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New York Power Authority

Ralph E. Beedle
Executive Vice President
Nuclear Generation

April 15, 1992
JPN-92-029
IPN-92-021

U. S. Nuclear Regulatory Commission
Mail Station P1-137
Washington, D. C. 20555

Attention: Document Control Desk

Subject: James A. FitzPatrick Nuclear Power Plant
Docket No. 50-333
Indian Point 3 Nuclear Power Plant
Docket No. 50-286
ANNUAL FINANCIAL REPORT

Dear Sir:

Enclosed are ten (10) copies of the Authority's Annual Report for 1992. This report is being forwarded as required by 10 CFR 50.71 (b).

If you have any questions, please contact Mr. J. A. Gray, Jr. or Mr. P. Kokolakis.

Very truly yours,

Ralph E. Beedle
Executive Vice President
Nuclear Generation

Enclosures (10)

cc: See next Page

m004 1/10

cc: Regional Administrator
U. S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, Pa. 19406

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Indian Point 3
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All New Yorkers **benefit** from the Power Authority's lower-cost electricity.

50-286/333 9304190136

4/15/93

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-NOTICE-

New York Power Authority

Annual Report for 1992

Serving the People of New York State

Extending the worldview of New York children is one of the many ways the Power Authority contributes to the well-being of the state. On the cover, staff members Laura Brown, an insurance claims specialist, and Scott Brown, a senior power analyst, encourage Shaniqua Keith, 11 (left), and Carlos Rodriguez, 10, to peer into optical-illusion telescopes at the Hall of Science in Queens. The two employees are among 10 people in the Power Authority's New York office who take part in a mentoring program at Manhattan's Joan of Arc Middle School, where the youngsters are in the sixth grade. In addition, the Power Authority supplies both the public school and the museum with lower-cost electricity.

About the Power Authority

The New York Power Authority's mission is to furnish the people of New York State with lower-cost electricity. It sells this energy to companies, to private utilities for resale without a profit to their customers, and to authorized public agencies and publicly owned utilities.

A nonprofit, public-benefit energy corporation, the Power Authority does not use tax revenues or state funds or credit. It finances construction of its projects through bond sales to private investors and repays the bondholders with proceeds from operations.

For a glossary of utility-related terms, please see the inside back cover.

Chairman's Message

When Governor Franklin Roosevelt founded the Power Authority in 1931, he envisioned that it would provide a yardstick for economic, efficient service to New York State consumers. The Power Authority has, in fact, become New York's lowest-cost and only statewide electricity supplier. Yet, as a yardstick it measures much more.

New York's public utility has served as a model for national energy programs ever since it inspired the creation of the Tennessee Valley Authority early in Roosevelt's presidency. At the threshold of the 21st century, the Power Authority is leading the electric utility industry into a new, more competitive era.

In its primary role of supplying low-cost electricity, the Power Authority provides a model for wholesale generating competition. Our economical power reaches virtually all of the state's 18 million people; it trimmed their 1992 electricity bills by $600 million.

Benefits of Competition

Competition brings down prices. With that in mind, I have long advocated greater competition among power producers and increased access to transmission lines, with specific proposals to carry them out. These ideas have now taken root. In New York and other states, utilities and independent companies are contending for the right to build power plants. And with a boost from a group of public power organizations, expanded transmission access could soon become a reality.

As chairman of the Large Public Power Council (LPPC), representing 18 of the nation's largest public systems, I guided the development of practical arrangements that could carry forward 1992 federal legislation authorizing greater access. The LPPC approach, involving the creation of regional transmission groups to coordinate planning and resolve disputes, has drawn widespread support from utilities as well as consumer and environmental groups. I view it as the best way to bring ratepayers the economic benefits of increased competition, but we need federal approval to move the plan ahead.

A Conservation Model

Energy conservation also has a key role in the competitive marketplace. Here too our pioneering efforts could point the way to a successful national strategy.

Our High Efficiency Lighting Program (HELP) garnered its second national honor in two years, winning a 1992 Innovative Energy Award from the U.S. Department of Energy. HELP is spreading throughout New York, saving energy and money for public schools on Long Island and for state university campuses and other public facilities in all parts of the state. If carried out nationally, HELP could save the federal government an estimated $3 billion a year and directly create 50,000 jobs.

Economic Development Power

We also help keep New York business competitive. Our Power for Jobs program supplies the energy lifeblood for about 150 companies across the state, supporting more than 140,000 jobs. In 1992 we launched an aggressive marketing campaign promoting our power as an incentive for more firms to locate or expand in the state.

The Power Authority in 1992 offered a greater range of programs, benefiting more people in more parts of the state than ever before. The diversity and widespread impact of these services are the subject of this year's annual report.

A Challenging Year

While 1992 was in many ways memorable, it also presented problems. The yearlong shutdown of our FitzPatrick nuclear power plant brought the Power Authority to the brink of its first annual operating deficit. We expended significant resources to improve the performance of the plant, which is on the Nuclear Regulatory Commission's "watch list" of facilities requiring special attention. The plant returned to service on Jan. 23, 1993. Our ability to offset FitzPatrick's losses was mainly a tribute to our consistently strong past performance and formidable assets.

To retain our competitive edge, we instituted systemwide cost controls. But even in a down year financially, we were flexible enough to deal with unforeseen expenses and take advantage of opportunities to serve the public better. We expect a return to normal operating results in 1993.

A Commitment to Serve

We are dedicated to sound business practices. However, we measure our effectiveness not only by our bottom line but also by the value of the services we provide. The Power Authority has shown resilience over the years in adapting to changes in our industry and emerging public needs.

We won the right to build New York's first competitively bid power plant, in Holtsville, L.I. Construction started in 1992 on this 150,000-kilowatt, natural gas-fueled facility. In another major event on Long Island, the Power Authority-managed decommissioning of the Shoreham nuclear power plant was proceeding ahead of schedule and under budget at the end of 1992.

In response to changing conditions, we canceled a contract to buy one million kilowatts of Québec electricity, which were no longer needed or economical. In addition, we took a principled stand against prospective overcharges to Con Edison customers for electricity from a cogeneration plant under construction in Oswego County. Our intervention was largely responsible for forcing the negotiation of a new agreement that will reduce the originally projected overpayments by $300 million.

Creating the Future

Most utility experts predict that New York State will have enough electric generating capacity beyond the year 2000. Yet, in response to the rapid pace of technological change, our society is becoming more electrified. I favor a future with clean technologies like electric cars and high-speed rail lines and with far-reaching transmission networks, which will be as important for tomorrow's business as interstate highways are for the flow of goods today. The Power Authority's greatest challenge—and potentially its biggest contribution—will be to anticipate the shape of things to come and shape the kind of energy future that will work best for New York.

Richard M. Flynn
Chairman

Serving New York

The Power Authority takes its mission seriously—beyond the mandate to supply New Yorkers with lower-cost electricity every minute of the day. In this role alone, the Power Authority saved the state's ratepayers $600 million in 1992.

Around the clock it labors for New York citizens in other ways too. The Power Authority keeps people connected electrically; its transmission lines account for more than a third of the Empire State's high-voltage grid. The Power Authority helps keep state residents working; its affordable energy protects more than 140,000 jobs. The Power Authority conserves electricity; its energy-efficient lighting programs will save participants $45 million annually by 1995. And the Power Authority safeguards land and wildlife; it has set aside more than 8,000 acres for recreation and conservation and won national recognition for its efforts.

Finally, the Power Authority is a leading advocate of change in the utility industry. It has sounded the clarion call for competition among electricity suppliers, greater access to America's transmission lines and a national study of possible health effects of electric and magnetic fields.

To learn more about the Power Authority's public service, please turn the page.

Drawing on Power Authority electricity, the Metro-North Commuter Railroad's 6:52 picks up early birds at the Scarsdale station for the ride to New York City. The lower-cost power helps contain commuter fares.

All Aboard for Savings!

The $40.5 million that Power Authority electricity typically saves the state Metropolitan Transportation Authority (MTA) each year is equivalent to almost a nickel on New York City's subway and bus fare.

"This is a big help in keeping fares and tolls affordable for all users, including our rail, bridge and tunnel customers," says Mortimer Downey, MTA's executive director. "The $190 million we normally pay the Power Authority annually is 18 percent below what we'd

The Power Authority saved New Yorkers $600 million on their 1992 electricity bills.

6:52 am

dale, New York

The N.Y.C. Transit Authority each year uses enough Power Authority electricity to supply all of Rochester.

have to pay a private utility. There's no place we can get electricity cheaper."

The largest transportation provider in the Western Hemisphere, the MTA, with its 64,000 employees, serves 1.6 billion riders a year. Under the MTA umbrella, the city Transit Authority, with the most subway cars in the world, is the prime power consumer. Other MTA components: the Long Island Rail Road, Metro-North Commuter Railroad, Metropolitan Suburban Bus Authority and Triborough Bridge and Tunnel Authority.

Affordable public transit fits tongue-and-groove with economic development. As a cardinal advantage for the New York metro area, "a leading financial and information-processing capital," mass transit can "put two million people into Manhattan every day," Mr. Downey says. "If they all had to come by car," he adds, "they'd never make it. The Long Island Expressway and the Queens Midtown Tunnel, for instance, would need 20 more lanes for the extra 107,000 Long Island commuters alone."

Discussing the energy "partnership" of the MTA and the Power Authority, Mr. Downey points out that both are public-benefit corporations with a broader purpose: "the economic health of the region and the state."

For example, with help from the Power Authority, among other groups, the MTA may one day convert its 3,700-bus fleet, the largest in North America, from diesel-fueled to hybrid-electric vehicles. The batteries for these less-polluting buses would be recharged with Power Authority electricity at night when rates are even lower. Mr. Downey also envisions firms in New York State, not the Midwest, as the bus manufacturers. "This would give the Empire State a leg up on becoming a bus production center," he says.

The MTA is part of the Power Authority's public-power franchise in southeastern New York. In this region the Power Authority provides electricity for hospitals, schools, streetlighting and the like. All told, the Power Authority supplied 22 percent of all the electricity used in the state in 1992, or enough to meet the needs of every household in Michigan for a year.

Hydropower accounted for 75 percent of the Power Authority's electricity production in 1992.

The Power to Grow Business and Jobs

In its first year, International Imaging Materials, Inc. (IIMAK) had total sales of $31,000. "Today we do that much in less than five hours," says John O'Leary, president and CEO.

With 1992 sales nudging $50 million, eight-year-old IIMAK is the nation's top supplier of ribbons for thermal-transfer printers. (These devices use heat and ink to create bar codes, color computer graphics and plain-paper faxes.) Even so, this high-tech hotshot is on a tear to keep growing, and Power Authority electricity is helping juice up its future.

Through its Power for Jobs program, the Power Authority provides low-cost electricity to firms expanding or locating in New York. IIMAK receives 1,500 kilowatts (kw) of hydropower. It was awarded its first 250 kw in 1989.

Companies can trim electricity bills by 10 to 70 percent with Power for Jobs allocations.

"We'd been in business a few years and hadn't yet turned a profit," recalls Mr. O'Leary. "To attract capital, we needed to become profitable. The hydropower helped us cut our energy overhead so we could do that."

Now IIMAK's goal is to grow the company as quickly as possible. Over the past year, it boosted staff at its Amherst plant, near Buffalo, by about 150. It also completed part one of a three-phase plan to add two building expansions, $21.2 million worth of machinery and 150 more positions by 1994.

Most new hires will work in production, where crews keep the plant humming around the clock. Some staffers churn out wax- or resin-based inks. Others run coating machines, adhering ink to rolls of extremely thin polyester film. These are loaded onto slitting machines, which spit out precision-cut ribbons in black or repeating bands of cyan, magenta and yellow for color printers.

Power Authority electricity helps protect more than 140,000 jobs across New York State.

IIMAK expects the color thermal-transfer market to surge—one reason it's beefing up production capabilities. With more energy-intensive equipment on the way, "cheap power is vital if we're going to compete," says Mr. O'Leary.

This year the firm received a second Power Authority allocation: 1,250 kw that will shave about $325,000 from annual expenses. In return for its hydropower allotments, IIMAK will maintain 652 jobs along the Niagara Frontier, where its payroll and purchases of local goods and services stimulate the economy with reinvestments of about $100 million a year. "Our customers are all out of state," adds Mr. O'Leary, "so we're

1992 Wrap-up

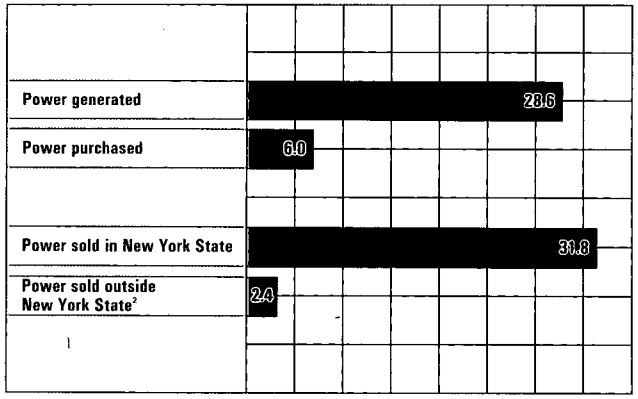
Electricity Sales Total 34.2 Billion Kilowatt-hours

The Power Authority sold 34.2 billion kilowatt-hours (kwh) of electricity in 1992 and supplied 22 percent of New York State's needs.

