2020 to 2023 (see “PART 2 - CERTAIN FINANCIAL MATTERS - Projected Capital and Financing Requirements and Potential Initiatives”). As the range of energy solutions offered by the Authority to the Authority’s customers grows, the specific programs may change and the expenditures authorized for the programs may increase.

THE AUTHORITY’S FACILITIES

Generation

General Information

The Authority’s generating facilities and certain related capacity and generation information are listed in the following table:

Authority Generating Facilities

	Type	First Year of Operation	NamePlate Capacity (MW)	Net Dependable Capacity ⁽¹⁾ (MW)	Availability Factor (%)	2019 Net Generation ⁽²⁾ (MW)
St. Lawrence-FDR.....	Hydro	1958	1,088	827	93.8	7,682,249
Niagara.....	Hydro	1961	3,100	2,675	91.2	16,655,141
Blenheim-Gilboa ⁽³⁾	Pumped Storage	1973	1,160	1,169	83.6	(120,744)
Flynn.....	Gas/Oil	1994	170	163	91.2	382,302
SCPPs ⁽⁴⁾	Gas	2001	517	459	95.2	304,257
Small hydroelectric ⁽⁵⁾	Hydro	See note(5)	37	37	55.5	189,426
Zeltmann.....	Gas/Oil	2005	576	520	89.7	2,333,846
Totals.....						27,426,477

(1) Net Dependable Capacity as reported for the Winter Capability Period in the 2019 NYISO Load and Capability Data Report (Gold Book)

(2) Subject to NYISO adjustments

(3) Net of pumping energy

(4) Consists of 10 generating units located in the City and one located in the service territory of LIPA.

(5) Consists of the Ashokan facility, which was placed in service in 1982, and facilities at the Hinckley (Jarvis plant), Crescent and Vischer Ferry sites, which are part of Small Hydroelectric Development Project No. 1 and which went into commercial operation on July 1, 1991.

St. Lawrence-FDR

The St. Lawrence-FDR Project consists primarily of the Robert Moses Power Dam located at Massena, New York, and two additional dams. The construction and operation of the St. Lawrence-FDR Project were authorized by a 50-year license issued to the Authority by the Federal Power Commission (the “FPC”) effective as of November 1, 1953. By order issued October 23, 2003, a new 50-year license was issued to the Authority by FERC (see “*St. Lawrence-FDR Relicensing*” below). Commercial production of power started in July 1958. All power is generated at the Robert Moses Power Dam, which contains sixteen 57-MW hydro-turbine generators having an aggregate generator nameplate rating of 1,088 MW. Under the new license, a specified amount of the plant’s output must be made available to neighboring states (see “*St. Lawrence-FDR Relicensing*” below). A program for the life extension and modernization of the generation equipment at the St. Lawrence-FDR project was completed in 2013. For a discussion of litigation commenced by Native American tribes claiming ownership of various lands within the boundary of the boundary of the St. Lawrence-FDR Project, see “PART 1 - APPENDIX D – Litigation - Item (a).”

St. Lawrence-FDR Relicensing

On October 23, 2003, FERC approved the Comprehensive Relicensing Settlement Agreement (the “CRSA”) reached by the Authority and numerous parties and issued the Authority a new 50-year license (the “New License”) for the St. Lawrence-FDR Project. Among other things, the New License provides for the following:

- (1) establishment of a \$24 million fund for fish enhancement and mitigation to be used for research, construction and operation of projects benefiting fisheries in the Lake Ontario/St. Lawrence River basin;
- (2) construction of a fish ladder to assist the upstream passage of American eel;
- (3) allocation of 34.5 MW of power from the Project to the states of Vermont, Rhode Island, Connecticut, New Jersey, Pennsylvania and Ohio;
- (4) development of various habitat improvement projects within the Project boundary;
- (5) construction of new recreational facilities and rehabilitation and expansion of existing recreational facilities, including additional trails, camping facilities and boat launches; and
- (6) a shoreline management plan to effectively maintain eroding shorelines in the Project’s boundary.

The CRSA incorporated several agreements with particular groups of stakeholders or targeting specific resource areas. Among these is the St. Lawrence-FDR Power Project, No. 2000 Relicensing Agreement (the “LGTFSA”) between the Authority and the Local Government Task Force (the “LGTF”). The LGTFSA provides for a review of the LGTFSA every ten years, commencing in 2013, to discuss issues not contemplated at the time of relicensing in 2003. Following the 2013 review, the Authority and the LGTF entered into an agreement, effective May 4, 2015, in which the Authority agreed to commit up to \$45.1 million over 10 years for certain actions, including to: (1) fund an economic development strategic marketing study; (2) temporarily reduce electricity costs for certain farms and businesses; (3) initiate an energy efficiency and renewable energy program for the LGTF communities; and (4) enhance certain recreational facilities in the LGTF communities.

In July 2016, the Board of Trustees approved a proposal to terminate the discount program early and repurpose funding to be used to support a collaborative marketing effort between the Authority and North Country communities through the St. Lawrence County Economic Development Study Advisory Board created in connection with the marketing study at the rate of \$2 million/year for five years (\$10 million total) commencing in 2017.

In July 2017, the Board of Trustees approved: (1) a new temporary business incentive program consisting of a monetary discount or rebate that would be payable to eligible private business applicants who agree to establish new business operations in certain North Country counties (“Business Incentive Discount Program”); and (2) the repurposing of funds previously approved for the marketing effort to include funding for the Business Incentive Discount Program. Funding repurposed for the marketing effort, including the Business Incentive Discount Program, would not exceed a total of \$10 million.

As of December 31, 2019, the Authority has spent approximately \$27 million of the \$45.1 million authorized by the Trustees.

Niagara

The Niagara Project consists of a water intake, waterways, a generating plant (the “Robert Moses Niagara Power Plant”), and the Lewiston Pump-Generating Plant. It is located at Lewiston, New York, and was constructed to implement a 1950 treaty between the United States and Canada. Power was first generated in January 1961, and the final generator went into commercial operation in October 1962.

The Robert Moses Niagara Power Plant contains 13 hydro-turbine generators, with a generator nameplate rating totaling 2,860 MW, and the Lewiston Pump-Generating Plant contains 12 hydro-turbine motor-generators, with a nameplate rating totaling 240 MW.

Pursuant to a FERC-approved license amendment, the Authority, in December 2006, completed a \$298 million upgrade (including licensing and preliminary engineering costs) of the 13 generating units at the Robert Moses Niagara Plant.

The Board of Trustees has approved a \$460 million Life Extension and Modernization Program at the Niagara Project’s Lewiston Pump-Generating Plant (the “Lewiston LEM Program”), of which \$328 million of expenditures have been spent as of December 31, 2019. The work to be done includes a major overhaul of the plant’s 12 pump turbine generator units. The Lewiston LEM Program will increase pump and turbine efficiency, operating efficiency, and the peaking capacity of the overall Niagara Project. The Authority filed an application with FERC for a non-capacity license amendment in connection with the program. The amendment was approved with a FERC order issued in 2012. The Authority intends to finance the Lewiston LEM Program with internal funds and proceeds from debt obligations to be issued by the Authority. The unit work began in late 2012 and is on-going, with the final unit expected to be completed in 2022.

Niagara Relicensing

By order issued March 15, 2007, FERC issued the Authority a new 50-year license for the Niagara Project effective September 1, 2007. In doing so, FERC approved six relicensing settlement agreements entered into by the Authority with various public and private entities. By decision dated March 13, 2009, the U.S. Court of Appeals for the District of Columbia Circuit (the “D.C. Circuit”) denied a petition for review of FERC’s order filed by certain entities, thereby concluding all litigation involving FERC’s issuance of the new license. In 2007, the Authority estimated that the capital cost associated with the relicensing of the Niagara project would be approximately \$495 million. This estimate does not include the value of the power allocations and operation and maintenance expenses associated with several habitat and recreational elements of the settlement agreements. As of December 31, 2019, the balance in the recorded liability associated with the relicensing on the statement of net position is \$225 million (\$18 million in current and \$207 million in other noncurrent liabilities).

In addition to internally generated funds, the Authority issued additional debt obligations in October 2007 to fund, among other things, Niagara relicensing costs. The costs associated with the relicensing of the Niagara Project, including the debt issued therefor, were incorporated into the cost-based rates of the project beginning in 2007.

Blenheim-Gilboa

The Blenheim-Gilboa Pumped Storage Power Project (the “Blenheim-Gilboa Project”) is located on the Schoharie Creek in the towns of Blenheim and Gilboa, Schoharie County, New York, and was built pursuant to a 50-year license issued by the FPC effective May 1, 1969. The Blenheim-Gilboa Project was first operated in 1973, and consists primarily of lower and upper reservoirs and pump-generating power plant containing four reversible hydraulic pump-turbines. A life extension and modernization program was

completed in 2010 that increased plant capacity by 120 MW, bringing the nameplate rating of the Blenheim-Gilboa Project to 1,160 MW.

Blenheim-Gilboa Relicensing

On April 30, 2019, FERC issued a new 50-year operating license, effective May 1, 2019, to the Authority for the Blenheim-Gilboa Project. In May 2019, the Board of Trustees accepted the new license and approved the settlement package with state and federal resource agencies, the towns of Gilboa and Blenheim, and Schoharie County. The Trustees also authorized \$37.1 million in capital expenditures for the period from 2019 through 2069 for all compliance, implementation and settlement activities. Through December 31, 2019, the Authority has spent approximately \$1.2 million. In addition, through December 31, 2019, the Authority funded a Recreation Fund in the amount of \$2 million (total commitment under the settlement package is \$6 million) and an Ecological Fund of \$2 million (total commitment under the settlement package is \$3.5 million). As of December 31, 2019, the recorded liability of the Blenheim-Gilboa Project relicensing is approximately \$21 million.

Zeltmann Combined-Cycle Electric-Generating Plant; Closure of Poletti Plant

To serve its NYC Governmental Customer load and to comply with the NYISO in-City capacity requirement in the City area (see “PART 2 - NEW YORK INDEPENDENT SYSTEM OPERATOR - NYISO Capacity Requirements Matters”), the Authority constructed a 500-MW combined-cycle natural-gas-and-distillate-fueled power plant in Queens, New York, as the most cost-effective means of effectuating such compliance. Zeltmann entered into commercial operation in December 2005. In connection with the licensing of Zeltmann, the Authority entered into a stipulation agreement that required, and resulted in, the cessation of operation of the Poletti generating plant (which had entered into service in 1977) on January 31, 2010. At the time of cessation, the Poletti generation plant was fully depreciated and no debt remained outstanding. Decommissioning of the retired Poletti generation plant was completed in 2016. The decommissioning costs are being recovered through an amortization charge to the NYC Governmental Customers that began in 2005 and which continues to be assessed annually through rates. Current estimated decommissioning costs are approximately \$61 million.

In June 2007, the Authority awarded a long-term service agreement (the “LTSA”) for Zeltmann with a term of up to 15 years and at a cost of up to \$105 million. The LTSA covers scheduled major maintenance, including parts and labor; contingencies for escalation of materials and labor; and potential extra work.

SCPPs

To meet capacity deficiencies and ongoing load requirements in the City metropolitan area that could also adversely affect the statewide electric pool, the Authority has in operation the SCPPs, which consist of eleven natural-gas-fueled combustion-turbine electric units, each having a nameplate rating of 47 MW at six sites in the City and one site in the service region of LIPA. As a result of the settlement of litigation relating to certain of the SCPPs, the Authority has agreed under the settlement agreement to cease operations at one of the SCPP sites, which houses two units, under certain conditions and if the Mayor of the City directs such cessation. No such cessation has occurred.