Of the sales total, 28.6 billion kwh were generated by Power Authority facilities; the remainder was purchased from other sources. Hydropower generation of 21.4 billion kwh accounted for 75 percent of the Power Authority's output; nuclear power, 4.8 billion kwh, or 17 percent, and natural gas and oil, 2.4 billion kwh, or 8 percent.

1992 generation and sales[1]

Billions of kwh



[1]Sales totaled 34.2 billion kwh in 1992.

[2]The Power Authority sells electricity to Canada and neighboring states as required by federal law and licenses.

FitzPatrick Nuclear Plant Comes Back On-line

The James A. FitzPatrick Nuclear Power Plant, near Oswego, resumed electricity production Jan. 23, 1993, after being out of service for more than a year.

The facility had been off-line since Nov. 27, 1991, when it was removed from service for repairs on a valve in a backup cooling system. It remained shut down for additional work, including a major upgrade of fire protection systems, and for a previously scheduled refueling outage.

In February 1992 the U.S. Nuclear Regulatory Commission (NRC) placed the plant on its "watch list" of facilities requiring special attention.

During the outage the Power Authority continued to carry out a previously developed Results Improvement Program to get at the

The Power Authority led the effort to forge an **industry consensus** on a plan for regional transmission groups.

3:37pm

Washington, D.C.

be directed by the National Institute of Environmental Health Sciences.

"When an issue like EMF comes along, industry people usually hide their heads and hope it goes away," says Mr. Hyman. "But when a large utility like the Power Authority pushes for a study, that has impact."

"The Power Authority's purpose is to benefit the people of New York State," he adds. "To do that, it's got to be out in front of what's going on in the industry. And that doesn't necessarily make its own life more comfortable. If the Power Authority had wanted to sit back and sleep, it should have opposed all of these proposals."

Chairman Richard Flynn (left) discusses the Energy Policy Act of 1992 with New York Reps. Edolphus Towns (center) and Thomas Manton. The Congressmen, with retired New York members James Scheuer and Norman Lent, played a key role in shaping the bill to benefit New York's electricity consumers.

franchise area," he says. "The Power Authority, under Chairman Richard Flynn's leadership, has all that already. Plus, it doesn't think the world will end if there is competition."

On the contrary, the Power Authority has trumpeted the call for "industry changes that will force utilities to be more competitive, such as increased access to the nation's transmission grid," he says.

The Power Authority's Congressional testimony helped win support for the national EMF study.

Transmission access will make privately owned power lines available so that wholesale electricity suppliers will have a trade route for their product. The benefit? "Utilities with cheap power will find a wider market, so high-cost producers will be forced to do a better job," says Mr. Hyman. "When there's this type of competition, the consumer comes out the winner."

Leading the Charge

"In the future a lot of electric companies are going to work like the New York Power Authority." That's the view of Leonard Hyman, first vice president of Merrill Lynch's corporate strategy and research division, who calls the Power Authority a "precursor" of the 21st-century utility.

"To succeed in the years ahead, electric companies will need a supply of low-cost generation, access to good transmission links, the ability to deal with large individual customers and the flexibility to serve markets outside a limited

The national Energy Policy Act of 1992 includes increased-access provisions. Now comes the how-to. As a member of the Large Public Power Council (a group of 18 of the biggest U.S. public power systems), the Power Authority has helped advance "one implementation plan that is doable," says Mr. Hyman. The proposal, under review by federal regulators, calls for regional transmission groups to oversee settlement of disputes on access and pricing.

"This would streamline decisions and prevent an endless series of individual cases followed by lawsuits on the part of the losers," he says. "The Power Authority is looking ahead at

With no franchise territory, the Power Authority competes on price for customers statewide.

the challenges facing the industry and helping develop rational policies to deal with them."

Another for-instance: electric and magnetic fields (EMF). The Power Authority led the charge for a national study of the possible health hazards of EMF. Congress took up the banner, establishing a five-year, $65 million research and information program, with all health studies to

Residents take to the ice at Waddington's arena, part of the village's riverfront park. A Power Authority grant helped the community finish renovating its recreation area, which also features boat docks, fishing piers and tennis courts.

Power Authority provided the $330,000 Waddington needed to keep its waterfront renewal afloat. The contribution helped buoy construction of two fishing piers, an enlarged boat-launching ramp and a 24-slip marina.

"Waddington is like a big family, so everyone pitched in," notes Mr. Sharlow. "Tradespeople provided their skills. The volunteer fire department washed down muddy streets after river dredging. Volunteers planted shrubs, flowers and grass seed at the marina. And the highway crew was there whenever we needed a lot of hands, like setting up a stage for the dedication."

"Before all this was built, people often waited an hour to get their boats in or out of the water," he adds. Now transit time at the ramp has been halved, and river rats can come and go as they please at the marina.

The village set aside one slip for the rescue squad's lifeboat. "They used to tow it from a mile away and launch it at the ramp," says the mayor. "On a busy day, that could mean a long delay. Now the squad can respond to emergencies in minutes. It really is the difference between life and death."

The marina is breathing new life into local trade as well. To cash in on increased tourist traffic—mostly Canadian—various entrepreneurs have built a pizza parlor, opened a restaurant and revived an eatery that was closed for three years.

The Power Authority supports education, recreation and community projects statewide.

In addition to Waddington, the Power Authority is helping other nearby towns spruce up beach, picnic and boating attractions in keeping with its tradition of developing recreation areas close to its projects. Parks and conservation lands created in connection with St. Lawrence-FDR, for instance, have served as models for similar developments by utilities nationwide. And the Niagara project spawned public parks covering almost 300 acres.

The Power Authority's "good neighbor" policy is at work in other locales near its facilities. Initiatives in 1992 ranged from renovating a hiking trail along the Niagara River Gorge to mentoring Manhattan middle school students to helping a Catskill town rocked by a 1990 explosion build a new municipal building.

"Our community thinks the project the Power Authority helped us fund is a real asset," says Mayor Sharlow. "Waddington's quality of life is better, for residents and visitors." Recalling some complimentary notes passers-through left at the marina, he adds, "It makes you feel really good when people from other communities tell you what a beautiful place you live in."

For enhancing 100 acres of wildlife habitat, the Blenheim-Gilboa project won national honors in 1992.

Lending a Hand To the Community

With a lot of hometown spirit and a grant from the Power Authority, the Village of Waddington in 1992 completed a six-year effort to revitalize its stretch of St. Lawrence riverfront.

The project began in 1986 when the village qualified for state matching funds to improve its shoreline park. A few years later, "we knew we wouldn't have enough money to finish it," says Mayor Roger Sharlow.

Enter the Power Authority. Consistent with its long-standing commitment to help North Country communities near its St. Lawrence-FDR Power Project bolster recreation and tourism, the

11:39am

Waddington, New York

The Power Authority has set aside more than 8,000 acres of project lands for recreation and conservation.

As a member, the Power Authority helps the Power Pool **interconnect** with U.S. and Canadian networks.

electricity from the most economical generators to the users. The pool calls first for hydro generation, the lowest-cost energy, to barrel through the state energy lattice at the speed of light. Then nuclear. "We keep both the hydros and the nukes running steadily," Mr. Balet says. As demand climbs, the pool orders up the next cheapest electricity—from coal, gas and oil, in that order.

Because of the pool's stress on reliability, Mr. Balet stays close to this topic. "The fact that people take their electricity for granted means," he says, "that our eight members, Power Authority included, are doing the job with their plants—and transmission."

2:55 pm

Guilderland, New York

Wired for Reliability

William Balet, executive director of the New York Power Pool, salutes the Power Authority as a state asset because of "the strategic location of its transmission lines as well as its low-cost electricity." Based near Albany, the Power Pool is an association of the state's seven investor-owned utilities and the Power Authority. With the 7,000 points of data its computers collect from the 8 members every 6 seconds, the pool balances the output of 135 power plants, including the Power Authority's 11, with demand. Its top task: to coordinate generation and transmission to uphold top-notch electric reliability.

What is reliability? "In the last analysis," Mr. Balet says, "it's keeping the lights on for every customer in New York's 48,000 square miles. And that means, among other things, operating a sound transmission system."

Like the Erie Canal and Hudson River waterways, the main rail routes and the New York State Thruway, New York's electricity pulses from west to east and north to south. The 1,400 circuit-miles of Power Authority lines track these paths, bracing the grid's backbone.

The newest link in the Power Authority network reinforces Long Island's ties to the mainland.

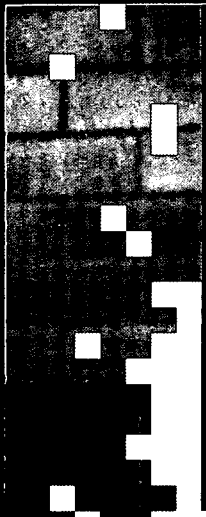
"The Power Authority's network permits energy to flow all around the state," Mr. Balet notes. "The Power Authority has also reinforced the grid. When it built its 207-mile Marcy-South line in 1988, it relieved a transmission bottleneck between central and southeastern New York. The 345-kilovolt [kv] conduit improved network performance and firmed up voltages, particularly in the Albany area."

The Power Authority operates New York's largest high-voltage transmission network.

Mr. Balet says the Power Authority's 765-kv line, stretching from the Canadian border to central New York, is another crucial link, "since we import a lot of energy from Canada." Major Power Authority high-voltage arteries also lace the state between Niagara and central New York and Massena and Plattsburgh.

In concert with the rest of the state's network, Power Authority wires help dispatch

Dispatchers at the New York Power Pool's control center use modern communication and computer technologies to coordinate the generation and transmission of electricity statewide. As a member, the Power Authority helps the pool keep the lights burning in New York State.



Student gymnasts go through their paces in the SUNY Purchase gymnasium, illuminated by the Power Authority's more-efficient lighting. With HELP coming to 16 of its campuses, the state university will save energy and money.

In addition, he says, many of the university's 30-year-old lighting fixtures were aging ungracefully, and local electric utility rates were climbing, "so HELP's timing was just right." After the presentation, Mr. Fox told Angelo Esposito, HELP's manager, "Let's start tomorrow."

Two years and 32,000 new lamps later, Mr. Fox's enthusiasm has not dimmed. "When the Power Authority finishes at 16 of our campuses," he says, "we'll be avoiding $4.7 million in annual electricity costs."

With more than 400,000 students and 71,000 employees, SUNY needs all the HELP it can get. Trapped in the state money crunch, it has gasped its way through six budget cuts, totaling almost $200 million, in five years. "If SUNY were not saving this money on energy, it would be faced with some hard choices, such as cutting staff or raising tuition," he declares.

For Mr. Fox, HELP has two unbeatables. It funds the work up front. The cash-pinched university will repay the Power Authority through its energy-bill savings. HELP also plows through state bureaucracy to replace lights and rehab fixtures in record time.

HELP is the biggest energy-conservation project in the history of the State University of New York.

SUNY's gyms give lighting contractors the most headaches. In the SUNY Purchase gym, for instance, workers tried three types of metal halide lamps before finding the kind that delivers light without glare.

"The Purchase staff was worried about students who use that gym and the New York Knicks, who train there," Mr. Fox explains. "A dazzling light over the backboard would hamper players trying to make baskets."

And contractors relamping the 100 outdoor saucer-shaped fixtures at SUNY Albany first had to clear out the sparrows that had expired in the 10-foot-tall reflectors and fish out the Frisbees and footballs that students had tossed there.

The Power Authority is running four HELP programs that benefit New York. One serves state-owned facilities, and another brightens city and state facilities in southeastern New York. A third relamps Long Island schools, and a fourth aims at city and state buildings about to go up or be renovated in southeastern New York.

In recognition of its helping hand, the Power Authority received a 1992 Innovative Energy Award from the U.S. Department of Energy at—where else?—SUNY Albany.

Governor Cuomo has asked the Power Authority to extend HELP to public schools statewide.

9:17

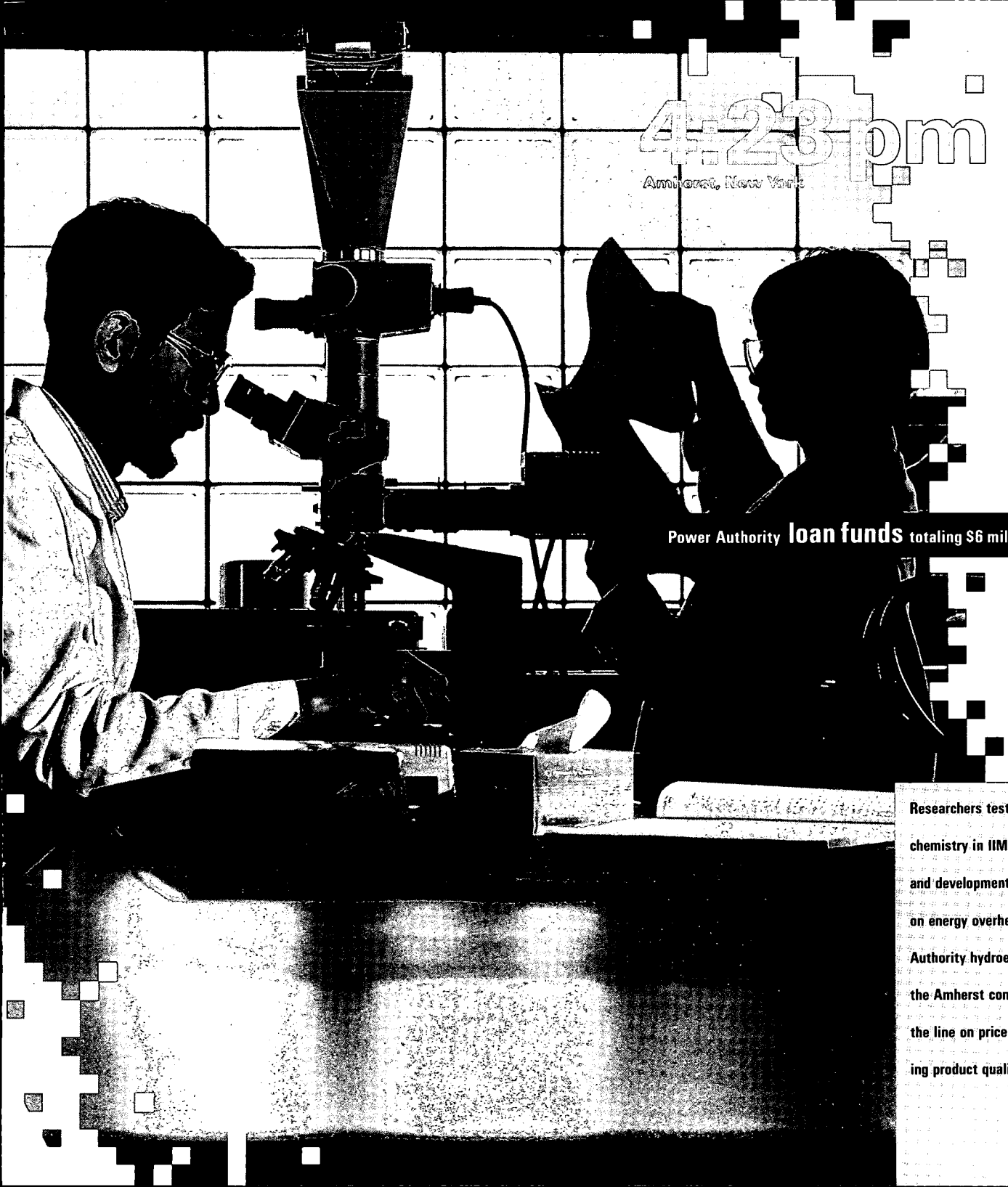
Purchase, NY

Getting an Education In Energy Efficiency

On a crisp September afternoon in 1990, Joe Fox and 18 other budget-battered state officials took in a briefing on HELP, the Power Authority's High Efficiency Lighting Program, in downtown Albany.

"Offering us this energy saver was like giving candy to kids," recalls Mr. Fox, associate for maintenance management and planning for the State University of New York. "It was just what SUNY needed. HELP was a golden opportunity to get lamps that use less energy and last longer."

HELP will save all program participants throughout the state a total of $45 million a year by 1995.



4:23 pm

Amherst, New York

creating new economic activity, not just reshuffling money that's already here."

IIMAK is one of about 150 firms using Power Authority electricity. In 1992 alone, new allocations totaling 66,400 kw streamed to 28 enterprises, which will safeguard 27,084 jobs. Among the recipients: Curtains and Fabrics, Inc., of Herkimer County; American International Group, Inc., based in New York City, and Long Island's Monitor Aerospace Corporation. Power Authority electricity also reaches firms served by community electric systems.

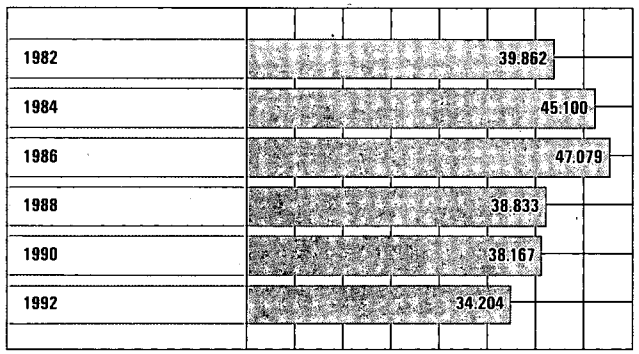
Power Authority loan funds totaling $6 million help firms locate or grow in northern and western New York.

"We look at the Power Authority as a partner in making New York a better place to do business," says Mr. O'Leary. "It's got one of the few programs that's working for us every day."

Researchers test new ribbon chemistry in IIMAK's research and development lab. Savings on energy overhead from Power Authority hydroelectricity help the Amherst company hold the line on price while enhancing product quality.

root causes of problems—in areas such as management and organization, technical support and operations—identified during internal reviews and an NRC evaluation. The Power Authority completed more than 5,700 tasks and 300 equipment and instrument tests in 1992. Work on the improvement program will continue into 1994.

Energy sales
Billions of kwh



When the Power Authority began its FitzPatrick restart, the NRC announced its concurrence and satisfaction with the action.

To allow for further maintenance and testing of plant systems, the Power Authority gradually began operations until the plant was producing full power.

Changing Economics Prompt End to Hydro Pact

Recognizing that the agreement would no longer benefit the state's ratepayers, the Power Authority in March 1992 canceled a $13 billion contract to buy one million kilowatts of hydroelectric power from Hydro-Québec.

In negotiations, the Power Authority had sought a lower price for the power in light of new economic conditions. Key factors in the change: projected large increases in the roles of energy conservation and independent power production and a sharp drop in the forecast prices for oil and natural gas. Hydro-Québec and the Power Authority could not agree to a new price for the hydropower. Under the original 1989 accord, New York would have received the power for 21 years, starting in 1995.

Construction of Long Island Plant Under Way

In early September Power Authority contractors started building a 150,000-kilowatt natural-gas-fueled plant in Holtsville, L.I., to provide electricity for the Long Island Lighting Company (Lilco).

The $150 million facility will be the first generating plant constructed under the state's competitive bidding process. Lilco selected the Power Authority from among 19 contenders to supply the new capacity authorized by the state Public Service Commission. The project is scheduled to begin producing electricity for Lilco in May 1994.

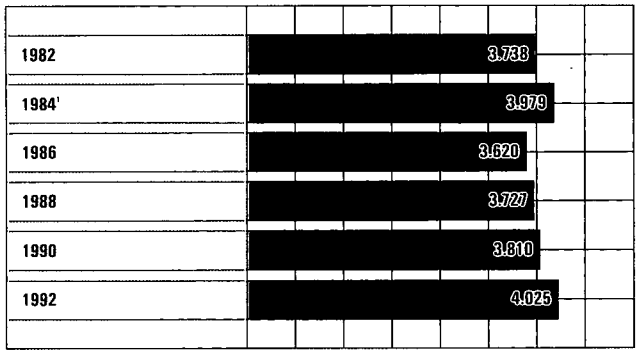
Shoreham Decommissioning Moves Ahead

Working as an independent contractor for the Long Island Power Authority (LIPA), the New York Power Authority in June began managing the dismantlement and decontamination of Long Island's Shoreham Nuclear Power Station. By year's end, crews had removed all contaminated plant systems except those supporting the 560 uranium fuel rods.

The U.S. Nuclear Regulatory Commission (NRC) approved transfer of Shoreham's possession-only license from the Long Island

Energy sales to New York State municipal systems and rural electric cooperatives

Billions of kwh



[1]Includes out-of-state sales to Allegheny Cooperative of .539 billion kwh.

Lighting Company (Lilco) to LIPA on Feb. 29, 1992. Lilco then sold the $5.5 billion plant to LIPA for $1 in accord with a state agreement. After the NRC gave the go-ahead on LIPA's decommissioning plan, Governor Mario Cuomo marked the start of work at a June 17 ceremony at the Shoreham site.

By the end of the year, the $186 million decommissioning was proceeding ahead of schedule and $10 million under its 1992 budget. It is slated for completion in 1994.

Maintenance, Upgrades Keep Facilities Humming

At the Blenheim-Gilboa Pumped Storage Power Project, in the northern Catskills, workers in September hoisted a one-million-pound generator rotor from its housing to replace 336 copper stator coils. This marked the beginning of the 19-year-old project's most extensive overhaul. As part of this $23 million retrofit, crews will refurbish the electrical and mechanical components of the facility's four turbine-generator units, one each year. The work should be finished in January 1996.

An unscheduled June outage turned into an opportunity to upgrade the Charles Poletti Power Project, in Queens, two years ahead of plans. When a rotor coil in the turbine-generator failed, Power Authority contractors rewound the generator—replacing all 96 coils—to ensure that the plant would continue to run smoothly. The facility went back on-line in August.

NRC Extends IP3's Operating License

The Indian Point 3 Nuclear Power Plant, in Westchester County, will be permitted to operate six years and four months beyond the date its license was initially set to expire in the year 2009. In September the U.S. Nuclear Regulatory Commission amended the 40-year license to begin when the plant started running instead of when the facility received its construction permit. The license will now expire in 2015.

Courts Hand Down Favorable Rulings

The Power Authority won key decisions in three separate legal proceedings in 1992.

On Oct. 5 the Appellate Division of the state Supreme Court in Brooklyn affirmed that the Power Authority's Marcy-South transmission line does not reduce property value because of potential fears of cancer. (The line extends from Marcy, near Utica, to Dutchess County.) This unanimous decision upheld a lower court ruling. A Hamptonburgh resident began the action in the state Court of Claims in Goshen in 1986.

In addition, on Nov. 18 the Appellate Division of the state Supreme Court in Rochester

found that neither federal nor state law requires the Power Authority to sell Niagara replacement power at what it costs to produce it. The court unanimously reversed a lower court on the pricing of this 445,000-kilowatt block of power set aside for Niagara Frontier companies.

The Appellate Division ruling is in line with a March 11, 1992, decision by the U.S. District Court in Buffalo in a related case.

Bond Sales Fund Projects; Redemptions Cut Costs

The Power Authority sold more than $235 million in Series AA bonds to finance a portion of the construction costs of its Sound Cable Project and Holtsville, L.I., plant as well as the acquisition of the office building that houses the Power Authority's White Plains headquarters.

It also sold more than $131 million in Series BB bonds to refund the Series F bonds, resulting in debt service savings.

In addition, the Power Authority called $231 million in Series J bonds for early redemption. The bonds had interest rates ranging from 8 percent to 9.75 percent. Their redemption will reduce debt service payments by about $330 million through the year 2009.

Energy Efficiency Program Wins National Award

The U.S. Department of Energy (DOE) selected the Power Authority's High Efficiency Lighting Program (HELP) as the winner of its 1992 Innovative Energy Award in the building category. DOE honored HELP in December for reducing peak demand in New York City and Westchester County by 14,000 kilowatts—more than half the program's five-year goal—in its first 16 months.

Consortium on the Road To Energy Conservation

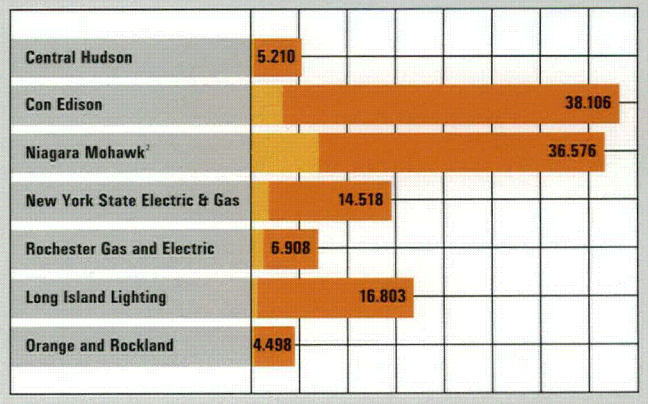
In pursuit of cleaner air and reduced energy use and costs, the Power Authority and 12 partners have formed a consortium to study the feasibility of hybrid-electric buses. The Federal Transit Administration has contributed $2.3 million toward the research, matching the funds provided by the consortium. The Power Authority and other government agencies are also studying the possibility of reintroducing trolleys in New York City.