Flynn

The Flynn project consists of a combined-cycle, natural-gas-and-distillate-fueled electric-generating plant and associated facilities, including a 102-MW combustion turbine-generator, a 56-MW steam turbine-generator, and a heat-recovery steam generator. The plant was built on a site at Holtsville in Suffolk County, New York. The Flynn project began commercial operation in May 1994. The Flynn plant has a nameplate

rating of 170 MW. Currently, Flynn is operating as a merchant facility (see “PART 2 - POWER SALES - Flynn”).

Small Hydroelectric Facilities

(1) *Ashokan*. Ashokan is a small hydroelectric facility with a nameplate rating of 4.6 MW, consisting of the addition of hydroelectric generating equipment to the headworks of the Catskill Aqueduct at Ashokan Reservoir, in the Township of Olive, near Kingston, in Ulster County, New York.

(2) *Small Hydroelectric Development Project No. 1*. The project facilities have a combined nameplate rating of 32.2 MW and are located at the following sites in the State: Crescent Dam on the Mohawk River in Albany and Saratoga Counties; Vischer Ferry Dam on the Mohawk River in Saratoga and Schenectady Counties; and Hinckley Dam on West Canada Creek, near the Hamlet of Hinckley in Oneida and Herkimer Counties. The 40-year FERC licenses for these facilities expire on May 31, 2024, May 31, 2024 and July 31, 2022, respectively.

Transmission

The Authority’s Transmission System

The Authority owns and maintains more than 1,400 circuit miles of high voltage (115-kV-765-kV) transmission lines in the State, with NYISO operating the transmission system, including assets owned by the Authority. These lines include a 765-kV line south from the Canadian border to Marcy, New York; two 345-kV lines from the Niagara Project east to Niagara Mohawk’s Edic Substation in central New York; two 345-kV lines from Marcy, New York, connecting to other utility substations in southeastern New York; three 345-kV lines from the Blenheim-Gilboa Project extending to substations near Athens, New Scotland, and Delhi, respectively; two 230-kV lines extending east from the St. Lawrence Project to Plattsburgh, New York, and to the Vermont border; a 345-kV transmission line from the Fitzpatrick Nuclear Power Plant near Oswego, New York to the National Grid substation in Edic, New York; two 230-kV lines extending south from the St. Lawrence Project to Belfort, New York; a single circuit underground and underwater line extending across Long Island Sound between Con Edison’s substation in Westchester County and LIPA’s substation in Nassau County, New York; several 115-kV lines connected directly to large industrial customers and other shorter lines connecting the Authority’s generating facilities to the transmission grid.

In 2003, the Authority completed construction of a transmission control device known as the Convertible Static Compensator at its Marcy substation. This technology provides voltage control and helps reduce congestion on heavily used transmission lines between Utica and Albany, New York. In 2012, the Board of Trustees approved a \$726 million Transmission Life Extension and Modernization Program. Work under the Transmission LEM Program is expected to continue through 2025. For more information on the Transmission LEM Program, see “PART 2 - CERTAIN FINANCIAL MATTERS - Projected Capital and Financing Requirements and Potential Initiatives.”

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Long Island Sound Cable

The Authority's Long Island Sound Cable (the "Cable") consists of a 345-kV underground and underwater transmission cable, extending for approximately 26.6 miles from the Sprain Brook substation owned by Con Edison in Westchester County, New York, to the East Garden City substation owned by LIPA in Nassau County, New York, and includes an underwater crossing of approximately 7.9 miles of Long Island Sound. Installation of the Cable was completed in 1991. The Authority and LIPA are parties to the Sound Cable Facilities and Marketing Agreement (the "Cable Agreement"), which was executed for the purposes of providing lower cost energy from upstate New York and Canadian sources to consumers on Long Island and of increasing the reliability of their electric supply by strengthening interconnection capability between Long Island and the rest of the State. The Cable Agreement provides that LIPA will reimburse the Authority for the costs it incurs in connection with the Cable, including but not limited to debt service, reserves, and operation and maintenance expenses, in return for the use of the capacity of the project. LIPA was initially allocated the full capacity of the Cable and to the extent that the Authority has allocated capacity to other parties, LIPA's payment obligations are proportionately reduced, with such other parties making payments pursuant to applicable rates. The Authority has allocated capacity of the Cable to certain loads served by the Authority in LIPA's service territory when there has been insufficient capacity to serve such loads on another cable jointly owned by LIPA and Con Edison.

Hudson Transmission Partners, LLC Project

In 2011 the Trustees authorized Authority staff to enter into an agreement with HTP 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 through the transmission rights associated with HTP's transmission line (the "Line") extending from Bergen County, New Jersey in the PJM Interconnection, LLC (PJM) transmission system, to Consolidated Edison Company of New York, Inc.'s ("Con Edison") West 49th Street substation in the New York Control Area. Specifically, the Authority executed a Firm Transmission Capacity Purchase Agreement (FTCPA) with HTP under which the Authority gained the entitlement to 75% of the Line's 660 MW capacity, or 495 MW, for 20 years. See "PART 2 - POWER SALES - Marketing Issues and Development - Item (7)" for a discussion of an amendment to the FTCPA executed on March 31, 2017.

Certain Operating Information

Effective in 1965, the Authority and Ontario Hydro entered into a Memorandum of Understanding containing provisions for coordinated operation of the two systems, for interchange of power and energy at the Niagara and St. Lawrence-FDR Project interconnections and for the use of generating equipment of either system by the other in order to make optimum use of all available water at all times. The agreement provides for the sale by either party to the other of various classes of power and energy, and continues in force from year to year, subject to termination by either party on not less than five years' prior notice in writing.

The operation of Authority projects is subject to various federal and State licensing and permit requirements which have constrained facility operations and have caused and are expected to continue to cause the Authority to incur additional costs or to experience a reduction of revenues. Further plant improvements and modifications may be required by regulatory action or be deemed desirable by the Authority as the result of problems identified from its operating experience or that of operators of similar facilities.

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Fuel Supply

Flynn, Zeltmann, SCPPs, and Astoria Energy II plant

The Authority endeavors to purchase sufficient amounts of fuel for Flynn, Zeltmann, the SCPPs, and the Astoria Energy II plant to meet the fuel requirements of these plants. Natural gas is secured for these plants as required while the Authority maintains adequate oil inventory at Zeltmann, Flynn, and the Astoria Energy II plant to supplement natural gas consumption. Fuel purchases are effectuated in the spot market and, at times, through longer term supply contracts for natural gas.

The Authority has one interstate service agreement for firm natural gas transportation from Pennsylvania to the local distribution companies (each, a “LDC”) that serve the Flynn plant, the SCPPs, Zeltmann, and the Astoria Energy II plant. The Authority also purchases natural gas from various suppliers and marketers inclusive of delivery to the interconnections between interstate pipelines and the LDCs.

LEGISLATION AFFECTING THE AUTHORITY

Section 1011 of the Act constitutes a pledge of the State to holders of Authority obligations not to 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. Bills are periodically introduced into the State Legislature which propose to limit or restrict the powers, rights and exemption from regulation which the Authority currently 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, or operations, in the manner presently conducted or contemplated hereby. It is not possible to predict whether any such bills or other bills of a similar type which may be introduced in the future will be enacted.

In addition, from time to time, legislation is enacted into New York law which 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 the Authority would depend upon, among other things, the 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 in the case of each such provision, the Authority will be immune from the financial obligations imposed by such provision. Examples of such legislation affecting the Authority include legislation, discussed above, relating to the Authority’s voluntary contributions and transfers to the State, the transfer of the Canal Corporation from the Thruway Authority to the Authority, the RNYPP, and the Western NY Fund and the Northern NY Fund programs (see “PART 2 - CERTAIN FINANCIAL MATTERS - Voluntary Contributions and Transfers to the State; NEW YORK STATE CANAL CORPORATION; and POWER SALES - Marketing Issues and Development - Items (3), (4), (5)”). Set forth below are descriptions of certain other legislative provisions that are relevant to the Authority.

Amendments to Power Authority Act

As more specifically described in the enactment, and subject to limitations described therein, the 2019-20 Enacted State Budget amended the Power Authority Act to authorize the Authority, subject to feasible and advisable determinations by the Board of Trustees, to: (1) design, finance, develop, construct, install, lease, operate and maintain electric vehicle charging stations throughout the State for use by the public; (2) plan, finance, construct, acquire, operate, improve and maintain, either alone or jointly with one or more other entities, transmission facilities for the purpose of transmitting power and energy generated by renewable wind energy generation projects that are located in State territorial waters, and/or in waters under the jurisdiction or regulation of the U.S.; (3) supply certain market power and energy and renewable energy products to any Authority customer, public entity, or community choice aggregation community in the State

(collectively, “Eligible Entities”); and (4) alone or jointly with one or more other entities, finance the development of renewable energy generating projects that are located in the State, including its territorial waters, and/or on property or in waters under the jurisdiction or regulatory authority of the United States, purchase power, energy or related credits or attributes produced from such renewable energy generating projects, and allocate and sell such products to Eligible Entities. The Authority may exercise any of this authority at its discretion, and the changes made by the amendments do not affect the Authority’s previously-existing statutory authority.

New York State Climate Leadership and Community Protection Act

On July 18, 2019, the State enacted the “New York State Climate Leadership and Community Protection Act” as Chapter 106 of the Laws of 2019 (“Chapter 106”). Chapter 106 directs the New York State Department of Environmental Conservation (the “NYDEC”) to develop regulations to reduce statewide greenhouse gas emissions (“GHG”) to 60% of 1990 levels by 2030 and 15% of 1990 levels by 2050. Chapter 106 also requires that the state offset the remaining 15% of 1990 GHG emissions in 2050. NYDEC is currently drafting regulations that would implement these goals.

Several provisions of Chapter 106 could potentially impact the Authority’s business and operations, such as the following: (1) a requirement that specified State entities, including the Authority, adopt regulations to contribute to achieving statewide GHG emissions; (2) a requirement that State entities, including the Authority, assess and implement strategies to reduce GHG emissions; (3) 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 to the enactment; and (4) potential allocation or realignment of resources to support State clean energy and energy efficiency goals for disadvantaged communities.

As part of its Evolve NY program adopted in connection with its capital plan, the Authority has pledged \$250 million through 2025 to accelerate the adoption of electric vehicles (“EV”), addressing key economic and psychological barriers to EV adoption, of which \$160 million of projects have been identified. The Authority will own and operate a charging network of 800 DC fast chargers across the State, the first of which is expected to be operational sometime in 2020.

As part of the 2020-2021 Enacted State Budget, legislation was enacted that is expected to significantly speed up the siting and construction of clean energy projects to combat climate change in an effort to improve the State’s economic recovery from the COVID-19 health crisis. The Accelerated Renewable Energy Growth and Community Benefit Act (the “CBA Act”) will create an Office of Renewable Energy Siting to improve and streamline the process for environmentally responsible and cost-effective siting of large-scale renewable energy projects across the State while delivering significant benefits to local communities. The CBA Act, which will be implemented by the Authority and New York State Department of State, NYSERDA, the Department of Public Service (the “DPS”), NYDEC and the Empire State Development Corporation, will accelerate progress towards the State’s clean energy and climate goals, including the goal to obtain 70% of the State’s electricity from renewable sources by 2030.

For more information on this legislation, see the 2019 Financial Statements, “Certain New Legislation Affecting the Authority” on page 16.

Accelerated Renewable Energy Growth and Community Benefit Act

The Accelerated Renewable Energy Growth and Community Benefit Act (the “Renewable Energy Act”) was enacted as part of the 2020-21 Enacted State Budget and amends State law with respect to the siting of major utility transmission facilities to (1) establish a 12-month target timeframe for the siting of major utility transmission facilities (“MUTFs”); and (2) authorizes the PSC to establish in regulation an

expedited 9-month target timeframe for MUTFs that: (a) are constructed within existing rights-of-way, or (b) would not result in any significant adverse environmental impacts considering current uses and conditions existing at the site, as determined by the PSC, in consultation with the NYDEC, or (c) would necessitate expanding the existing rights-of-way where the expansion is for the purpose of complying with law, regulations or industry practices relating to electromagnetic fields. This new, expedited siting process will be administered through a new siting office to be established within the Department of State. The Renewable Energy Act also establishes a new “Clean Resources Development and Incentives Program” pursuant to which NYSERDA will establish “build-ready” sites that would be made available to renewables developers through a competitive process, and a host community benefits program to be established by PSC pursuant to which renewable developers would fund programs to provide benefits to communities that host new renewable generation projects.

The Renewable Energy Act also contains provisions to facilitate new and upgraded distribution and transmission projects that are necessary for the state to avoid congestion and reach the Chapter 106 targets (the “Transmission Component”). The Legislature found that the Authority owns and operates backbone electric transmission assets in the State, has rights-of-way that can support in whole or in part bulk transmission investment projects, and has the financial stability, access to capital, technical expertise and experience to effectuate expeditious development of bulk transmission investments needed to help the State meet its targets under Chapter 106. As such, the Transmission Component grants the Authority the ability to develop projects which the PSC determines should be pursued expeditiously to promote the State’s public policy goals (“Priority Transmission Projects”).

After the completion of a comprehensive study for the purpose of identifying distribution upgrades, local transmission upgrades and bulk transmission investments that are necessary or appropriate to facilitate the timely achievement of Chapter 106 targets (collectively, “Grid Study”) undertaken by the DPS in consultation with the Authority, NYSERDA LIPA, the NYISO and jurisdictional utilities and transmission operators, the PSC will establish a distribution and local transmission capital plan for each utility in whose service territory the Grid Study identified distribution upgrades and local transmission upgrades that DPS determines are necessary or appropriate to achieve targets set forth in Chapter 106. The upgrade programs shall establish a prioritized schedule upon which each such upgrades shall be accomplished. The PSC will also establish a bulk transmission system investment program that identifies bulk transmission investments it determines to be necessary or appropriate to achieve the Chapter 106 targets. PSC will identify Priority Transmission Projects to meet the Chapter 106 targets utilizing the NYISO’s policy transmission planning process.

Pursuant to the Renewable Energy Act, the Authority is authorized to solicit interest from potential co-participants in each Priority Transmission Project it agrees to develop, and assess whether any joint development would provide for significant additional benefits in achieving the Chapter 106 targets. The Authority may then undertake the development of the Priority Transmission Project on its own, or undertake the Priority Transmission Project jointly with one or more other parties. A joint development of a Priority Transmission Project may be accomplished through agreements on such terms and conditions as the Authority finds to be appropriate and necessary in order to undertake and complete timely development of the Priority Transmission Project. For those Priority Transmission Projects that the Authority determines to undertake and which are not substantially within its rights-of-way, the Authority will, select private sector participants through a competitive bidding process. Excluded from these Priority Transmission Projects are generation lead lines, and repairs to, replacement of or upgrades to the Authority’s own transmission assets.

Section 2975 and Governmental Cost Recovery Alternatives

Section 2975 of the New York Public Authorities Law establishes a Governmental Cost Recovery System, pursuant to which certain public benefit corporations, defined as having three or more members appointed by the Governor, are subjected to assessment for the costs of central governmental services

attributable to such public benefit corporations, pursuant to a statutory assessment methodology. Such a public benefit corporation may, however, pursuant to Section 2975, opt to enter into an agreement with the State Director of the Budget providing for alternative cost recovery to the State. Consistent with such alternative agreement mechanism, the Authority in the past has voluntarily entered into agreements with the Division of the Budget pursuant to which the Authority has made payments to the State relating to such cost recovery assessments.

Information on legislation affecting the Authority is also available from many sources in the public domain, and potential purchasers of the 2020 Bonds should obtain and review such information.

EXECUTIVE ORDER NO. 88

On December 28, 2012, Governor Cuomo issued Executive Order No. 88 (“EO 88”) which successfully directed state agencies collectively to reduce energy consumption in state-owned and managed buildings by 20% by April, 2020. For a description of Executive Order No. 88 and the energy efficiency and financing programs undertaken by the Authority in response thereto, see the 2019 Financial Statements, “Note 13(k) – Other Developments – Build Smart NY Initiative” on page 70.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND THE AUTHORITY

Regulation Generally

The operations of the Authority are subject to regulation or review by various State and federal agencies. The agencies having a regulatory impact on, or a monitoring function over, the Authority and the conduct of its activities, include, without limitation, FERC, the Environmental Protection Agency (the “EPA”), NYDEC, New York State Comptroller, New York State Inspector General, and the New York State Authorities Budget Office.

The New York Public Service Commission and Siting Board (the “PSC”) is the principal agency in the State regulating the generation, transmission and sale of electric power and energy. It has no jurisdiction over rates for power generated or transmitted by the Authority but does regulate the rates of the State’s investor-owned utilities and certain municipal systems to which the Authority sells power. The PSC is empowered by the Public Service Law to issue Certificates of Environmental Compatibility and Public Need prior to the construction of power transmission lines of certain capacities and lengths.

For a discussion of potential impact on the Authority and its facilities and operations of the PSC’s “Reforming the Energy Vision” initiative and recently announced future retirement of generation resources, see the 2019 Financial Statements, “Management’s Discussion and Analysis – Reforming the Energy Vision” on page 15.

Dodd-Frank Act

For a discussion of the impact of the Dodd Frank Act on the Authority, see the 2019 Financial Statements, “Note 8 – Risk Management and Hedging Activities – Dodd Frank Act” on page 46.

Environmental

Electric utilities are subject to continuing environmental regulation affecting construction and operation of new facilities, upgrades to existing facilities and retirement or restrictions on operations. Federal, state and local laws, regulations, standards, and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory

and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Authority's facilities will remain subject to the regulations currently in effect, will always be in compliance with regulations, or will always be able to obtain all required operating permits. Changes in these requirements or the inability to comply with existing environmental standards could result in substantial additional capital expenditures to achieve or maintain compliance, or could result in reduced operating levels or the complete shutdown of individual electric generating units, which could have an adverse impact on Authority revenues.

Certain environmental laws can impose the entire cost or a portion of the cost of investigating and cleaning up a contaminated site, regardless of fault, upon any one or more of a number of parties, including the current or previous owners or operators of the site. These environmental laws also impose liability on any person who arranges for the disposal or treatment of hazardous substances at a contaminated site. Some of the sites that the Authority currently or historically has owned or operated potentially could require investigation or remediation under environmental laws which could result in material costs for the Authority.

For a discussion of the additional environmental regulatory issues that may affect the Authority, see the 2019 Financial Statements, "Note 13(i) – Regional Greenhouse Gas Initiative, Clean Power Plant Rule, Proposed Affordable Clean Energy Rule and Air Pollution Rule" on pages 68-69.

Other Factors

The electric utility industry in general has been, and in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities, including the Authority, and the level of utilization of their generating and transmission facilities.

Electric and Magnetic Fields

Electric and magnetic fields ("EMF") exist wherever electricity flows, around high voltage transmission and distribution equipment ("power frequency EMF"), as well as near electrical appliances, computers, and other electrical devices. Epidemiological studies, clinical studies and laboratory experiments have shown that EMF can cause changes in living cells, but there is little evidence that these changes suggest any risk to human health. Claims for damages against electric utilities for injuries alleged to have been caused by power frequency EMF have increased electric utilities' attention to this issue. At this time, it is not possible to predict the extent of the costs and other impacts, if any, which power frequency EMF may have on the Authority and other electric utilities.

Industry Transformation

Transformative technologies are creating uncertainty for the electric utility industry and the Authority. These technologies may produce new business opportunities, reduce demand for electric energy, or suppress wholesale power prices impacting the competitive position of the Authority's generating assets. While the Authority regularly evaluates its mission, objectives, and customer needs, the impact on the Authority's operations of any such industry transformation is not presently predictable or quantifiable.

Workforce Challenges

Like many other industries, the power and utility sector is facing increased competition for, and a general shortage of, talent in high skilled areas. This trend is expected to continue and be further impacted by transformations in the industry as new technologies are being developed and deployed. The ability of the Authority to meet stated objectives is dependent upon the ability to attract and retain the necessary skills and competencies in its workforce, among other factors.

Physical and Cyber Security

The federal government recognizes the electric utility industry as critical infrastructure for the United States and works closely with the industry to ensure awareness of ongoing threats and that appropriate protections are in place against both physical and cyber-attacks. With over 1,400 circuit-miles of high voltage transmission lines and power generation facilities across the State, the Authority will need to make significant investments to harden both physical and cyber assets and their related infrastructure. In the event of a cyber-attack that the Authority is unable to defend against or mitigate, the Authority may experience information system outages, data theft, discontinuity of services, damage to facilities or equipment, substantial loss of revenues or other financial impacts and may face increased regulation, litigation and damage to the Authority's reputation.

Catastrophic Natural Events

A catastrophic natural event such as severe weather, flooding or earthquake can negatively affect the operability of Authority assets and the bulk electric system. While the Authority regularly evaluates the resiliency of its assets and has implemented disaster planning programs, weather and natural events directly influence the demand for electricity and can substantially and negatively affect the Authority's operations.

An outbreak of disease or similar public health threat, such as the COVID-19 pandemic, or fear of such an event, could have an adverse impact on the Authority's financial condition and operating results. For a more detailed discussion of the expected impact on the Authority of the COVID-19 pandemic and the Authority's response, see "PART 2 – CERTAIN FINANCIAL MATTERS – Impacts from the Coronavirus and COVID-19 Pandemic."

Critical Infrastructure Failure

As a generation and transmission business, the Authority is exposed to potential critical infrastructure failure that may lead to service disruption, injury and degradation of system reliability and ultimately impact financial results.

Health and Safety Risks

As a generation and transmission business, the Authority is exposed to a variety of health and safety risks. The health and safety of the Authority's workforce, contractors, customers and the public may be impacted by these risks.

Hydrological Conditions

The Authority's net income is highly dependent on generation levels at its Niagara and St. Lawrence-FDR Projects. The Authority's generation levels at its Niagara and St. Lawrence-FDR Projects are a function of the hydrological conditions prevailing on the Great Lakes, primarily, Lake Erie (Niagara Project) and Lake Ontario (St. Lawrence-FDR Project). Hydrological conditions can vary considerably from year to year. Uncertain availability and shifts in the supply of water as fuel may significantly impact the Authority.

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Electric Price and Fuel Risk

Through its participation in the NYISO and other commodity markets, the Authority is subject to electric energy price, fuel price, metal commodities price, and electric capacity price risks that impact the revenue and purchased power streams of its facilities and customer market areas. Such volatility can potentially have detrimental effects on the Authority's financial condition. To moderate cost impacts to its customers and itself, the Authority, at times, hedges market risks via the use of financial instruments and physical contracts.