Trustee Cotter Resigns to Join PSC

William Cotter, a Power Authority trustee since 1989, resigned in June to join the state Public Service Commission (PSC). He also stepped down as state commissioner of energy and chairman of the state Energy Research and Development Authority to accept his appointment as a PSC commissioner by Governor Mario Cuomo.

1992 energy sales to New York State private utilities in relation to each utility's total sales[1]

Billions of kwh



Utility's total sales

Power Authority sales to utility

[1]Power Authority sales totaled 13.57 billion kwh, which excludes .657 billion kwh sold through the New York Power Pool for supply to the utilities as needed.

[2]Power Authority sales to Niagara Mohawk include .030 billion kwh associated with sales to reallocated expansion power customers.

Power Authority Network

- Power Authority Projects
- Power Authority Substations
- Substations of Others
- Power Authority Lines
- Lines of Others Available as Needed

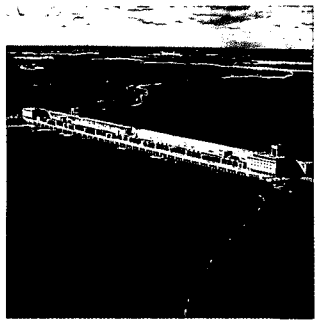
Power Authority Facilities

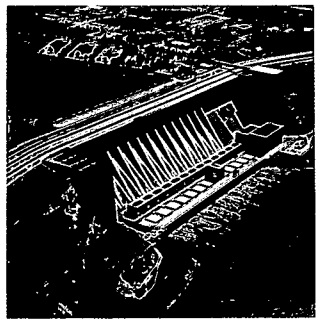
St. Lawrence-Franklin D. Roosevelt Power Project
Location: Massena, on the St. Lawrence River, St. Lawrence County
Net Dependable Capability: 800,000 kw
First Commercial Power: July 1958
1992 Net Generation: 7.0 billion kwh
Net Generation Through 1992: 231.5 billion kwh
Principal Features: Water from the St. Lawrence River turns this hydroelectric project's 16 turbine-generators to produce power. An adjacent Canadian project also has 16 turbine-generators. St. Lawrence-FDR was the Power Authority's first facility.

Niagara Power Project
Location: Lewiston, on the Niagara River, Niagara County
Net Dependable Capability: 2,400,000 kw
First Commercial Power: January 1961
1992 Net Generation: 15.0 billion kwh
Net Generation Through 1992: 470.6 billion kwh
Principal Features: The Niagara project is the state's largest hydroelectric facility and the fifth biggest in the United States. Its Robert Moses Niagara Power Plant houses 13 turbine-generators, and its Lewiston Pump-Generating Plant has 12 pump-generators. An upgrade of the project, now under way, could add 330,000 kw to its peak generating capability.

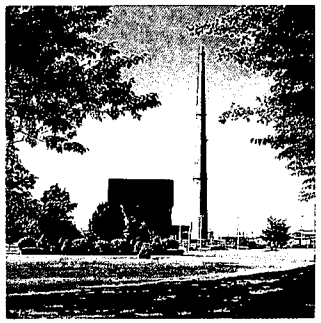
Blenheim-Gilboa Pumped Storage Power Project
Location: Blenheim and Gilboa, southwest of Albany, in Schoharie County
Net Dependable Capability: 1,040,000 kw
First Commercial Power: July 1973
1992 Gross Generation: 1.4 billion kwh
Gross Generation Through 1992: 29.0 billion kwh
Principal Features: Pumped storage provides a reserve of fuel to meet peak energy demand. Water is pumped into an upper reservoir at night and on weekends when demand is low. When power is needed, the facility releases the stored water, which descends into Blenheim-Gilboa's four reversible pump-generators to make electricity. The water then flows into a lower reservoir, ready for another trip to the upper reservoir—and more power production.

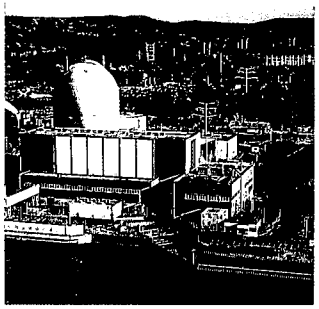
James A. FitzPatrick Nuclear Power Plant
Location: Scriba, south shore of Lake Ontario, in Oswego County
Net Dependable Capability: 800,000 kw
First Commercial Power: July 1975
1992 Net Generation: 0 kwh
Net Generation Through 1992: 73.8 billion kwh
Principal Features: FitzPatrick uses a boiling water reactor to heat water to produce steam. The steam powers a turbine, which in turn drives a generator to make electricity. The steam is condensed into water and returned to the reactor to be boiled again.


St. Lawrence-Franklin D. Roosevelt Power Project

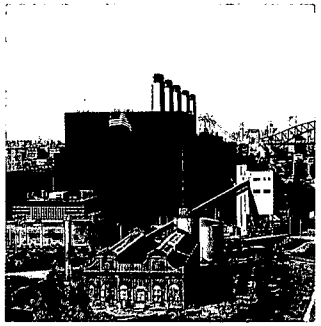

Niagara Power Project


Blenheim-Gilboa Pumped Storage Power Project


James A. FitzPatrick Nuclear Power Plant

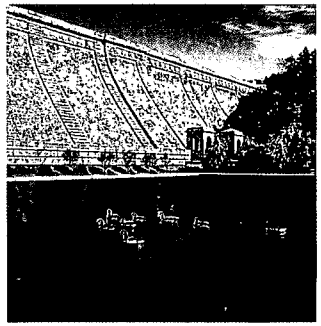


Indian Point 3 Nuclear Power Plant



Charles Poletti Power Project

Ashokan Project



Kensico Project

Indian Point 3 Nuclear Power Plant

Location: Buchanan, on the Hudson River, Westchester County
Net Dependable Capability: 980,000 kw
First Commercial Power: August 1976
1992 Net Generation: 4.8 billion kwh
Net Generation Through 1992: 76.4 billion kwh
Principal Features: Indian Point 3's reactor heats water, which is pressurized to prevent boiling. The reactor water passes through steam generators where a second system of water, which is under less pressure, is boiled to form steam. The steam powers a turbine, which turns an electric generator to produce electricity. The steam is then condensed to water and returned to the steam generators to be boiled again.

Charles Poletti Power Project

Location: New York City, on the East River
Net Dependable Capability: 825,000 kw
First Commercial Power: March 1977
1992 Net Generation: 2.4 billion kwh
Net Generation Through 1992: 39.0 billion kwh
Principal Features: A steam-electric power plant, Poletti can burn either natural gas or oil. The fuel heats water in a boiler. The water changes to steam, which spins a turbine-generator to produce power.

Ashokan Project

Location: Ashokan Reservoir, in Olive, Ulster County
Net Dependable Capability: 3,300 kw
First Commercial Power: November 1982
1992 Net Generation: 23.3 million kwh
Net Generation Through 1992: 219.3 million kwh
Principal Features: Ashokan Reservoir water rushes through the two turbine-generators of this hydro-power project to make electricity. It then continues its journey downstate to provide potable water to Ulster, Orange and Westchester counties as well as New York City. Ashokan is operated by remote control from Blenheim-Gilboa.

Kensico Project

Location: Kensico Reservoir, in Valhalla, Westchester County
Net Dependable Capability: 2,400 kw
First Commercial Power: July 1983
1992 Net Generation: 7.8 million kwh
Net Generation Through 1992: 140.1 million kwh
Principal Features: Kensico is one of the first facilities built under the Power Authority's small hydroelectric expansion program. Water from Kensico Reservoir rotates the plant's three underground turbine-generators to produce electricity. Kensico is operated by remote control from Poletti.

Gregory B. Jarvis Plant

Location: Hinckley Dam and Reservoir, north of Utica, Oneida County
Net Dependable Capability: 4,000 kw
First Commercial Power: July 1991
1992 Net Generation: 35.7 million kwh
Net Generation Through 1992: 42.5 million kwh
Principal Features: Named for one of the seven Challenger astronauts, the Jarvis plant produces hydropower with two turbine-generators. It is about 20 miles from Mr. Jarvis's boyhood home in Mohawk. Jarvis is operated by remote control from St. Lawrence-FDR.

Crescent Plant

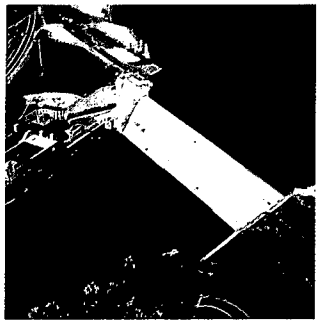
Location: Mohawk River, north of Albany, in Albany and Saratoga counties
Net Dependable Capability: 9,948 kw
First Commercial Power: July 1991
1992 Net Generation: 47.3 million kwh
Net Generation Through 1992: 62.8 million kwh
Principal Features: Water from the Mohawk River turns two of Crescent's four turbine-generators to produce electricity. The two others are being upgraded. On the state Barge Canal, Crescent is operated by remote control from Blenheim-Gilboa.

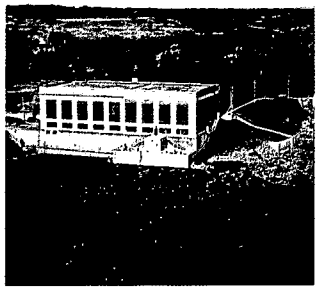
Vischer Ferry Plant

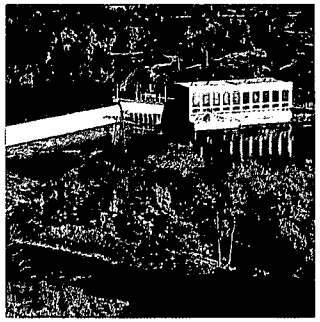
Location: Mohawk River, north of Albany, in Saratoga and Schenectady counties
Net Dependable Capability: 9,948 kw
First Commercial Power: July 1991
1992 Net Generation: 50.0 million kwh
Net Generation Through 1992: 66.5 million kwh
Principal Features: Vischer Ferry, on the state Barge Canal, is 10 miles upstream from Crescent, its "twin" hydroelectric plant. Water from the Mohawk River rotates two of the project's four turbine-generators, producing electricity. The other two are being upgraded. Like Crescent, Vischer Ferry is operated by remote control from Blenheim-Gilboa.

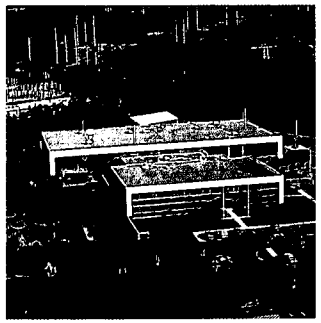
Frederick R. Clark Energy Center

Location: Marcy, north of Utica, in Oneida County
Opened: June 1980
Principal Features: The Clark Energy Center is responsible for all Power Authority transmission line, switchyard, computer and communication system maintenance in central New York, including the interconnection between the 765-kilovolt (kv) transmission line and the 345-kv Marcy-South line. It also houses the Energy Control Center, which coordinates the Power Authority's energy generation and is the Power Authority's link with the New York Power Pool.


Gregory B. Jarvis Plant


Crescent Plant


Vischer Ferry Plant


Frederick R. Clark Energy Center

Trustees and Officers

Governor Mario M. Cuomo

Richard M. Flynn*
Chairman and Chief Executive Officer

William D. Cotter**
Trustee

Rolland E. Kidder
Trustee

Hyman M. Miller
Trustee

Robert T. Waldbauer
Trustee

Seated: Richard M. Flynn, chairman, Hyman M. Miller and William D. Cotter.**
Standing: Robert T. Waldbauer and Rolland E. Kidder.

John C. Brons*
President and Chief Operating Officer

Ralph E. Beedle*
Executive Vice President
Nuclear Generation

John F. English*
Executive Vice President
System Operations

Robert A. Hiney*
Executive Vice President
Marketing and Development

Robert G. Schoenberger*
Executive Vice President
Finance and Administration

James M. Cunningham*
Senior Vice President, Public Affairs

Robert J. Deasy
Senior Vice President, Power Contracts

Alfred Klausmann
Senior Vice President
Appraisal and Compliance Services

Charles M. Pratt*
Senior Vice President
General Counsel

Alan J. Weiser*
Senior Vice President, Human Resources

Robert L. Tscherne
Vice President, Corporate Finance

Anne M. Wagner-Findeisen
Secretary

*Management Committee
**Resigned in June 1992

Financial Statements

Power Authority of the State of New York

Finances

During 1992 the New York Power Authority had revenues on a cash basis of $1.39 billion. Of this total, $1.29 billion resulted from the sale and transmission of power, $100 million from investments and $3.5 million from other sources. Revenues totaling $991.2 million were allocated to the Operating Fund to pay for operations, maintenance and fuel, and $12.6 million was allocated to the Projects' Study Fund to pay for preliminary studies. An additional $345.5 million was allocated to the Bond Service and Bond Reserve accounts to meet debt service requirements, which included the retirement of $73.2 million in bonds. The remaining revenues, $38.9 million, were allocated to the General Reserve Account.

In 1992 the Power Authority incurred higher-than-normal operations and maintenance expenses, which resulted in a decline in the Operating Fund balance from $449.5 million to $365.3 million. The primary cause of the increase in expenditures was work performed at the James A. FitzPatrick Nuclear Power Plant, which was out of service from November 27, 1991, until January 23, 1993. This 14-month shutdown was undertaken to accomplish a scheduled refueling and to address concerns identified in both an internal Power Authority study and a Nuclear Regulatory Commission evaluation.

In May 1992 the Power Authority issued $235.1 million in Series AA Bonds, the proceeds of which are being used to fund the estimated construction costs of the Holtsville Combined-Cycle Plant Project and a portion of the cost of construction of the Long Island Sound Cable Project. In addition, $50 million of the proceeds was deposited in the General Reserve Account to replenish, in part, the $62 million spent in 1991 to acquire an office building occupied by the Power Authority in White Plains.

The Power Authority also issued $131.4 million in Series BB Bonds in May 1992. The proceeds were used to refund Series F Bonds, which realized $1.1 million in net present value debt service savings.

On September 30, 1992, as a result of changes in the scope and timing of the Niagara Project Expansion, the Power Authority's trustees authorized the transfer of $216.3 million from the Niagara Project Expansion Construction Fund to the General Reserve Account. Future expenditures on this project are anticipated to be paid from the General Reserve Account.

In order to reduce debt service requirements, the Power Authority used $237.2 million of General Reserve Account funds in November 1992 to redeem $231.5 million of its highest-cost debt, the Series J Bonds. This left a balance of $199.3 million in the General Reserve Account on December 31, 1992.

The Power Authority increased its borrowings in 1992 under a Master Note Agreement from $75 million to $100 million to fund part of its energy conservation programs.

The Power Authority's financial statements, reported on by independent public accountants Coopers & Lybrand, follow.

Balance Sheet

December 31, 1992
(In Thousands)

Assets			
Utility Plant	Electric plant in service		$4,845,235
	Less accumulated depreciation		1,485,305
			3,359,930
	Construction work in progress		215,776
	Nuclear fuel less accumulated amortization of $128,925		176,050
	Net utility plant		3,751,756
Restricted Funds	Cash	$ 633	
	Investment in U.S. Government securities, at cost	626,557	
	Investment in nuclear decommissioning trust fund (Note K)	197,515	
	Escrow deposit—Series Z Bonds (Note G)	54,288	878,993
Construction Funds	Cash	3,153	
	Investment in U.S. Government securities, at cost	318,378	
	Interest receivable on investments	3,847	325,378
Current Assets	Cash	4,883	
	Investment in U.S. Government securities, at cost	360,422	
	Interest receivable on investments	27,669	
	Receivables—customers	80,390	
	Materials and supplies, at average cost:		
	Plant and general	70,379	
	Fuel	6,059	
	Prepayments and other	23,700	573,502
Other Noncurrent Assets	Preliminary investigations	22,379	
	Unamortized debt expense	35,979	
	Deferred charges and other	159,577	217,935
	Total Assets		$5,747,564
Liabilities and Capitalization			
Capitalization	Long-term debt (Notes F, G and H):		
	General purpose bonds		$3,160,681
	Adjustable rate tender notes		200,000
			3,360,681
	Accumulated net revenues employed in the business		1,510,463
	Total Capitalization		4,871,144
Current Liabilities	Long-term debt due within one year	$ 63,090	
	Master notes (Note I)	100,000	
	Accounts payable and accrued liabilities	155,330	318,420
Other Noncurrent Liabilities	Nuclear fuel disposal and decommissioning (Notes J and K)	343,400	
	Deferred revenues and other	214,600	558,000
Commitments and Contingencies (Note L)			
	Total Liabilities and Capitalization		$5,747,564

The accompanying notes are an integral part of these financial statements.

Statement of Net Revenues and Accumulated Net Revenues Employed In the Business

Year Ended December 31, 1992
(In Thousands)

Operating Revenues	Power sales	$ 955,121
	Transmission charges	116,257
	Wheeling charges	227,238
	Total Operating Revenues	1,298,616
Operating Expenses	Operations	417,550
	Nuclear fuel	19,047
	Fuel oil and gas	86,330
	Purchased power—Hydro-Québec	57,121
	—Other	115,931
	Maintenance	187,829
	Wheeling	227,238
	Depreciation	129,979
	Total Operating Expenses	1,241,025
	Net Operating Revenues	57,591
Other Income	Interest	124,990
	Interest deferred	(12,337)
	Earnings on Niagara Project Expansion Construction Fund previously deferred (Note E)	112,675
	Other	3,166
	Total Other Income	228,494
Other Deductions	Interest on long-term debt	248,200
	Interest—other	2,998
	Interest capitalized	(18,407)
	Amortization of debt discount and expense	7,621
	Total Other Deductions	240,412
	Revenues, net before advance bond refunding charge and early redemption call premium	45,673
	Advance bond refunding charge (Note H)	(3,716)
	Early redemption call premium on Series J Bonds (Note H)	(5,786)
	Net Revenues	36,171
	Accumulated net revenues employed in the business at January 1, 1992	1,474,292
	Accumulated Net Revenues Employed in the Business at December 31, 1992	$1,510,463

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

Year Ended December 31, 1992
Increase (Decrease) in Cash
(In Thousands)

Cash Flows From Operating Activities	Received from customers for the sale of power, transmission, wheeling	$1,292,465
	Earnings received on investments	99,726
	Paid to suppliers and employees for:	
	Operations and maintenance	(586,319)
	Purchased power	(165,813)
	Fuel oil and gas	(94,728)
	Wheeling of power by other utilities	(220,507)
	Reimbursement to N.Y. State for property tax transition payments (Note B[6])	(35,000)
	Interest paid (net of $18,407 capitalized)	(236,235)
	Net cash provided by operating activities	53,589
Cash Flows From Investing Activities	Earnings received on construction fund investments	32,766
	Earnings received on nuclear decommissioning trust fund	17,663
	Construction and acquisition of utility plant:	
	Gross additions to utility plant	(129,255)
	Gross additions to nuclear fuel	(21,808)
	Construction performance deposit	(3,051)
	Construction costs reimbursed by others	3,858
	Paid for preliminary investigations	(12,699)
	Paid to nuclear decommissioning trust fund	(34,817)
	Purchase of investment securities	(5,903,883)
	Sale of investment securities	6,062,878
	Net cash provided by investing activities	11,652
Cash Flows From Financing Activities	Sale of bonds—Series AA ($235,105 principal amount)	227,467
	Sale of bonds—Series BB ($131,395 principal amount)	130,417
	Sale of master notes	25,000
	Refunding of bonds—Series F ($130,860 principal amount)	(133,790)
	Early redemption of bonds—Series J ($231,455 principal amount)	(237,241)
	Retirement of bonds ($73,160 principal amount)	(73,160)
	Net cash used in financing activities	(61,307)
	Net Increase in Cash	3,934
	Cash, January 1, 1992	4,735
	Cash, December 31, 1992	$ 8,669

Reconciliation to Net Cash Provided by Operating Activities	Net revenues	$ 36,171
	Adjustments to reconcile net revenues to net cash provided by operating activities:	
	Provision for depreciation	129,979
	Amortization of nuclear fuel	16,508
	Provision for spent fuel disposal and nuclear plant decommissioning	48,098
	Provision for deferred revenues	(820)
	Amortization of debt discount and expense	7,621
	Preliminary investigations expensed	3,164
	Advance bond refunding charge	3,716
	Early redemption call premium on Series J Bonds	5,786
	Net increase in receivables and inventory	(592)
	Net increase in accounts payable and accrued liabilities	7,010
	Earnings received on nuclear decommissioning trust fund	(17,663)
	Previously deferred earnings on Niagara Project Expansion	(112,675)
	Reimbursement to N.Y. State for property tax transition payments	(35,000)
	Deferred costs to be recovered from customers in future periods	(37,714)
	Net cash provided by operating activities	$ 53,589

The accompanying notes are an integral part of these financial statements.

Summary of Funds (Cash Basis)

Year Ended December 31, 1992
(In Thousands)

		Revenue	Operating
	Available Funds, January 1, 1992	$ 0	$ 449,519
Cash Receipts	Sale of power, transmission and wheeling	1,285,210	
	Earnings on investments	99,629	
	Sale of bonds—Series AA		
	Sale of bonds—Series BB		
	Accrued interest on bonds sold		
	Administrative expenses reimbursed from other funds		4,809
	Construction costs reimbursed by others		
	Sale of assets and other	3,546	
	Total Receipts	1,388,385	4,809
	Total Available	1,388,385	454,328
	Transfer of funds—Revenue	(1,388,385)	874,726
	—Decommissioning		
	—Niagara Project Expansion		
	—Other		2,825
		$ 0	1,331,879
Cash Disbursements	Interest on bonds and notes		
	Retirement of bonds ($73,160 principal amount)		
	Deposit of $136,773 with Escrow Agent to refund Series F Bonds		
	Advance redemption of Series J Bonds ($231,455 principal amount)		
	Utility plant additions		18,370
	Nuclear fuel		
	Fuel oil and gas		
	Operations and maintenance		560,688
	Purchased power—Hydro-Québec		54,088
	—Others		111,725
	Wheeling		220,507
	Bond discount		
	Financing costs		
	Expenditures chargeable to other funds		1,239
	Preliminary investigations		
	Reimbursement to N.Y. State for property tax transition payments (Note B[6])		
	Energy conservation program costs		
	Administrative expenses reimbursed to the Operating Fund		
	Total Disbursements		966,617
	Available Funds, December 31, 1992		$ 365,262
Distributed as Follows	Cash		$ 4,840
	Investments in U.S. Government securities		360,422
			$ 365,262

The accompanying notes are an integral part of these financial statements.

		Restricted						
		General Fund (Held by Bond Trustee)						
Fuel Reserve Account	Projects' Study	Bond Service	Bond Reserve	General Reserve	Temporary Interest Fund	Nuclear Decommissioning Trust (Note K)	Note Debt Service Reserve	Advance Bond Refunding (Note H)
$ 0	$ 103	$ 1,884	$347,401	$183,463	$ 0	$162,698	$20,000	
						17,663		
			14,410	50,000	19,827			
								$131,395
		661			554			
				3,858				
			30					
		661	14,440	53,858	20,381	17,663		131,395
	103	2,545	361,841	237,321	20,381	180,361	20,000	131,395
116,536	12,639	300,485	45,073	38,926				
				(17,154)		17,154		
				216,281				
				15,079				
116,536	12,742	303,030	406,914	490,453	20,381	197,515	20,000	131,395
		234,974		10,150	7,089			
		63,570	9,590					
		4,486	2,710					129,577
				237,241				
				6,531				
21,808								
94,728								
				306				
								535
								1,283
	12,699							
				35,000				
				1,885				
				56				
116,536	12,699	303,030	12,300	291,169	7,089			131,395
$ 0	$ 43	$ 0	$394,614	$199,284	$13,292	$197,515	$20,000	$ 0
	$ 43		$ 1	$ 532	$ 96		$ 4	
			394,613	198,752	13,196		19,996	
	$ 43		$394,614	$199,284	$13,292		$20,000	

Summary of Funds (Cash Basis) (continued)

Year Ended December 31, 1992
(In Thousands)

		J. A. FitzPatrick Blenheim-Gilboa	J. A. FitzPatrick Project Improvement Funds No. 1	No. 2	No. 3
	Available Funds, January 1, 1992	$25	$10,490	$31,673	$76,377
Cash Receipts	Earnings on investments		706	2,286	5,269
	Sale of bonds—Series AA				
	Sale of notes				
	Energy conservation programs				
	Total Receipts		706	2,286	5,269
	Total Available	25	11,196	33,959	81,646
	Transfer of funds—General Reserve				
	—Other	(25)			1,198
		0	11,196	33,959	82,844
Cash Disbursements	Utility plant additions		10,647	6,567	16,207
	Bond discount				
	Financing costs				
	Energy conservation program costs				
	Construction performance deposit				
	Administrative expenses reimbursed to the Operating Fund		549	737	839
	Total Disbursements		11,196	7,304	17,046
	Available Funds, December 31, 1992	$ 0	$ 0	$26,655	$65,798
Distributed as Follows	Cash				
	Investments in U.S. Government securities			$26,655	$65,798
				$26,655	$65,798

The accompanying notes are an integral part of these financial statements.