Other Factors

In addition to the factors affecting the electric utility industry and the Authority discussed above, such factors include, among others: (a) effects of compliance with rapidly changing environmental (including climate change), safety, licensing, regulatory and legislative requirements other than those described above, (b) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity, (c) the role of independent power producers and marketers, brokers and federal power marketing agencies in power markets, (d) effects of inflation on the operating and maintenance costs of an electric utility and its facilities, (e) changes from projected future load requirements, (f) increases in costs and uncertain availability of capital, (g) shifts in the availability and relative costs of different fuels (including the cost of natural gas), (h) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, and (i) legislative changes, voter initiatives, referenda and statewide propositions. Any one or more of these factors (as well as other factors) could have an adverse effect on the assets, operations and financial condition of the Authority to an extent that cannot be determined at this time.

Effects on the Authority

Currently, the Authority is a provider of low cost power and energy in the State. However, the Authority cannot predict what effect any of the foregoing factors will have on the business operations and financial condition of the Authority, but the effect could be significant. The Authority can give no assurance that it will not lose customers in the future as a result of the restructuring of the State electric utility industry, regulatory changes that impact wholesale market prices and the emergence of new technologies, competitors or increased competition from existing competitors. In addition, the Authority's ability to market power and energy on a competitive basis is limited by provisions of the Act, restrictions under State and federal law as to the sale and pricing of a large portion of the output from the Niagara Project and St. Lawrence-FDR Project, and restrictions on marketing arising from applicable laws and regulations.

The foregoing is a brief discussion of certain factors affecting the electric utility industry and the Authority. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is, and will be available from legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the 2020 Bonds should obtain and review such information.

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REGULATION

The operations of the Authority are subject to regulation or review by various State and federal agencies, discussions of which appear in various segments throughout this Official Statement. The principal agencies having a regulatory impact on, or a monitoring function over, the Authority and the conduct of its activities, are as follows:

New York State

NYISO and Reliability Council

For a description of the NYISO and its present activities, see “PART 2 - NEW YORK INDEPENDENT SYSTEM OPERATOR” herein.

Public Service Commission and Siting Board

The PSC is the principal agency in the State regulating the generation, transmission and sale of electric power and energy. It has no jurisdiction over rates for power generated or transmitted by the Authority but does regulate the rates of the State’s investor-owned utilities and certain municipal systems to which the Authority sells power. The PSC is empowered by the Public Service Law to issue Certificates of Environmental Compatibility and Public Need prior to the construction of power transmission lines of certain capacities and lengths.

Article X of the Public Service Law governs the siting and construction of virtually all new electric generating plants of 25 MW or more in the State including any such facilities of the Authority. Pursuant to Article X, a Siting Board, chaired by the chair of the PSC and comprised of four other state agency officials and two ad hoc members, is empowered to issue Certificates of Environmental Compatibility and Public Need authorizing construction of such plants. The Siting Board is not authorized to accept applications under the new Article X until the NYDEC has issued certain regulations involving environmental justice and air quality issues.

Reforming the Energy Vision

In April 2014, the PSC commenced a proceeding to transform the State’s electric utility industry and related regulatory practices called Reforming the Energy Vision (the “REV”). According to the PSC, REV will lead to regulatory changes that promote more efficient use of energy; deeper penetration of renewable energy resources such as wind and solar; and wider deployment of smaller power sources located closer to the customer load, including microgrids capable of aggregating power resources to meet the regular demands of a community of consumers, on-site power supplies, and energy storage. REV also aims to promote greater use of advanced energy management products to enhance demand elasticity and efficiencies. The PSC order instituting the proceeding designated two tracks for the REV with track one focused on developing distributed resource markets and track two focused on reforming utility ratemaking practices.

The PSC has identified six core policy objectives relating to enhanced customer knowledge and tools to support effective management of total energy bills, market animation and leverage of customer contributions, system-wide efficiency, fuels and resource diversity, system reliability and resiliency, and reduction of carbon emissions. The PSC’s Order Adopting Regulatory Policy Framework and Implementation Plan issued and effective February 26, 2015 (Track 1) and Order Adopting a Ratemaking and Utility Revenue Model Policy Framework issued and effective May 19, 2016 (Track 2) and additional information on the REV are available at <http://www.dps.ny.gov/>. No statement on that website is incorporated by reference herein. The PSC has several ongoing proceedings related to Track 1 and Track 2 of REV that the Authority is following. In 2019, the PSC issued a number of orders addressing REV-related

issues including compensation for distributed energy resources, community-scale clean energy initiatives, and electric vehicle incentives.

While the PSC does not have jurisdiction over rates for power generated or transmitted by the Authority, the reforms and innovations contemplated in the REV initiative are expected by the PSC to be done in conjunction with certain independent but related actions of the Authority. As a result, the Authority monitors the REV initiative and related proceedings closely and expects to evaluate any regulatory reforms that are ultimately implemented and their impact on project implementation and suitability for adoption by the Authority and its customers.

Clean Energy Standard

On August 1, 2016, the PSC issued an order establishing a Clean Energy Standard (the “CES Order”) to implement the clean energy goals of the State Energy Plan. Pursuant to the CES Order, load serving entities identified in the order are required to purchase “Zero Emission Credits” (“ZECs”) from NYSERDA to support the preservation of existing at-risk zero emissions nuclear generation. The Authority is not subject to PSC jurisdiction for purposes of the CES Order but expects to assume an obligation to purchase ZECs consistent with the terms of the CES Order and intends to seek recovery of such costs from the Authority’s customers. On January 31, 2017, the Board of Trustees authorized (a) participation in the PSC’s ZEC program and (b) execution of an agreement with NYSERDA to purchase ZECs associated with the Authority’s applicable share of energy sales. The Authority and NYSERDA executed an agreement covering a two-year period from April 1, 2017 to March 31, 2019 under which the Authority committed to purchase ZECs in a quantity based on its proportional load in the New York control area. As of April 7, 2020, the Authority estimates that it will incur ZEC purchase costs associated with participation in the ZEC program of approximately \$283.5 million in aggregate over the 2020-2023 period, of which approximately \$22.2 million is not expected to be recovered under customer contracts. As of March 31, 2019, the Authority has paid \$155.2 million in ZEC purchase costs.

Transmission Congestion and System Operation Issues

Infrastructure limitations in the vicinity of the Authority’s Niagara Project contribute to transmission congestion that limits the amount of Niagara Project output that can be accommodated on the transmission system. Transmission congestion prevents the full and efficient use of this asset, as well as other generation assets located in Western New York. To begin alleviating this congestion, on July 20, 2015, the Public Service Commission issued an order that granted requests from the Authority and National Grid to establish a public policy requirement driving the need for transmission additions to, among other things, enable the Authority to fully operate the Niagara Project and support the import of capacity from Ontario during emergency conditions. The Public Policy Transmission Planning Process (pursuant to FERC Order 1000) initiated the NYISO’s competitive solicitation process which resulted in the NYISO Board of Directors selection of the NextEra Energy Transmission New York, Inc. (“NextEra”) Empire State Line transmission project on October 17, 2017. NextEra currently has requests pending before the PSC for two regulatory approvals that are necessary before it may begin developing the line. The project is a partial solution to the identified congestion issues and is expected to be completed in June 2022.

New York State Department of Environmental Conservation

The NYDEC administers and manages the State program for oil and chemical containment and spill prevention and provides for abatement of water, land and air pollution. Pursuant to State and federal laws, the NYDEC regulates the transport, treatment and disposal of hazardous and toxic wastes. In addition, the NYDEC regulates the use of tidal and freshwater wetlands and flood plains. Before any State or federal license or permit can be issued for any activity involving a discharge into navigable waters, the NYDEC must certify that the discharge will comply with the State water quality standards, or otherwise waive certification.

Certain aspects of the NYDEC's regulatory authority over pollutant discharge permits, air quality and hazardous waste regulation arise from delegation of such authority to the State by federal legislation.

New York State Comptroller

The OSC is required to undertake a "program, financial and operations" audit of the Authority at least once every five years, and the OSC periodically conducts other audits as well. Recent audit reports are available on the OSC's website. No statement on the OSC's website is included herein. OSC has issued regulations that are applicable in whole or in part to many public authorities in the State, including the Authority. Among other things, the regulations require public authorities, including the Authority, to adhere to prescribed budgeting and financial plan procedures, certain financial reporting and certification requirements, and detailed investment guidelines and procedures, including obtaining the approval of the OSC before adoption of certain changes in accounting principles. In addition, OSC has the discretionary authority to review and approve certain contracts to be entered into by public authorities, including the Authority.

State Inspector General

The Office of the Inspector General (the "OIG") has jurisdiction over the Authority pursuant to New York State Executive Law Article 4-A. From time to time, the Authority may be involved in investigations initiated by and engaged in by the OIG and related proceedings. The Authority fully cooperates with the OIG and other federal and state agencies in any applicable proceedings.

Authorities Budget Office

Chapter 506 of the Laws of 2009 created the Authorities Budget Office (the "ABO"). The ABO's responsibilities include conducting reviews of public authorities, assisting public authorities in improving management practices and procedures, developing oaths of office for public authority board members, and making recommendations to the Governor and Legislature concerning public authorities. In addition, the ABO is authorized to, among other things, receive and act upon complaints regarding public authorities, initiate investigations of public authorities, warn and censure public authorities for non-compliance with the Public Authorities Law, recommend discipline against public authority officials, and compel public authorities to produce records necessary to enable the ABO to perform its duties.

Federal

Federal legislation is regularly introduced which could affect the operations of the Authority. The Authority cannot predict which of such legislation might be enacted into law, what form any of such legislation, if enacted, might take or what impact any of such legislation, if enacted, might have on the Authority's operations.

Federal Energy Regulatory Commission

FERC exercises regulatory authority over the NYISO's operations and the Authority participates extensively in the NYISO-administered markets (see "PART 2 - NEW YORK INDEPENDENT SYSTEM OPERATOR"). The Authority retains its non-jurisdictional status under Part II of the FPA, which means that FERC does not regulate the Authority with respect to its generation sales, though the Authority participates fully in the NYISO-administered markets. Through operation of the NYISO tariff, changes to the Authority's ATRR are subject to FERC jurisdiction. FERC is also authorized by the FPA to license the Authority's hydroelectric power plants, to approve interconnection agreements for large and small generators (which utilize approved NYISO form contracts), and to prescribe rules for the sale of electrical energy to and the purchase of energy from qualifying cogeneration and small power production facilities. Additional

requirements, such as adding equipment or modifying operations to mitigate a hydroelectric power plant's impact on fish, could be required during the relicensing of the Authority's hydroelectric power plants and result in material costs.

NERC Reliability Standards

Pursuant to the Energy Policy Act, the North American Electric Reliability Corporation ("NERC") has legal authority to enforce comprehensive Reliability Standards for all users, owners, and operators of the bulk power system in the United States, including the Authority. NERC has authority to levy penalties for non-compliance with the Reliability Standards, with fines of up to \$1 million per day per violation for the most serious violations. The Reliability Standards implemented by NERC became effective in 2007 and are modified as necessary to meet reliability issues identified.