Construction								
Indian Point 3 Project Improvement Funds								
No. 1	No. 2	No. 3	Small Hydro	Niagara Project Expansion	Sound Cable Project	Energy Conservation	Holtsville	Total
$13,457	$ 9	$106,897	$7,757	$210,824	$ 321	$ 1,035	$ 7,852	$466,717
817		7,336	73	11,936	37	97	4,306	32,863
					15,236		135,632	150,868
						25,000		25,000
						3,709		3,709
817		7,336	73	11,936	15,273	28,806	139,938	212,440
14,274	9	114,233	7,830	222,760	15,594	29,841	147,790	679,157
				(216,281)				(216,281)
(1,850)	1,865	1,008		760	(9,500)		(11,360)	(17,904)
12,424	1,874	115,241	7,830	7,239	6,094	29,841	136,430	444,972
1,669	582	10,408	5,312	7,034	3,998		23,523	85,947
					537		4,832	5,369
					197		2,099	2,296
						22,025		22,025
							3,051	3,051
103	601	637	180	205	158	590	154	4,753
1,772	1,183	11,045	5,492	7,239	4,890	22,615	33,659	123,441
$10,652	$ 691	$104,196	$2,338	$ 0	$ 1,204	$ 7,226	$102,771	$321,531
$ 60	$ 691		$1,752		$ 68	$ 582		$ 3,153
10,592		$104,196	586		1,136	6,644	$102,771	318,378
$10,652	$ 691	$104,196	$2,338		$ 1,204	$ 7,226	$102,771	$321,531

Notes to Financial Statements

Note A—General

The Power Authority of the State of New York (Authority) is a corporate municipal instrumentality and political subdivision of the State of New York (State) created by the Legislature of the State by Chapter 772 of the Laws of 1931 as last amended by Chapter 55 of the Laws of 1992.

The Authority is authorized by the Power Authority Act to help provide a continuous supply of electricity to the people of the State. The Authority generates, transmits and sells electricity principally at wholesale. The Authority's primary customers are municipal and investor-owned utilities and rural electric cooperatives located throughout the State, high-load-factor industries and other businesses, various public corporations located within the metropolitan area of New York City, including The City of New York, and certain out-of-state customers.

The Authority's trustees are appointed by the Governor of the State, with the advice and consent of the State Senate, to serve five-year terms. The Authority is a fiscally independent public corporation that does not receive State funds or tax revenues or credits. It generally finances construction of new projects through sales of bonds and notes to private investors and pays related debt service principally with revenues from the generation and transmission of electricity. Accordingly, the financial condition of the Authority is not controlled by or dependent on the State or any political subdivision of the State. Under the criteria set forth in Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Authority considers its relationship to the State to be that of a related organization.

Properties and income of the Authority are exempt from taxation. However, the Authority is authorized by Chapter 908 of the Laws of 1972 to enter into agreements to make payments in lieu of taxes with respect to property acquired for any project where such payments are based solely on the value of the real property without regard to any improvement thereon by the Authority and where no bonds to pay any costs of such project were issued prior to January 1, 1972.

Note B—Accounting Policies

(1) Accounts of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

(2) Utility plant is stated at original cost and consists primarily of amounts expended for labor, materials, services and indirect costs to license, construct, acquire, complete and place in operation the projects of the Authority. Interest on amounts borrowed to finance construction of the Authority's projects is charged to the respective project prior to completion thereof. Borrowed funds and internally generated funds restricted for a specific construction project are deposited in a construction fund account. Earnings on fund investments are held in the fund to be used for construction purposes. Earnings on unexpended borrowed funds are credited to the cost of the related project until completion of the project. Earnings on internally generated funds are deferred and ultimately reduce the cost of the related project. During the year ended December 31, 1992, $12,337,000 of earnings on internally generated construction funds was deferred. Deferred investment earnings of $112,675,000 were recognized as other income in 1992 (see Note E). Utility plant costs are reduced by revenues received for power produced (net of expenditures incurred in operating the projects) prior to the date of completion. The costs of current repairs are charged to operating expenses, and renewals and betterments are capitalized. The cost of utility plant retired and the cost of removal less salvage (exclusive of nuclear plant decommissioning costs [see Note K]) are charged to accumulated depreciation.

(3) Depreciation is provided on a straight-line basis over the estimated useful lives of the various classes of plant as determined by independent engineers and includes estimated cost of removal, net of estimated salvage value.

(4) Electric plant in service at December 31, 1992, and the related depreciation provision expressed as a percentage of average depreciable electric plant on an annual basis were:

Type of Plant	Electric Plant in Service	Average Depreciation Rate
Production:		
Steam	$ 426,755,000	3.2%
Nuclear	1,492,866,000	3.3%
Hydro	1,243,055,000	1.5%
Transmission	1,464,632,000	2.8%
General	217,927,000	5.0%
	$4,845,235,000	2.8%

(5) The amortization of nuclear fuel is provided on a unit-of-production basis. Amortization rates are determined and periodically revised to amortize the cost of nuclear fuel over its estimated useful life. The costs of disposal of spent nuclear fuel will be met from provisions included in operating expenses (see Note J). In addition, the Authority is providing for the decommissioning of its nuclear plants over their estimated useful lives (see Note K).

(6) Deferred revenues of $173,020,000 represent certain billings, related to the recovery of costs, that have been deferred and are being amortized over the life of the applicable asset.

The Authority has recorded a liability of $44,550,000 and a related deferred charge for its estimated portion of the costs for the decommissioning and decontamination of the United States Department of Energy nuclear fuel enrichment facilities as provided for by the national Energy Policy Act of 1992 (Energy Act). The Energy Act states, among other things, that utilities with nuclear reactors will contribute an aggregate total of $150 million annually, based upon an assessment, for a period of 15 years, up to a total of $2.25 billion (in 1992 dollars), for such decommissioning and decontamination costs. The Energy Act also provides that these costs are a "necessary and reasonable current cost of fuel and shall be fully recoverable in rates in all jurisdictions in the same manner as other fuel costs." The Authority intends to recover these deferred costs from its customers; however, the mechanism for recovery has yet to be determined.

At December 31, 1992, deferred charges also include (a) $35,000,000 paid to the State to reimburse it for a portion of real property tax transition payments required by statute to be made to local taxing jurisdictions as a result of the Authority's 1975 acquisition of the Indian Point 3 properties, (b) $32,489,000 of energy conservation program costs and (c) $17,029,000 of fixed gas costs in excess of current recoveries. These deferred costs will be recovered from customers in future periods.

(7) Costs incurred by the Projects' Study Fund for preliminary investigations of a project are transferred to utility plant upon the specification of a project under the General Purpose Bond Resolution (Resolution) (see Note D). If the study does not result in a project, the costs are charged as an expense to net revenues in the period that such determination is made.

(8) Debt discount and expense are amortized over the lives of the related debt issues on a straight-line basis.

(9) In accordance with the Resolution, upon completion or on the latest estimated date of completion of each project, whichever is earlier, all revenues received from such project are required to be paid into the Revenue Fund.

(10) Funds required for all bond service payments due under the Resolution are payable on July 1 and January 1 and are made available to the Bond Trustee on the immediately preceding June 30 and December 31, by which dates such amounts are segregated for that purpose. Accordingly, at December 31, 1992, no liability is reflected in the accompanying financial statements for bond service payments of $182,613,000 due on January 1, 1993.

(11) Investment of the Authority's funds is administered in accordance with the applicable provisions of the Resolution and with the Authority's investment guidelines adopted pursuant to Section 2925 of the Public Authorities Law. These guidelines comply with the New York State Comptroller's investment guidelines for public authorities. The Authority's investments have been restricted to (a) collateralized certificates of deposit, (b) obligations of the U.S. Government, its agencies and instrumentalities and agreements for the repurchase of such obligations and (c) direct and general obligations of any state or political subdivision, provided that such obligations were rated in either of the two highest rating categories by two nationally recognized bond-rating agencies. All investments are held by designated custodians in the name of the Authority. Securities that are the subject of repurchase agreements must have a market value at least equal to the cost of the investment, and the agreements are limited to a maximum fixed term of five business days. At December 31, 1992, the Authority had investments in repurchase agreements of $36,000,000. At December 31, 1992, the Balance Sheet reflected cash in the Restricted Funds, Construction Funds and Current Assets of $8,669,000. The bank balances were $7,801,000, of which $543,000 was covered by Federal depository insurance and $7,258,000 was uninsured. The uninsured balance relates primarily to amounts in checking accounts for which checks have been issued but have not yet cleared.

At December 31, 1992, the aggregate cost of all investments approximated market value based upon published bid prices.

(12) Sales and purchases of power between the Authority's facilities are eliminated from revenues and operating expenses.

(13) Revenues are recorded when billed. Customers' meters are read, and bills are rendered monthly. Fuel and purchased power costs above base-rate levels are recovered from customers served by the Poletti and Indian Point 3 plants under an energy adjustment clause. Interest costs incurred on obligations issued to purchase fuel are included as a fuel cost.

Note C—Pension Plans, Other Retirement Benefits

Pension Plans

Substantially all employees of the Authority are members of the New York State and Local Employees Retirement System (System), which is a cost-sharing, multiple-public-employer retirement system. The System offers plans and benefits related to years of service and final average salary, and all benefits generally vest after 10 years of accredited service.

For personnel who became members of the System prior to July 27, 1976, the Authority contributes the entire amount determined by the System to be payable. Gross salaries, for Federal income tax purposes, of personnel who joined the System after July 27, 1976, are reduced by 3 percent. The aggregate amount of these reductions, together with any balance payable to the System, is contributed to the System by the Authority. The Authority's employees are also covered by Social Security.

Payroll for the Authority's employees covered by the System for the year 1992 was $207,003,000; the Authority's total payroll was $219,280,000. The Authority's contributions to the System are paid in December of each year on the basis of the Authority's estimated salaries for the System's fiscal year ending the following March 31. Contributions are made in accordance with funding requirements determined by the actuary of the System.

Legislation enacted in 1990 amending the New York State Retirement and Social Security Law required significant changes in the actuarial calculations made by the System. These changes included (a) adoption of a modified projected unit credit method effective for the System's fiscal year ended March 31, 1991, which replaced the aggregate cost method, and (b) use of a five-year actuarial smoothing method retroactive to the years ended March 31, 1990, and March 31, 1989, which replaced a four-year smoothing method. As a result of these changes, the Authority's required contribution to the System of $373,000 for the year ending March 31, 1993 (paid on December 15, 1992), was significantly less than in years prior to 1990. In addition, certain pension costs previously accrued by the Authority were reversed, resulting in pension costs for the year 1992 becoming a credit of $613,000. In 1990, actions were commenced in New York State Supreme Court challenging the constitutionality of the 1990 legislation that changed the actuarial funding methods. On August 10, 1992, the court granted summary judgment to the plaintiffs in these actions on the grounds that the challenged legislation was an unconstitutional attempt to divest public employees of a contract right to an independent trustee, the State Comptroller. On October 5, 1992, the System appealed this decision. If this decision is upheld, the Authority's near-term future contributions to the System could increase by a substantial amount, which cannot be determined at this time.

A liability for pension costs in the amount of $16,792,000 is included in accounts payable and accrued liabilities at December 31, 1992. This liability consists of the Authority's unpaid contributions of $15,257,000 for the years ended March 31, 1988, and March 31, 1989, and a retirement incentive program obligation of $2,451,000, partially offset by net credits due the Authority of $916,000. Under legislation enacted in 1989, at the Authority's option, the remaining balance for the years ended March 31, 1988, and March 31, 1989, may be paid in installments over the next 13 years.

The Pension Benefits Obligation (PBO) of credited projected benefits is a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The PBO is independent of the actuarial funding method used to determine contributions to the System. The System does not make separate PBO determinations for each individual employer.

The PBO of credited projected benefits as reported by the System at March 31, 1992, for the System as a whole, determined through an actuarial valuation performed as of that date, was $44,034,000,000. The System's net assets available to pay benefits at that date were $45,503,000,000.

For additional detailed information concerning the System, refer to the State of New York Comprehensive Annual Financial Report of the Comptroller for the fiscal year ended March 31, 1992.

Postretirement Benefits

The Authority provides certain health care and life insurance benefits for eligible retired employees and their dependents. Employees and their dependents become eligible for these benefits when the employee has 10 years of service and retires or dies while working for the Authority. The cost of these benefits is charged to expense as paid and totaled $1,436,000 for the year ended December 31, 1992.