Environmental Protection Agency

The EPA is the principal agency of the federal government regulating air and water quality and the use, storage and disposal of hazardous substances. While most of its air, water and waste programs have been delegated to the State, the EPA retains approval authority over the individual state programs, in many instances disapproval authority over individual permit issuance and enforcement authority over all the delegated programs. It is also empowered to initiate administrative and legal action to compel responsible parties to clean up hazardous waste sites. The Authority is subject to EPA rules requiring the securing of routine discharge permits for emissions and effluents from all Authority facilities.

On March 26, 2020, the EPA announced a temporary policy regarding enforcement of environmental legal obligations. In a letter to all governmental and private sector parties, the EPA recognized that in light of the COVID-19 pandemic as well as the travel and social distancing recommendations of the Centers for Disease Control and Prevention, facility operations and availability of key staff and contractors may be affected, as well as the ability of laboratories to timely analyze samples and return results. Effective March 13, 2020, the EPA will exercise enforcement discretion for noncompliance that occurs while the temporary policy is in effect. Generally, if compliance is not reasonably practicable, facilities with environmental compliance obligations are directed to act responsibly under the circumstances in order to minimize the effects and duration of any noncompliance caused by COVID-19 and return to compliance as soon as possible. Facilities also must identify the specific nature and dates of the noncompliance, how COVID-19 was the cause of the noncompliance, and the decisions and actions taken in response, including best efforts to comply and steps taken to come into compliance at the earliest opportunity. The temporary policy does not apply to criminal violations or criminal liability, to activities carried out under the Comprehensive Environmental Response, Compensation and Liability Act or the Resource Conservation and Recovery Act, or to certain imports. The Authority does not expect the temporary policy to have a material effect on its operations or finances.

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APPENDIX 1

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following is a summary of certain provisions of the General Resolution. The following summary is not to be considered a full statement of the terms of the General Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise previously defined in this Official Statement or defined below have the meaning set forth in the General Resolution.

Definitions

The following are definitions in summary form of certain terms contained in the General Resolution and used hereinafter:

Authorized Investments means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's funds pursuant to any law, to the extent permitted under any applicable regulation, guideline and policy of the Authority as each is in effect from time to time: (i) any security which is (a) a direct obligation of, or is unconditionally guaranteed by, the United States of America or the State for the payment of which the full faith and credit of the United States of America or the State is pledged or (b) an obligation of an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America; (ii) any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision ("Municipal Bond") which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the Municipal Bond, and which Municipal Bond is rated in the highest Rating Category by at least two Rating Agencies and provided, however, that such Municipal Bond is accompanied by (1) a Counsel's Opinion to the effect that such Municipal Bond is not subject to redemption prior to the date the proceeds of such Municipal Bond will be required for the purposes of the investment being made therein and (2) a report of a nationally recognized independent certified accountant verifying that the moneys and obligations so segregated are sufficient to pay the principal of, premium, if any, and interest on the Municipal Bond; (iii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association (including Participation Certificates), Government National Mortgage Association, Federal Financing Bank, Federal Home Loan Mortgage Corporation and Federal Home Loan Banks, the Federal Housing Administration, the Federal Farm Credit Banks Funding Corporation, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, or any other agency controlled by or supervised by and acting as an instrumentality of the United States government; (iv) obligations of any state of the United States of America or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which shall be rated at the time of the investment in any of the three highest long-term Rating Categories or the highest short-term Rating Category by a Rating Agency; (v) certificates or other instruments that evidence ownership of the right to payments of principal of or interest on Municipal Bonds provided that such obligations shall be held in trust by a Bank meeting the requirements for a successor Trustee pursuant to the General Resolution, and provided further that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which at the date of investment shall have an outstanding, unsecured, uninsured and unguaranteed debt issue rated in the highest Rating Category by a Rating Agency or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on Municipal Bonds, such insurance policy shall result in such Municipal Bonds being rated in the highest Rating Category by a

Rating Agency; (vi) certificates that evidence ownership of the right to payments of principal of or interest on obligations described in clause (i) or (ii) above, provided that such obligations shall be held in trust by a Bank meeting the requirements for a successor Trustee pursuant to the General Resolution; (vii) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of the 25 largest Banks (measured by aggregate capital and surplus) in the United States or commercial paper issued by the parent holding company of any such Bank which at the time of investment has an outstanding unsecured, uninsured and unguaranteed debt issue rated in the highest short-term Rating Category by a Rating Agency (including the Trustee and its parent holding company, if any, if it otherwise qualifies); (viii) any repurchase agreement or other investment agreement with any Bank as defined in clause (i) or (ii) of the definition thereof or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clause (i), (iii) or (vii) above, which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another such Bank, as custodian; (ix) any agreement or other investment agreement with any insurance company or reinsurance company or investment affiliates thereof the obligations of which are rated by a Rating Agency in one of the two highest Rating Categories, which agreement is continuously secured by any one or more of the securities described in clause (i), (iii) or (vii) above, which securities shall at all times have a market value of not less than the full amount held or invested pursuant to the agreement and be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian; (x) obligations of any domestic corporation which shall be rated at the time of the investment in either of the two highest long-term Rating Categories or the highest short-term Rating Category by a Rating Agency; and (xi) any other investment in which the Authority is permitted to invest under applicable law, notwithstanding any limitations set forth in clauses (i) through (x) above.

Authorized Officer means any trustee of the Authority or officer of the Authority and any other person authorized by by-laws or resolution of the Authority to perform the act or sign the document in question.

Bank means any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Capital Costs means the Authority's costs of (i) physical construction of or acquisition of real or personal property or interests therein for any Project, together with incidental costs, working capital and reserves deemed necessary or desirable by the Authority and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any Project; (iii) the acquisition of any other real property, capital improvements or additions, or interests therein, deemed necessary or desirable by the Authority for the conduct of its business; (iv) any other purpose for which bonds, notes or other obligations of the Authority may be issued under the Act or under other applicable State statutory provisions (whether or not also classifiable as an Operating Expense); and (v) the payment of principal, interest, and redemption, tender or purchase price of any (a) Obligations issued by the Authority for the payment of any of the costs specified above, (b) any Obligations issued to refund such Obligations, or (c) Obligations issued to pay capitalized interest; provided, however, that the term Capital Costs shall not include any costs of the Authority relating to a Separately Financed Project.

Capital Fund means the fund by that name established pursuant to the General Resolution.

Commercial Paper Notes means any notes issued and outstanding at any time under the Commercial Paper Resolution.

Commercial Paper Resolution means the Amended and Restated Resolution Authorizing Commercial Paper Notes adopted by the Authority on November 25, 1997, as the same has been and may be amended and supplemented in accordance with its terms.

Counsel's Opinion means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Authority.

Credit Facility means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement thereof, which is obtained by the Authority and is issued by a financial, insurance or other institution and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Subordinated Indebtedness.

Defeasance Security means (a) an Authorized Investment as specified in clause (i) of the definition thereof, which is not callable or redeemable at the option of the issuer thereof; (b) any depositary receipt issued by a Bank as custodian with respect to any Defeasance Security which is specified in clause (a) above and held by such Bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal or interest on any such Defeasance Security which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Defeasance Security or the specific payment of principal or interest evidenced by such depositary receipt; (c) any certificate of deposit specified in clause (vii) of the definition of Authorized Investments, including certificates of deposit issued by the Trustee or by a Paying Agent; (d) an Authorized Investment as specified in clause (ii) of the definition thereof and (e) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing Obligations authorized by such Supplemental Resolution.

Event of Default has the meaning provided in the discussion of **Event of Default** below.

Fiduciary or Fiduciaries means the Trustee, any Registrar, any Paying Agent, or any or all of them, as may be appropriate.

General Resolution means the Power Authority of the State of New York General Resolution authorizing Revenue Obligations adopted on February 24, 1998, as from time to time amended or supplemented by any Supplemental Resolutions.

Obligations means any obligations, issued in any form of debt, authorized by a Supplemental Resolution, including, but not limited to, bonds, notes, bond anticipation notes, and commercial paper, which are delivered under the General Resolution, but such term shall not include any Subordinated Contract Obligation or Subordinated Indebtedness.

Operating Expenses means the Authority's expenses for operation, maintenance, ordinary repairs and ordinary replacements of any Project, including, without limiting the generality of the foregoing, the costs of supplies, fuel, fuel assemblies and components required by the Authority for the operation of any Project (including any payments made pursuant to a "take-or-pay" fuel supply or energy contract that obligates the Authority to pay for fuel, energy or power regardless of whether fuel or energy is delivered or made available for delivery, other than any such contract or portion thereof that is designated by the Authority as either a Subordinate Contract Obligation or a Parity Contract Obligation), administrative expenses, insurance premiums, legal and engineering expenses, consulting and technical services, payments

for energy conservation and load management programs, payments relating to fuel or electricity hedging instruments, payments for employee benefits, including payments to savings, pension, retirement, health and hospitalization funds, charges payable by the Authority pursuant to any licenses, orders or mandates from any agency or regulatory body having lawful jurisdiction, any payments in lieu of taxes or other payments to municipal governments agreed to be paid by the Authority and any taxes, governmental charges, and any other expenses required to be paid by the Authority, all to the extent properly and directly attributable to any Project; financing costs of any Series of Obligations; the expenses, liabilities and compensation of the fiduciaries required to be paid under the General Resolution or pursuant to any agreement executed by the Authority; all costs and expenses associated with or arising out of the research, development (including feasibility and other studies) and/or implementation of any project, facility, system, task or measure deemed desirable or necessary by the Authority; and all other costs and expenses arising out of or in connection with the conduct of Authority business, including those expenses the payment of which is not immediately required, such as those expenses referenced in the second paragraph of the discussion of **Operating Fund**. Notwithstanding the foregoing, Operating Expenses shall not include (i) any costs and expenses attributable to a Separately Financed Project, or (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of a Project to the condition of serviceability thereof when new.

Operating Fund means the fund by that name established pursuant to the General Resolution.

Outstanding, when used with reference to Obligations or Obligations of a Series, means, as of any date, Obligations or Obligations of such Series theretofore or thereupon being delivered under the General Resolution except: (i) Any Obligations cancelled at or prior to such date; (ii) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof; (iii) Obligations in lieu of or in substitution for which other Obligations shall have been delivered pursuant to the General Resolution; (iv) Obligations deemed to have been paid as provided in the General Resolution; and (v) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution.

Owner or any similar terms, means the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations maintained in accordance with the General Resolution.

Parity Contract Obligation has the meaning provided in the discussion of **Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt** herein.

Parity Debt means any Parity Contract Obligation, Parity Reimbursement Obligation or Parity Swap Obligation.

Parity Reimbursement Obligation has the meaning provided in the discussion of **Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt** herein.

Parity Swap Obligation has the meaning provided in the discussion of **Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt** herein.

Paying Agent means any paying agent for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the General Resolution.

Person means any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company, or other legal entity or group of entities, including a governmental entity or any agency or subdivision thereof.

Project means any project, facility, system, equipment, or material related to or necessary or desirable in connection with the generation, production, transportation, distribution, transmission, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the Authority, including any output in which the Authority has an interest, heretofore or hereafter authorized by the Act or by other applicable State statutory provisions; provided, however, that the term “Project” shall not include any Separately Financed Project.

Purchase Price means, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

Put Obligations means Obligations which by their terms may be tendered by and at the option of the owner thereof, or are subject to a mandatory tender, for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap means, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by the Authority for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such Obligations.

Qualified Swap Provider means an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating or claims paying ability, are rated either (i) at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

Rating Agency means each nationally recognized securities rating agency then maintaining a rating on the Obligations at the request of the Authority.

Rating Category means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Redemption Price means, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the General Resolution.