Note D—General Purpose Bond Resolution

The General Purpose Bond Resolution (Resolution) adopted on November 26, 1974, as amended and supplemented, covers all of the Authority's projects, which it defines as any project of the Authority directly or indirectly related to power generation or transmission, whether owned jointly or singly by the Authority, including any output in which the Authority has an interest, authorized by the Power Authority Act (Act) and specified in a supplemental resolution adopted at the time a series of bonds is authorized. Before bonds are issued for any new project, a prescribed earnings test must be met based on estimated revenues and operating expenses certified by an independent engineer. A Projects' Study Fund was established by the Resolution to finance preliminary efforts of the Authority to determine appropriate methods to fulfill its purposes under the Act.

The Authority has covenanted with bondholders that at all times rates and charges will be sufficient, together with other monies available therefor, to meet the financial requirements of the Resolution. Revenues from all completed projects of the Authority (after deductions for operating expenses, including necessary working capital reserves, and Projects' Study) are applied first to the payment of bond service (interest and principal installments due on outstanding bonds). Then a sum equal to 15 percent of the amount allocated to bond service is set aside in a bond reserve account, and any remaining revenues are deposited in a general reserve account. Amounts in the bond reserve account are to be used to meet any deficiency in the bond service account and, to the extent not required to make good any such deficiency, may, at the direction of the Authority, be paid to it for application to the cost of construction of any project.

The Resolution also provides for the retirement of bonds from amounts in the bond reserve account in excess of the bond reserve requirement. The Authority has periodically purchased such bonds when available at favorable prices.

Amounts in the general reserve account not needed to meet any deficiency in the bond service or bond reserve accounts may be applied to specific Authority purposes, including emergency repairs and replacements, project improvements and extensions, and reserves for the retirement, decommissioning or disposal of project facilities. Amounts in the general reserve account not required for such purposes may, at the Authority's direction, be paid to it for any lawful corporate purpose.

The Authority makes open-market purchases of its general purpose bonds from available general reserve account funds paid to it for that purpose. These bonds are acquired, to the extent necessary to meet bond reserve fund call requirements, by the Bond Trustee by November 15 of each year with monies available in the bond reserve account. During the year 1992, no general purpose bonds were purchased by the general reserve account to meet such call requirements.

In December 1992 the Authority, pursuant to the Twenty-seventh Supplemental General Purpose Bond Resolution, established, effective January 14, 1993, a Facilities Improvement Project consisting of tasks authorized from time to time by the Authority to be undertaken at any project facility.

Note E—Niagara Expansion Project Construction

On September 30, 1992, the Authority's trustees authorized the payment of the balance in the Niagara Project Expansion Construction Fund (Expansion Fund) to the general reserve account and its use for any and all purposes specified in Section 205 of the Fifteenth Supplemental General Purpose Bond Resolution, which include increases in the capacity of Authority projects and the retirement of general purpose bonds. This occurred as a result of the changes in the scope and timing of the Niagara Project Expansion. On October 16, 1992, the Authority paid $216,281,000 from the Expansion Fund to the general reserve account. This amount includes Expansion Fund earnings, from June 30, 1984, through September 30, 1992, of $126,459,000 which had been deferred with the intention of reducing the ultimate cost of the completed project. Accordingly, a prorated portion of such earnings ($112,675,000) that is no longer earmarked for the Niagara Project Expansion has been recognized as other income in 1992, with the remainder being applied as a reduction to the cost of Niagara Project Expansion construction work in progress.

Note F—Bond Financing

On April 23, 1992, pursuant to the Resolution and the Twenty-fifth Supplemental Resolution adopted on November 26, 1991, and amended on January 27, 1992, the Authority sold for settlement and delivery on May 5, 1992, $235,105,000 principal amount of General Purpose Bonds, Series AA. The proceeds from the bonds, after expenses and original issue discount and deposits $14,410,000 to the bond reserve account and $19,827,000 to the temporary interest fund, were used to finance the estimated cost of construction of the Holtsville Combined-Cycle Plant Project, along with a portion (approximately $15.2 million) of the cost of construction of the Long Island Sound Cable Project and a portion (approximately $50.0 million) of the cost of acquisition of the Authority's office building in White Plains, New York.

Note G—Long-term Debt

A summary of general purpose bonds payable at December 31, 1992, follows.

		Amount	Maturity January 1	Interest Rate[a]	Earliest Redemption Date Prior to Maturity[b]
Series G	Term Bonds	$ 42,200,000	1999	6.40 %	1/1/88
	Term Bonds	162,185,000	2012	6.75 %	
	Serial Bonds	17,500,000	1994 to 1995	6.10% to 6.20 %	
Series N	Term Bonds	52,495,000	2018	6.00 %	1/1/94
	Serial Bonds	12,875,000	1994 to 1995	8.50% to 8.75 %	
Series S	Term Bonds	33,000,000	2010	7.00 %	1/1/95
	Serial Bonds	10,840,000	1994	8.00 %	
Series T	Term Bonds	55,000,000	2006	7.40 %	1/1/96
	Term Bonds	75,000,000	2010	7.30 %	
	Term Bonds	350,000,000	2018	7.375%	
	Term Bonds	50,000,000	2019	5.00 %	
	Serial Bonds	103,995,000	1994 to 2002	6.15% to 7.30 %	
Series U	Term Bonds	50,380,000	2005	7.10 %	1/1/96
	Term Bonds	194,715,000	2016	7.00 %	
	Term Bonds	58,070,000	2018	5.75 %	
	Serial Bonds	68,860,000	1994 to 2001	6.30% to 7.00 %	
Series V	Term Bonds	32,630,000	2004	7.00 %	1/1/98
	Term Bonds	72,560,000	2006	7.80 %	
	Term Bonds	40,330,000	2007	7.875%	
	Term Bonds	90,060,000	2009	7.00 %	
	Term Bonds	106,990,000	2013	7.875%	
	Term Bonds	145,005,000	2017	8.00 %	
	Serial Bonds	165,905,000	1995 to 2003	6.60% to 7.60 %	
Series W	Term Bonds	82,110,000	2008	6.50 %	
	Serial Bonds	228,360,000	1994 to 2005	5.80% to 6.70 %	
Series X	Term Bonds	17,255,000	2022	7.20 %	1/1/98
	Serial Bonds	12,430,000	1994 to 2012	6.30% to 7.10 %	
Series Y	Term Bonds	47,775,000	2011	6.50 %	1/1/2001
	Term Bonds	119,770,000	2018	6.75 %	
	Term Bonds	45,385,000	2020	6.00 %	
	Serial Bonds	97,240,000	1994 to 2007	5.25% to 6.25 %	
Series Z[c]	Term Bonds	25,540,000	2012	6.625%	1/1/2002
	Term Bonds	117,240,000	2019	6.50 %	
	Term Bonds	21,385,000	2020	5.50 %	
	Serial Bonds	134,415,000	1994 to 2007	4.90% to 6.50 %	
Series AA	Term Bonds	62,135,000	2012	6.375%	1/1/2002
	Term Bonds	81,360,000	2023	6.25 %	
	Serial Bonds	91,610,000	1996 to 2007	5.00% to 6.30 %	
Series BB	Serial Bonds	128,005,000	1994 to 2007	4.40% to 6.30 %	1/1/2002
		3,302,610,000[d]			
	Less: unamortized discount	78,839,000			
		3,223,771,000			
	Less: due within one year	63,090,000			
		$3,160,681,000			

[a] Interest is payable semiannually on January 1 and July 1.

[b] Bonds are subject to redemption prior to maturity in whole or in part as provided in the supplemental resolutions authorizing the issuance of each series of bonds, beginning for each series on the date indicated, at principal amount or at various redemption prices according to the date of redemption, together with accrued interest to the redemption date. Annual maturities for the next five calendar years are as follows: 1993, $63,090,000; 1994, $61,590,000; 1995, $71,885,000; 1996, $76,295,000, and 1997, $83,085,000.

[c] In December 1991, in order to achieve debt service savings, the Authority issued $298,780,000 principal amount of General Purpose Bonds, Series Z, to refund previously issued bonds. A portion of the proceeds of this issue was used to establish an irrevocable escrow deposit in the amount of $54,288,000, which was invested in non-interest-bearing direct obligations of the United States of America and will be used to pay a portion of the principal and interest on Series Z Bonds maturing January 1, 2000.

[d] At December 31, 1992, the current market value of these bonds approximated the principal amount outstanding.

Adjustable rate tender notes (Notes) outstanding at December 31, 1992, were:

Notes	Amount	Interest Rate at 12/31/92
Due March 1, 2007	$ 50,000,000	2.75%
Due March 1, 2016	75,000,000	2.75%
Due March 1, 2020	75,000,000	2.75%
Total	$200,000,000	

In accordance with the Adjustable Rate Tender Note Resolution adopted April 30, 1985 (Note Resolution), the Authority may designate a rate period of different duration, effective on any rate adjustment date. The Remarketing Agent appointed under the Note Resolution determines the rate for each rate period, which in the agent's opinion is the minimum rate necessary to remarket the Notes at par. The Notes may be tendered to the Authority by the holders on any adjustment date. The next rate adjustment date is March 1, 1993.

The Authority has entered into revolving credit agreements (Agreements) with banks to provide supporting lines of credit. Under Agreements that terminate on January 31, 1996, the Authority may borrow up to $200,000,000 for the purpose of repaying, redeeming or purchasing the Notes or other bonds or notes of the Authority's specified by the Authority from time to time by notice to the banks. The Agreements provide for interest on outstanding borrowings (none outstanding at December 31, 1992) at the bank's prime commercial lending rate as in effect from time to time or a percentage of the Federal Funds Rate, whichever is higher, and for a fee on the unused portion of the commitment.

In accordance with the Note Resolution, a Note Debt Service Reserve account has been established in the amount of $20,000,000.

Note H—Advance Bond Refunding and Redemption

Advance Bond Refunding

On April 23, 1992, pursuant to the Resolution and the Twenty-sixth Supplemental Resolution adopted on March 31, 1992, the Authority sold for settlement and delivery on May 5, 1992, $131,395,000 principal amount of General Purpose Bonds, Series BB, with an average coupon rate of 5.68 percent maturing from 1993 to 2007. The proceeds from the sale of Series BB Bonds, after expenses and original issue discount ($129,577,000), together with monies held in the bond service account and the bond reserve account apportioned to the refunded Series F Bonds, were deposited with the Escrow Agent and invested in direct obligations of the United States of America. The maturing principal of and interest on such securities were sufficient to pay on June 5, 1992, the principal, interest and applicable call premium on $130,860,000 principal amount of Series F Bonds.

The refunding of the Series F Bonds resulted in certain amendments and supplements to the Resolution becoming effective, including provisions that would allow the Authority to apply amounts in the bond reserve account in excess of the bond reserve requirement and not needed to meet a deficiency in the bond service account to the cost of construction of any project.

The Authority expects to realize gross debt service savings from this refunding transaction of approximately $3,300,000 over the life of the bonds. The refunding produced an economic gain (the present value of the debt service savings, adjusted for additional cash paid) of approximately $1,100,000.

However, because of the difference ($2,930,000) between the total cash deposited with the Escrow Agent and the principal amount of the refunded Series F Bonds, together with the unamortized expense pertaining to the refunded bonds ($786,000), an advance bond refunding charge of $3,716,000 resulted from this transaction. Under generally accepted accounting principles, this amount is presented as an extraordinary charge to net revenues. This charge will have no effect on the Authority's continuing revenue requirements.

Early Redemption of Bonds

On November 2, 1992, $237,241,000 was paid from the general reserve account for the early redemption of $231,455,000 principal amount of General Purpose Bonds, Series J. The call premium required by this early redemption ($5,786,000) is presented as an extraordinary charge to net revenues. This charge will have no effect on the Authority's continuing revenue requirements.

Note I—Master Notes

At December 31, 1992, the Authority had outstanding with a bank, under a $150,000,000 master note arrangement expiring February 1, 1995, $100,000,000 of short-term notes, payable on demand. Under the arrangement the proceeds of the notes may be used to finance the costs of fuel and energy conservation and construction of any project designated pursuant to the Resolution and the repayment of any obligations issued for such purposes. Interest is computed based on a rate adjusted weekly and applied to the daily principal amount outstanding.

As of December 31, 1992, the Authority deposited $38,750,000 of master note proceeds (including $25,000,000 during 1992) in the Energy Conservation Effectuation and Construction Fund (Energy Conservation Fund), to be held by the Authority and used in connection with the implementation and financing of the Authority's energy conservation programs. The remaining $61,250,000 of master notes was issued in prior years to fund a portion of the construction cost of the small hydroelectric facilities.