Registrar means any registrar for the Obligations of any Series and its successor or successors and any other person which may at any time be substituted in its place pursuant to the General Resolution.

Revenues means all revenues, rates, fees, charges, rents, proceeds from the sale of Authority assets, proceeds of insurance, and other income and receipts, as derived in cash by or for the account of the Authority directly or indirectly from any of the Authority's operations, including but not limited to the ownership or operation of any Project, but not including any such income or receipts attributable directly or indirectly to the ownership or operation of any Separately Financed Project and not including any federal or state grant moneys the receipt of which is conditioned upon their expenditure for a particular purpose.

Separately Financed Project means any project described as such pursuant to the General Resolution.

Series means all of the Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Obligations thereafter delivered in lieu of or in substitution therefor pursuant to the General Resolution, regardless of variations in maturity, interest rate, or other provisions.

Subordinated Contract Obligation means any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (b) any Qualified Swap which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, and (c) any other contract, agreement or other obligation authorized by resolution of the Authority and designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee. Each Subordinated Contract Obligation shall be payable from the Trust Estate subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, as provided for in the General Resolution and which shall be secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate created pursuant to the Resolution for the payment of the Obligations and Parity Debt.

Subordinated Indebtedness means any Commercial Paper Notes, and any bond, note or other indebtedness authorized by resolution of the Authority and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer delivered to the Trustee, which shall be payable from the Trust Estate subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt and which shall be secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate created for the payment of the Obligations and Parity Debt.

Supplemental Resolution means any resolution supplemental to or amendatory of the General Resolution, adopted by, or adopted pursuant to authorization granted by, the Authority in accordance with the General Resolution.

Trust Estate means, collectively: (i) all Revenues; (ii) the proceeds of the sale of Obligations until expended for the purposes authorized by the Supplemental Resolution authorizing such Obligations; (iii) all funds, accounts and subaccounts established by the General Resolution, including investment earnings thereon; and (iv) all funds, moneys, and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security pursuant to the General Resolution for the Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms of the General Resolution.

Trustee means the trustee appointed in accordance with the General Resolution, and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the General Resolution.

(General Resolution, Sec. 101)

Conditions for Issuance of Obligations

General Provisions for Issuance of Obligations. Obligations may be issued pursuant to a Supplemental Resolution in such principal amount or amounts for each such Series as may be specified in such Supplemental Resolution. A Supplemental Resolution shall specify, among other things, the purpose or purposes for which such Obligations are being issued, the authorized principal amount and Series of such Obligations, the maturity date or dates and interest rate or rates of the Obligations and the forms of the Obligations which shall specify terms with respect to tender or redemption, if any. Such Obligations shall be delivered by the Authority under the General Resolution upon the delivery of, among other things, a Supplemental Resolution authorizing such Obligations, a Counsel’s Opinion with respect to the validity of the Obligations and a certificate of an Authorized Officer to the effect that, upon delivery of the Obligations, the Authority will not be in default in the performance of the terms and provisions of the General Resolution or of any of the Obligations.

(General Resolution, Sec. 202)

Separately Financed Project. Nothing in the General Resolution shall prevent the Authority from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any purpose of the Authority authorized by the Act or by other applicable State statutory provisions (such purpose being referred to herein as a “**Separately Financed Project**”), which bonds, notes, or other obligations, or evidences of indebtedness and the Authority’s share of any operating expenses related to such Separately Financed Project, shall be payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project or from other funds withdrawn by the Authority pursuant to the General Resolution.

(General Resolution, Sec. 203)

Book-Entry-Only System

Notwithstanding any other provision of the General Resolution, the Authority may employ a book-entry-only system of registration with respect to any Obligations, all as more fully set forth in the General Resolution and the Supplemental Resolution authorizing such Obligations. Any provisions of the General Resolution inconsistent with book-entry-only Obligations shall not be applicable to such book-entry-only Obligations.

(General Resolution, Sec. 309)

Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt

The Authority may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Authority deems appropriate, and no such provisions shall be deemed to constitute an amendment to the General Resolution.

The Authority may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Authority in the applicable Supplemental Resolution.

The Authority may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the “**Reimbursement Obligation**”); provided, however, that no Reimbursement Obligation shall be created, for purposes of the General Resolution, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation which may include interest calculated at a rate higher than the interest rate on the related Obligation, may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by the General Resolution to secure the Obligations (a “**Parity Reimbursement Obligation**”), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Obligations, without acceleration, or may constitute a Subordinated Contract Obligation, as determined by the Authority. In addition, the Authority may enter into a Reimbursement Obligation with respect to a Credit Facility securing Parity Debt, and any such Reimbursement Obligation may be a Parity Reimbursement Obligation (but only to the extent principal amortization requirements with respect to such reimbursement are substantially equal to the amortization requirements including principal payments in connection with any optional or mandatory tender for purchase for such related Parity Debt, without acceleration) or may constitute a Subordinated Contract Obligation, as determined by the Authority. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Obligations or Parity Debt, which payments shall be Subordinated Contract Obligations.

In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Authority also may, to the extent from time to time permitted pursuant to law, enter into Qualified Swaps. The Authority’s obligation to pay any amount under any Qualified Swap may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created pursuant to the General Resolution to secure the Obligations (a “**Parity Swap Obligation**”), or may constitute a Subordinated Contract Obligation, as determined by the Authority. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

The Authority’s obligation to pay that portion of any rates, fees, charges or payments which the Authority is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of meeting principal or interest or both on that entity’s obligations directly associated with such contract and payable to such entity regardless of whether fuel or energy is delivered or made available for delivery, may be secured by a pledge of, and lien on, the Trust Estate on a parity with the lien created by the General Resolution to secure the Obligations (a “**Parity Contract Obligation**”), or may constitute a Subordinated Contract Obligation or an Operating Expense, as determined by the Authority.

(General Resolution, Sec. 310)

Pledge of Revenues and Funds

The Trust Estate is pledged for the payment of the principal and Redemption Price of, and interest on, the Obligations and, on a parity basis, the Parity Debt, in accordance with their terms and the provisions of the General Resolution.

(General Resolution, Sec. 501)

The General Resolution establishes the following funds:

- (1) Operating Fund, to be held by the Authority, and
- (2) Capital Fund, to be held by the Authority.

The Authority may establish one or more additional funds, accounts or subaccounts by delivering to the Trustee a certificate of an Authorized Officer. The Trustee shall have no obligation to invest or reinvest any amounts held thereunder in absence of written investment direction from the Authority.

(General Resolution, Sec. 502)

Operating Fund

The General Resolution provides that the Authority shall pay into the Operating Fund all Revenues as and when received. The Authority shall also pay into the Operating Fund such portion of the proceeds of any Series of Obligations which may have been issued to pay Operating Expenses as shall be specified pursuant to the Supplemental Resolution authorizing such Series. Amounts in the Operating Fund shall be paid out or accumulated or withdrawn from time to time for the following purposes and, as of any time, in the following order of priority: (a) payment of reasonable and necessary Operating Expenses or accumulation in the Operating Fund as a reserve (i) for working capital, (ii) for such Operating Expenses the payment of which is not immediately required, or (iii) deemed necessary or desirable by the Authority to comply with orders or other rulings of an agency or regulatory body having lawful jurisdiction; (b) payment of, or accumulation in the Operating Fund as a reserve for the payment of, interest on and the principal or Redemption Price of the Obligations and Payment of Parity Debt, on a parity basis, on their respective due dates or redemption date, as the case may be; (c) payment of principal of and interest on any Subordinated Indebtedness or payment of amounts due under any Subordinated Contract Obligation; (d) withdrawal and deposit in the Capital Fund; and (e) withdrawal for any lawful corporate purpose as determined by the Authority, including but not limited to the purchase or redemption of Obligations or Subordinated Indebtedness, provided, that prior to any withdrawal pursuant to this clause (e), the Authority shall have determined, taking into account among other considerations, anticipated future receipts of Revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for any of the purposes set forth in clauses (a), (b) or (c) herein. Amounts paid out, or withdrawn pursuant to clause (e) shall be free and clear of the lien and pledge created by the General Resolution.

The Authority shall from time to time, and in all events prior to any withdrawal of moneys from the Operating Fund pursuant to clause (e) of the preceding paragraph, determine (i) the amount, to be held as a reserve in the Operating Fund, which in the judgment of the Authority is adequate for the purpose of providing for the costs of emergency repairs or replacements essential to restore or prevent physical damage to, and prevent loss of Revenues from, any Project and (ii) the amount, to be held as a reserve in the Operating Fund, which in the judgment of the Authority is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to any Project necessary to keep the same in operating condition or required by any governmental agency having jurisdiction over such Project and to provide a reserve for the retirement from service, decommissioning or disposal of facilities comprising either a Project or a part of a Project.

Amounts in the Operating Fund may in the discretion of the Authority be invested in Authorized Investments. Earnings on moneys and investments in the Operating Fund shall be deposited in the Operating Fund. The Authority may sell any such Authorized Investments at any time and the proceeds of such sale shall be deposited in the Operating Fund.

The General Resolution provides that purchases of Obligations or Subordinated Indebtedness from amounts in the Operating Fund shall be made at the direction of the Authority, with or without advertisement and with or without notice to other holders of Obligations or Subordinated Indebtedness. In addition, any amounts set aside by the Authority in one or more reserve accounts in the Operating Fund may be used by the Authority as determined by the Authority for the purpose of paying all or a portion of the interest, principal or Redemption Price of Obligations and payment of Parity Debt, on a parity basis.

(General Resolution, Sec. 503)

Capital Fund

The General Resolution provides that the Authority shall pay into the Capital Fund the amounts required to be so paid pursuant to the General Resolution and any Supplemental Resolution authorizing the issuance of any Series of Obligations, for the purpose of financing Capital Costs, including, without limitation, the portion of the proceeds of any such Obligations specified in such Supplemental Resolution, except as may be otherwise provided in a Supplemental Resolution with respect to those Capital Costs referenced in clauses (iv) or (v) of the definition thereof. Amounts in the Capital Fund shall be applied solely to the Capital Costs of the Authority. Any amounts in the Capital Fund which are in excess of the amounts required to pay for such costs may at the direction of the Authority be transferred to the Operating Fund. Amounts in the Capital Fund may in the discretion of the Authority be invested in an Authorized Investments. Earnings on moneys and investments in the Capital Fund shall be deposited in the Capital Fund. The Authority may, and to the extent required for payments from the Capital Fund shall, sell any such obligations at any time, and the proceeds of such sale and of all payment of principal or interest received at maturity or upon redemption or otherwise of such obligations shall be deposited in the Capital Fund. In addition, the General Resolution requires that amounts in the Capital Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that other moneys are not available therefor.

(General Resolution, Sec. 504)

Operation and Maintenance Covenant

The Authority shall at all times operate or cause to be operated each Project in a sound and economical manner and shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted; provided, however, that nothing herein contained shall be construed to prevent the Authority from ceasing to operate or maintain, or from leasing or disposing of, any Projects (other than, subject to the renewal of all operating licenses, the Niagara and St. Lawrence-FDR Projects) if, in the judgment of the Authority it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of the rest of the Authority's Projects, and provided, further, however, the sale-leaseback or the lease-leaseback of any Project or other similar contractual arrangements, the effect of which is that the Authority continues to retain as part of the Trust Estate the Revenues from such Project, shall not constitute a lease or disposition of such Project for purposes of Section 605 of the General Resolution.

(General Resolution, Sec. 605)

Rate Covenant

The Authority shall at all times 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 moneys available therefor (including the anticipated receipt of proceeds of sale of Obligations 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 in anticipation of such receipt but not including any anticipated or actual proceeds from the sale of any Project), (i) to pay all Operating Expenses of the Authority, (ii) to pay the debt service on all Obligations then Outstanding and the debt service on all Subordinated Indebtedness then outstanding, and all Parity Debt and Subordinated Contract Obligations, all as the same respectively become due and payable, and (iii) to maintain any reserve established by the Authority pursuant to the General Resolution, in such amount as may be determined from time to time by the Authority in its judgment.

(General Resolution, Sec. 606)

Supplemental Resolutions; Amendments

Any of the provisions of the General Resolution may be amended by the Authority, upon the written consent of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given, and in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under the General Resolution. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Obligation, or shall reduce the percentages or otherwise affect the classes of Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment, create a preference or priority of any Obligation or Obligations over any other Obligation or Obligations (without the consent of the Owners of all such Obligations), create a lien prior to or on a parity with the lien of the General Resolution, without the consent of the Owners of all of the Obligations then Outstanding, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For purposes of this paragraph, an Obligation shall be deemed to be affected by a modification or amendment of the General Resolution if the same materially and adversely affects the rights of the Owner of such Obligation.

The Authority may adopt (without the consent of any Owner) supplemental resolutions to authorize additional Obligations; to add to the restrictions contained in the General Resolution upon the issuance of additional indebtedness; to add to the covenants of the Authority contained in, or surrender any rights reserved to or conferred upon it by, the General Resolution; to confirm any pledge under the General Resolution of Revenues or other moneys; to amend the General Resolution in such manner as to permit qualification of the General Resolution under the Trust Indenture Act of 1939 or any similar federal statute and permit the qualification of the Obligations for sale under the securities laws of any state in the United States; to comply with such regulations and procedures as are from time to time in effect relating to establishing and maintaining a book-entry-only system; or otherwise to modify any of the provisions of the General Resolution (but no such other modification may be effective while any of the Obligations of any Series theretofore issued are Outstanding); or to cure any ambiguity, supply any omission or to correct any defect or inconsistent provision in the General Resolution or to insert such provisions or make such other

amendments to the General Resolution as are necessary or desirable which will not be materially adverse to the rights of the Owners of Obligations (provided that the Trustee shall consent thereto).

(General Resolution, Secs. 801, 802, and 902)

Event of Default; Remedies Upon Default

Pursuant to the General Resolution, any of the following events set forth in clauses (i) through (v) constitutes an “Event of Default” if the Authority defaults (i) in the payment of principal or Redemption Price of any Obligation, or (ii) in the payment of interest thereon and such default continues for 30 days, or (iii) in the performance or observance of any other covenant, agreement or condition in the General Resolution or the Obligations, and such default continues for 60 days after written notice thereof, provided, however, that if such default shall be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected, or (iv) if the Authority (1) files a petition seeking a composition of indebtedness under the federal bankruptcy laws, or any other applicable law or statute of the United States of America or of the State; (2) consents to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or any substantial portion of its property; (3) makes any assignment for the benefit of creditors; (4) admits in writing its inability generally to pay its debts generally as they become due; or (5) takes action in furtherance of any of the foregoing or (v) if (1) a decree or order for relief is entered by a court having jurisdiction of the Authority adjudging the Authority a bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Authority in an involuntary case under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; (2) a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or of any substantial portion of its property is appointed; or (3) the winding up or liquidation of its affairs is ordered and the continuance of any such decree or order remains unstayed and in effect for a period of sixty (60) consecutive days. Upon an Event of Default so long as such Event of Default shall not have been remedied, unless the principal of all the Obligations shall have already become due and payable, either the Trustee or the Owners of 25% in principal amount of the Obligations then Outstanding may declare the principal and accrued interest on the Obligations then Outstanding due and payable immediately, subject, however, to rescission of such declaration and annulment of the default upon the remedying thereof.

Under the General Resolution, the Authority covenants that upon a default the books of record of the Authority and all other records relating to all projects and facilities of the Authority will be subject to the inspection and use by the Trustee, and that the Authority will, upon demand by the Trustee, account for the Trust Estate under the General Resolution as if the Authority were the trustee of an express trust. Upon a default, the Trustee may protect and enforce its and the Owners’ rights under the General Resolution by a suit in equity or at law, whether for the specific performance of any covenant contained in the General Resolution, or in aid of execution of any power granted therein or for an accounting against the Authority as if it were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee deems most effectual to enforce its rights or perform its duties under the General Resolution. No Owner has any right to institute suit to enforce any provision of the General Resolution or the execution of any trust thereunder or for any remedy thereunder, unless the Trustee has been requested by at least 25% of the Owners, and such Owners shall have offered the Trustee adequate security against expenses and liabilities to be incurred therein, and the Trustee has failed to commence such suit in the manner provided in the General Resolution.

(General Resolution, Art. X)

Defeasance

Outstanding Obligations or any portion thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid pursuant to the General Resolution and shall cease to be entitled to any lien, benefit or security under the General Resolution if the following conditions are met: (i) in the case of Obligations to be redeemed, the Authority shall have given to the Trustee irrevocable instructions to mail the notice of redemption therefor, (ii) there shall have been irrevocably deposited with the Trustee in trust either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which, when due, will provide moneys which, together with any moneys also deposited at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event such Obligations are not maturing or subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the above deposit has been made with the Trustee and that such Obligations are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the principal or Redemption Price, if applicable, of such Obligations.

(General Resolution, Sec. 1101)

Unclaimed Moneys

Any moneys held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remain unclaimed for two years after the date when such principal, Redemption Price or interest, respectively, have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary after such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such principal, Redemption Price or interest, respectively, became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Authority for the payment of such principal, Redemption Price or interest, respectively. Any moneys held by a Fiduciary in trust for the payment and discharge of any Obligations which remain unclaimed after such moneys were to be applied to the payment of such Obligations in accordance with the General Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Authority or the Comptroller of the State for the payment of such Obligations. Before being required to make any such payment to the Authority or to apply such moneys in accordance with the Abandoned Property Law of the State, the Fiduciary shall, at the expense of the Authority, cause to be mailed to the Owners entitled to receive such moneys a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such moneys then unclaimed will be returned to the Authority or applied in accordance with the Abandoned Property Law of the State, as the case may be.

(General Resolution, Sec. 1101)

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APPENDIX 2**BACKGROUNDS OF THE BOARD OF TRUSTEES AND
CERTAIN SENIOR MANAGEMENT STAFF****Trustees****John R. Koelmel, Chairman**

Mr. Koelmel has served as Chairman of the Authority since June 2012, when he was nominated as a Trustee by Governor Cuomo. Mr. Koelmel currently is an advisor for as well as investor and Board member in several businesses based in Western New York. He previously served as President of HARBORCENTER Development, LLC, and as President and Chief Executive Officer of First Niagara Financial Group, Inc. including its principal subsidiary, First Niagara Bank N.A. Mr. Koelmel began his professional career with KPMG LLP in 1974 and was managing partner of KPMG's Buffalo office and Upstate New York Business Unit. Mr. Koelmel earned a B.A. degree in economics and accounting from The College of the Holy Cross in 1974. He has assumed numerous and varied leadership roles in the Buffalo and Western New York community, currently serving as Board Chair of the Buffalo Center for Arts and Technology and as a member of the Western New York Regional Economic Development Council.

Eugene L. Nicandri, Trustee

Judge Eugene L. Nicandri of Massena, N.Y., was confirmed by the New York State Senate in June 2013 to a second five-year term on the Board of Trustees following his reappointment by Governor Cuomo. He became a trustee in August 2008 after being nominated by Governor David Paterson. Judge Nicandri has served as president of the New York State County Judges Association. Before becoming a county judge, he was a partner in the Massena law firm of Lavigne & Nicandri and served at various times as the attorney for the Towns of Massena, Brasher, Louisville and Lawrence, the Village of Massena and Massena Memorial Hospital. Judge Nicandri holds a Bachelor of Arts degree from the University of Rochester and has a J.D. from Albany Law School. Prior to law school, he served on active duty with the U.S. Navy as a commissioned officer.

Tracy B. McKibben, Trustee

Ms. McKibben was confirmed by the New York State Senate in June 2015. She is the Founder and CEO of MAC Energy Advisors LLC. Previously, she was Managing Director and head of Environmental Banking Strategy for Citigroup Global Markets, and served on the National Security Council at the White House as Director of European Economic Affairs and European Union Relations, as well as in various senior advisory roles within the U.S. Department of Commerce. Prior to her work in the public sector, Ms. McKibben practiced law at Akin, Gump, Strauss, Hauer & Feld LLP. She is a member of the board of directors of Ecolab Inc.(ECL), USAA, Imation (IMN) and Geostellar. She is also a member of the Council on Foreign Relations and the Women's Forum. Ms. McKibben holds a B.A. from West Virginia State University and a J.D. from Harvard Law School.

Anthony J. Picente, Jr., Trustee

Mr. Picente is the 10th Oneida County Executive. He was appointed to the position in 2006, followed by his election to full four-year terms in 2007 and 2011. In 2001, Mr. Picente was named Regional Director of ESD and, two years later, was promoted to ESD vice president, a position he held until 2006. He is the current president of the New York State Association of Counties. Mr. Picente, who attended Utica

public schools, holds an associate degree from Mohawk Valley Community College and a bachelor's degree from Utica College.

Michael A.L. Balboni, Trustee

Mr. Balboni is the founder and Managing Partner of Redland Strategies Inc., a consulting firm that aids companies and government agencies. Michael also serves on several homeland security think tanks, charitable boards dealing with public health and is a regular contributor as a terrorism expert on national and local television and print media. Before starting Redland Strategies, Michael had been a leader in New York security, politics and government. He served as New York State Senator from 1998-2007. Following September 11, 2001, Balboni was appointed as the first Chairman of the Senate Homeland Security Committee. During his tenure, he wrote nearly all of the major laws relating to Homeland Security for New York State, many of which became models for national legislation. In 2007, he left the Senate to become Deputy Secretary for Public Safety and Homeland Security Advisor for New York State and served in this position until January 2009. In this role, Mr. Balboni was the Senior Homeland Security and Law Enforcement official for the State of New York. Mr. Balboni oversaw the creation of many innovative programs, the first of their kind in the nation.

Dennis G. Trainor, Trustee

Mr. Trainor was unanimously elected Vice President of CWA District One in June, 2015. His election to the CWA's top regional position capped a career dedicated to advancing the rights of working people. As regional Vice President, he leads 140,000 workers in telecommunications, public sector, media and broadcast, health care, airlines and manufacturing across New York, New Jersey and New England. In April and May of 2016, Mr. Trainor led the successful 49-day strike of 40,000 Verizon workers up and down the East Coast, the largest strike in the country for the last five years. He also played a critical role in resolving the 17-week long IUE-CWA strike against Momentive Performance Materials in Waterford, NY in the winter of 2016-2017, including negotiating a back-to-work agreement that returned all the strikers to their jobs. Prior to his election as Vice President, Mr. Trainor had served for ten years as Assistant to the Vice President of District One. He served as the Verizon Regional Bargaining Chair for the 2008 and 2011 bargaining and also chaired the AT&T East bargaining for the last five contracts. Mr. Trainor was appointed the Downstate New York and Connecticut Area Director for CWA during bargaining with Verizon in 2003. Mr. Trainor started his union career during the seven-month long strike against New York Telephone in 1971 when he was elected shop steward in CWA Local 1101.

Senior Management Staff

The senior management staff of the Authority includes the following:

Gil C. Quiniones, President and Chief Executive Officer

Mr. Quiniones has served as president and chief executive officer of the Authority since November 2011, following Governor Cuomo's nomination of him to that position. Mr. Quiniones serves on the Board of Directors of the New York State Energy Research and Development Authority; is a board member of the Large Public Power Council and the Alliance to Save Energy and the Authority's principal representative to the American Public Power Association. He is also a member of the board of directors of the Gridwise Alliance and the Electricity Subsector Coordinating Council. Mr. Quiniones was Co-Chairman of the New York Energy Highway Task Force, which helped carry out Governor Cuomo's blueprint for reimagining New York State's transmission system through partnerships between the public and private sector. Mr. Quiniones is leading the effort for the Authority to be the first fully digital utility in the country: a comprehensive digital infrastructure addressing New York State's ever-evolving energy,

environmental and economic needs. Before joining the Authority in 2007 as executive vice president of Energy Marketing and Corporate Affairs, Mr. Quiniones served as senior vice president of Energy and Telecommunications for the New York City Economic Development Corporation. Prior to that, he worked for Con Edison for 16 years. Mr. Quiniones received a Bachelor of Science degree in mechanical engineering from De La Salle University in Manila.

Joseph Kessler, Executive Vice President and Chief Operating Officer

Mr. Kessler was appointed as Chief Operating Officer in July 2016. Before becoming the Authority's Chief Operating Officer, Mr. Kessler, as Senior Vice President of Power Generation, was responsible for the oversight of the Authority's fleet of generating facilities and Canal Corporation operations across the State. He is Chairman of the Authority's Asset Management Board and a member of the Authority's Enterprise Risk Management Committee. He also serves as Executive Sponsor of the Authority's Multicultural Employee Resource Group. He is a lifelong Western New Yorker whose early career was with an electrical construction firm. Joseph started at the Authority in 2001 as an engineer in the electrical maintenance department. He earned a Bachelor of Sciences in Electrical Engineering in 1993, a Master of Engineering in Electrical Engineering (Energy Systems) in 2000, and a Master of Business Administration from the State University of New York ("SUNY") at Buffalo in 2010. He is a licensed Professional Engineer in the States of New York and Maryland. Mr. Kessler has served on the Electric Power Research Institute's Generation Sector and Research Advisory Councils and is an active member of SUNY at Buffalo's School of Engineering and Applied Sciences Dean's Advisory Council. Mr. Kessler is a Senior Member of the Institute of Electrical and Electronics Engineers (the "IEEE"), a member of the Erie-Niagara Chapter of the New York State Society of Professional Engineers and a member of the International Association of Electric Inspectors and the Illuminating Engineering Society of North America.

Kristine Pizzo – Executive Vice President and Chief Human Resources and Administration Officer

Ms. Pizzo joined the Authority in December 2014 as the Senior Vice President of Human Resources & Enterprise Shared Services. Prior to joining the Authority, she was the Chief of Administration at Columbia University. She had previously been the Executive Vice President of Human Resources and Chief Administrative Officer at the New York City Economic Development Corporation. Ms. Pizzo has also worked in managerial roles in human resources at the Mount Sinai School of Medicine and the United States Olympic Committee, and was a judicial fellow at the Equal Employment Opportunity Commission. She has a bachelor's degree from St. John's University and a law degree from the Jacob D. Fuchsberg Law School at Touro College.

Justin E. Driscoll, Executive Vice President and General Counsel

Mr. Driscoll serves as the Authority's executive vice president and general counsel. As EVP and general counsel, he serves as the chief legal officer of the Authority and is responsible for advising and representing the Authority in all legal matters. Before joining the Authority, Mr. Driscoll was engaged in private practice, most recently at Brown & Weinraub PLLC. His government service consists of three years as law secretary in Civil and Supreme Court, New York County, and he is the former senior vice president, general counsel and secretary to the Board for the New York State Housing Finance Agency, and the State of New York Mortgage Agency. A 1977 graduate of American University in Washington D.C. with a bachelor's degree from the School of Public Affairs, he received his law degree in 1981 from the New York Law School and attended the New York University School of Law L.L.M. Program in trade regulation.

Adam Barsky, Executive Vice President and Chief Financial Officer

Mr. Barsky joined the Authority in 2019 and previously served as Chief of Staff and Special Counselor at the Port Authority of New York and New Jersey. Prior to that he served as Executive Vice President and Chief Risk Officer of IDB bank NY from 2006 to the 2017. Mr. Barsky has held numerous positions in state and local government including Deputy Secretary to the Governor of New York for Public Authorities, Financing and Housing and New York City Issues. Before that, he served as Budget Director and Chief Financial Officer of the City of New York and as Director of the Mayor's Office of Operations. Mr. Barsky also worked as Chairman of the New York City Employees Retirement System, Chairman of the New York City Transitional Finance Authority, Chairman of the NYC Municipal Water Finance Authority, Acting Commissioner of the New York City Department of Finance, and Chief Financial Officer and Chief Operating Officer of the New York City Economic Development Corporation. He has served as a member of the Board of Directors of the New York State Job Development Authority since 2006 and as the Chairman of the Nassau County Interim Finance Authority since 2016. He graduated from SUNY, Albany with a bachelor's degree in Business Administration, completed the Executive Graduate Program in Risk Management at Columbia Business School, and is also a certified public accountant.

Sarah Orban Salati, Executive Vice President and Chief Commercial Officer

Ms. Orban Salati joined the Authority in September 2018 from the AES Corporation where she had worked since 2005. At AES, she focused on spurring innovation leading multi-functional teams to assess the impact of emerging technologies on the global portfolio, pursued the incubation of a lean digital start-up and led AES's "innovation" brand strategy, including curating AES's first TEDxAES event and first open innovation contest targeting the use of drone technology. During her tenure at AES, Ms. Orban Salati held two expatriate assignments in London, England and Budapest, Hungary where she led teams responsible for commercial contracting and the execution of M&A transactions and other corporate initiatives across Europe, CIS, Africa, Middle East and Asia. Prior to her energy career, she worked in investment banking focused on the media and telecommunications industries, as a communications strategy consultant and in an entrepreneurial international agricultural commodities trading company. Ms. Orban Salati received a Masters of Arts from Johns Hopkins University, School of Advanced International Studies and a Bachelor of Arts from Yale University.

Robert Piascik, Senior Vice President and Chief Information Officer

Mr. Piascik is responsible for enterprise Information Technology services at the Authority, including strategy, architecture/engineering, cyber security, software product development, data integration, data management and analytics, infrastructure and business application support, program management, technology centers of excellence, and business resiliency. He held senior leadership roles in both the public and private sectors at the Connecticut Municipal Electric Cooperative (CMEEC), Pfizer Pharmaceuticals, and Prudential Financials. Mr. Piascik began his career in the electric power industry at CMEEC by developing software and providing technology services and served as Senior Director at Pfizer Pharmaceuticals to implement and manage global shared technology services. Prior to joining the Authority, he served as Vice President of Planning & Strategy of Annuities IT at Prudential where he led the IT transformation to evolve the enterprise digital and diversified product development and analytics capabilities. Mr. Piascik has a Master's degree in Management with a concentration in finance from Rensselaer Polytechnic Institute, and a Bachelor's degree in Technology with a concentration in engineering from the University of New Haven.

Yves Edouard Noel, Senior Vice President of Strategy and Corporate Development

Mr. Noel is responsible for operationalizing the Authority's strategic plan, establishing an internal consulting group, and leading the Reimagine the Canals campaign. He is an experienced management consultant who has helped several clients develop strategies for growth and operational improvements. Mr. Noel has more than 15 years of experience shaping businesses and implementing new systems and processes. Most recently he has provided consultant services through the Oliver Wyman Group in New York to clients seeking to develop growth strategies and improve operations. Mr. Noel holds a Masters of Business Administration from The Wharton School, University of Pennsylvania, and a Bachelor of Business Administration from Loyola College in Maryland.

Daniella Piper, Chief of Staff and Vice President Digital Transformation Office

Ms. Piper is the Chief of Staff to the President and CEO and Vice President of the Digital Transformation Office at the Authority where she governs and coordinates innovation and performance improvement. Ms. Piper started her career with the Authority in 2007 as an Electrical Engineer. She later worked in Technical Compliance on the development of the Authority's Reliability Standards and Compliance Program and was the project manager for two of the Authority's largest initiatives—the Transmission Life Extension and Modernization Program and the Marcy South Series Compensation Project. Ms. Piper is a licensed professional engineer in New York State and holds a Bachelor of Engineering in electrical engineering from City College of New York, Master of Science in electrical engineering from New York University, and Master of Engineering construction management from Manhattan College. Ms. Piper has been a member of IEEE since 2005.

Soubhagya Parija, Senior Vice President and Chief Risk Officer

Mr. Parija joined the Authority as its Senior Vice President and Chief Risk Officer in July 2015. He is a member of the Executive Management Committee and is responsible for the Authority's Enterprise Risk Management, Commodities Risk Management and Insurance. Prior to joining the Authority, Mr. Parija held risk management positions at Cinergy, Duke Energy, Signet Jewelers and Walmart's International Division. Prior to his career in risk management, Mr. Parija worked in various Corporate Finance functions including Strategic Planning, Financial Planning & Analysis and M&A Analysis. Mr. Parija started his career in India with the National Thermal Power Corporation. Mr. Parija received Masters in Business Administration with a concentration in Finance from Indiana University, Bloomington in 2000. He also has received Master's degree in Economics from Jawaharlal Nehru University, New Delhi, India.

Sundeep Thakur, Controller

Mr. Thakur joined the Authority as its Controller in May 2019. He is responsible for managing internal and external reporting, billing and receivables, payables, payroll and fixed assets accounting. Prior to joining the Authority, Mr. Thakur worked at The Hertz Corporation, where he held progressive leadership roles overseeing financial activities of International operations in North America, Latin America and Asia Pacific Region. Before that, he worked at PepsiCo Inc., where he supported various business transformation and strategic initiatives. Mr. Thakur began started his career with PriceWaterhouseCoopers and has over 20 years of experience across various areas of Finance including internal controls, technical accounting, mergers and acquisitions and financial planning, analysis and budgeting. Mr. Thakur is a Certified Public Accountant and a Chartered Accountant, and holds a Master's degree in International Business and Information Systems from Fordham University.

Christina Reynolds, Treasurer

Ms. Reynolds joined the Authority as its Treasurer in January 2020. Ms. Reynolds is a seasoned treasury executive who brings more than 25 years of experience in management roles at international corporate and financial institutions specifically tied to the energy sector.

Ms. Reynolds previously served as Managing Director and Treasurer at Noble Americas Corp. in Connecticut and Noble Europe Ltd. in London. In this role, she led the group's financing activities for their global energy businesses. Prior to that, Ms. Reynolds served as Director of International Commodity Finance at Fortis Bank from 2001 to 2010 at roles in both London and New York. In that role, Ms. Reynolds oversaw all aspects of commodity finance as a senior banker and lending desk head for a diversified portfolio of financing structures and relationships covering an array of lending, capital markets, cash management and other bank and treasury products.

Ms. Reynolds graduated from Fordham University and holds a master's degree in Finance. She previously received a bachelor of science degree in Business Management from Pace University and completed an Executive Education program in Leadership at IMD in Switzerland.

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