Note J—Nuclear Fuel Disposal

In accordance with the Nuclear Waste Policy Act of 1982, the Authority in June 1983 entered into a contract with the United States Department of Energy (DOE), under which DOE, commencing not

later than January 31, 1998, would accept and dispose of spent nuclear fuel. However, it appears unlikely that DOE will accept any Authority spent nuclear fuel before the year 2010. The contract provides that the Authority will pay quarterly to DOE a fee based on nuclear generation and sales of electricity at a specified rate from April 7, 1983.

In addition, the contract requires the payment to DOE of a onetime fee relating to spent nuclear fuel discharged prior to April 7, 1983, and for in-core spent fuel on that day. As permitted by the contract, the Authority presently intends to pay this onetime fee of $58,710,000, together with interest accrued thereon from April 7, 1983, when the Authority first ships spent nuclear fuel to an approved DOE disposal facility. As of December 31, 1992, the liability to DOE related to the onetime fee, including accrued interest from April 7, 1983, totaled $116,925,000.

Note K—Nuclear Plant Decommissioning

In 1988 the Nuclear Regulatory Commission (NRC) issued decommissioning rules requiring reactor operators to certify that sufficient funds, in amounts not less than certain prescribed minimums that for the Authority would amount to $135,000,000 and $165,000,000, in 1990 dollars, for the Indian Point 3 and FitzPatrick nuclear plants, respectively, will be available for decommissioning, representing the decontamination portion of the total cost. These funds may be in the form of prepayments or external sinking funds, either of which must be segregated from the licensee's assets and be outside of its administrative control. The Authority has established a decommissioning trust fund for each of its nuclear plants and anticipates that sufficient funds will be available in accordance with the NRC decommissioning rules to decommission the nuclear plants at the end of their useful lives. Although the Authority is contributing to the decommissioning trust based on NRC-prescribed minimums, the provision for decommissioning is based on the estimated total cost, including demolition and site restoration. As of December 31, 1992, the cumulative amount provided was $226,475,000, of which $197,515,000 (including accumulated investment earnings) is in the decommissioning trust fund.

Note L—Commitments and Contingencies

(1) Estimated costs to be incurred on outstanding contracts in connection with the Authority's construction programs aggregated approximately $160,000,000 at December 31, 1992. In return for the use of certain substation facilities related to the Authority's Marcy-South Transmission Line, the Authority is committed to pay four New York State utilities approximately $32,000,000 annually through 1996 and lesser amounts thereafter through 1998. The Authority has entered into a long-term contract under which it is obligated to purchase approximately $39,000,000 worth of natural gas annually through the year 2000.

(2) There are actions, proceedings and matters pending before Federal and State courts and agencies involving certain Authority projects and rates for the sale of power from certain projects, which may result in impeding the operations of such projects and may require the Authority to incur substantial additional costs or revenue reductions. While the ultimate outcome of these matters is not presently determinable, the Authority's general counsel believes that the Authority has meritorious positions, which have been or will be asserted in these matters.

(3) Under provisions of the Federal Price-Anderson Act, the overall maximum public liability for a single nuclear incident is limited to approximately $7,800,000,000. Coverage for the first $200,000,000 of such liability is provided by private insurance. In the event that public liability from an insured nuclear incident were to exceed $200,000,000, the Authority would be subject to a pro rata assessment of up to $66,150,000, in addition to inflation adjustments thereon, for each reactor owned, with a yearly assessment no greater than $10,000,000 per incident per reactor owned.

(4) In addition to the liability insurance required by the Federal Price-Anderson Act, the NRC requires each licensee to carry decontamination liability and excess property damage insurance in the aggregate minimum amount of $1,060,000,000 for each reactor site. The Authority has such coverage in force. A portion of the insurance is provided by the Nuclear Electric Insurance Limited (a company that provides decontamination and excess property damage insurance to a group of nuclear facilities). In the event there is a covered loss at any of the member group's nuclear facilities that exceeds insurance funds available, the Authority could be subject to retrospective premium assessments for both its reactors during any one policy year, based on a multiple of the annual premium. As of December 31, 1992, the Authority could be liable for a maximum assessment of approximately $12,000,000 during any one policy year.

(5) *Shoreham and Long Island Matters:* After the Governor of New York and the president of the Long Island Lighting Company (LILCO) signed a settlement agreement in 1989 for the closing of the Shoreham nuclear power plant, the Long Island Power Authority (LIPA) and LILCO entered into agreements providing for the transfer of Shoreham to LIPA, which was accomplished in June 1992, and for its decommissioning by LIPA at LILCO's expense with the Authority's assistance. In January 1990, the Authority entered into a management services agreement with LIPA to provide LIPA with managerial and technical assistance under which the Authority, consistent with a legislative

directive enacted in July 1989, will be reimbursed by LIPA (and ultimately LILCO) for all costs related to the decommissioning of Shoreham and its interim maintenance (excluding any costs arising from the Authority's gross negligence or willful misconduct).

In December 1991 the Authority executed a capacity supply agreement with LILCO, along with associated gas transportation and property use agreements, to supply electric generation capacity to LILCO over a 20-year period beginning in 1994 pursuant to LILCO's solicitation, under New York State Public Service Commission auspices, of proposals for such capacity. The agreement provides for the construction of a 150-megawatt (mw) combined-cycle natural gas- and distillate-fueled generation plant at Holtsville in Suffolk County, New York, which is estimated to have a direct construction cost of approximately $135 million. The contract terms are structured to recover from LILCO, over the life of the capacity supply agreement, the Authority's full estimated cost of financing, constructing, fueling and operating the plant, but such full cost recovery cannot necessarily be assured.

In July 1992 a consortium of bidders, including the Authority, submitted a proposal, in response to a solicitation from LIPA, for the development of 400 mw of gas-fueled electric generating capacity utilizing the Shoreham site. The Authority's bid is contingent upon reaching a satisfactory capacity supply agreement with LILCO. Two other bids were submitted to LIPA. LIPA has not yet responded to the bids.

(6) An NRC Diagnostic Evaluation Team conducted an inspection at the Authority's FitzPatrick nuclear plant in late 1991. The report of the team, issued in December 1991, identified significant performance deficiencies in several areas. The plant had been taken out of service on November 27, 1991. On February 5, 1992, the NRC notified the Authority that FitzPatrick had been categorized as "requiring close monitoring" involving increased NRC attention and oversight. The Authority has implemented a program addressing the deficiencies, and the plant was returned to service on January 23, 1993.

Report of Independent Accountants

Power Authority of the State of New York
New York, New York

We have audited the accompanying balance sheet of the Power Authority of the State of New York as of December 31, 1992, and the related statement of net revenues and accumulated net revenues employed in the business and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Power Authority of the State of New York as of December 31, 1992, and results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit has been made primarily for the purpose of expressing an opinion on the basic financial statements taken as a whole. The summary of funds (cash basis) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Coopers & Lybrand

New York, New York
February 5, 1993

Additional Data

The additional data, appearing on pages 42 through 48, have been prepared from records and other information of the Power Authority and have not been examined by the independent accountants.

Power Authority Generating Facilities

Facility	Type	Net Rated Output (mw)	1992 Net Generation (mwh)
St. Lawrence-FDR	Hydro	800.0	6,992,198
Niagara	Hydro	2,400.0	14,981,026[1]
Blenheim-Gilboa	Pumped-Storage	1,040.0	(746,937)[1]
FitzPatrick	Nuclear	800.0	0
Indian Point 3	Nuclear	980.0[2]	4,760,596
Poletti	Oil/Gas	825.0	2,445,011
Ashokan	Hydro	3.3	23,381
Kensico	Hydro	2.4	7,763
Jarvis	Hydro	4.0	35,652
Crescent	Hydro	9.9	47,334
Vischer Ferry	Hydro	9.9	50,035
Total Net Generation			28,596,059

[1]Net of pumping energy
[2]Rerated in January 1991; rating for winter capability period is 1,000 mw.

Busbar Prices for Power & Energy Sold to Customers

Niagara/St. Lawrence-FDR Customers		
Utilities, Municipal and Cooperative Customers and Public Entities		
Demand		$1.00 per kw/month
Energy	Jan. 1–April 30	3.34 mills/kwh
	May 1–Dec. 31	3.82 mills/kwh
Composite at 70% Load Factor		5.60 mills/kwh
Replacement Power Sales of 445,000 kw to Niagara Mohawk		
Demand[1]		$1.92 per kw/month
Energy[1]		3.30 mills/kwh
Composite at 80% Load Factor		6.60 mills/kwh
Expansion Power Sales of 226,050 kw to Niagara Mohawk and New York State Electric & Gas		
Demand[1]		$2.53 per kw/month
Energy[1]		4.33 mills/kwh
Composite at 80% Load Factor		8.70 mills/kwh
Aluminum Company of America		
Demand	Jan. 1–April 30	$4.956 per kw/month
	May 1–Dec. 31	$4.839 per kw/month
Energy	Jan. 1–April 30	9.796 mills/kwh
	May 1–Dec. 31	9.565 mills/kwh
Composite at 80% Load Factor		18.000 mills/kwh
Reynolds Metals Company		
Demand	Jan. 1–April 30	$5.040 per kw/month
	May 1–Dec. 31	$4.919 per kw/month
Energy	Jan. 1–April 30	9.962 mills/kwh
	May 1–Dec. 31	9.722 mills/kwh
Composite at 80% Load Factor		18.300 mills/kwh
General Motors Corporation		
Demand[1]		$2.21 per kw/month
Energy[1]		3.78 mills/kwh
Composite at 80% Load Factor		7.60 mills/kwh
St. Lawrence Seaway Development Corporation and New York State Office of Parks, Recreation and Historic Preservation		10.00 mills/kwh

[1]Base rates are subject to annual adjustments effective May 1 based on the average annual changes in the cost of fuels consumed within the New York Power Pool as well as other prevailing economic trends. This factor was determined to be 1.0 for the May 1, 1992–April 30, 1993, period.

Blenheim-Gilboa Customers

Utilities, Municipal and Cooperative Customers and Public Entities

Demand	$2.30 per kw/month
a) Nonfirm pumped-storage energy transfers	10.20 mills/kwh
b) Economy energy sales—The Power Authority and the buyer share equally in net savings.	

FitzPatrick Customers

Utilities[2]	
Demand	$13.40 per kw/month
Energy	17.00 mills/kwh
Composite at 70% Load Factor	43.20 mills/kwh
Municipal and Cooperative Systems[3]	
Demand	$11.68 per kw/month
Energy	17.00 mills/kwh
Composite at 70% Load Factor	39.90 mills/kwh
Industrials	
Demand	$8.16 per kw/month
Energy	21.19 mills/kwh
Composite at 80% Load Factor	35.90 mills/kwh

[2]Sales to investor-owned utilities (IOUs) include firm and residual energy. Reserve energy is sold at a rate equal to the IOUs' avoided costs. IOUs have the right to purchase all residual energy available after the Power Authority's firm power obligations for FitzPatrick and other projects have been satisfied and after reserve sales.

[3]Rates reflect combined allocation of FitzPatrick and Blenheim-Gilboa power to full-requirements customers.

Poletti/Indian Point 3 Customers

Rates for power and energy sales to customers depend on the service provided as follows:

Conventional Rates
Jan. 1—Dec. 31

Service Class	$/kw/Month	Mills/kwh*
General Small	—	64.39
Commercial and Industrial Redistribution	8.78	33.15
Electric Traction Systems	6.48	38.25
Westchester Streetlighting	—	54.13
Multiple Dwellings—Redistribution	7.76	34.20
General Use—Large	6.40	35.81
N.Y.C. Streetlighting	7.06	34.09
N.Y.C. Transit Authority Substation	7.22	35.22
N.Y.C. Transit Authority Plant	6.86	44.20
World Trade Center	8.52	38.14
N.Y.C. Public Buildings	6.54	37.90

Average busbar charge for 1992 for these customers was 57.5 mills/kwh.

*Subject to a monthly energy charge; base energy cost was 18.643 mills.

Utilities	
Demand	$17.07 per kw/month
Energy[4]	

[4]Firm energy sales are made to Con Edison from Poletti based on the Power Authority's incremental cost of fuel consistent with New York Power Pool procedures and any other allocable energy-related costs connected with Poletti. The Indian Point 3 (IP3) firm energy rate for sales to Con Edison is based on the sum of the Power Authority's nuclear fuel replacement rate, the nuclear fuel waste disposal fee and any other allocable energy-related costs associated with IP3.

Supplemental energy sales are made to the New York Power Pool in accordance with pool procedures.

All other energy sales are made to various utilities based on mutually agreeable pricing arrangements.

Time-of-Day Production Rates
Jan. 1–Dec. 31

Service Class	$/kw/ Month	On-Peak Mills/kwh	Off-Peak Mills/kwh
Commercial & Industrial Redistribution	7.21	47.79	26.43
Multiple Dwellings—Redistribution	6.96	49.41	27.06
General Use—Large	5.30	51.10	26.62
World Trade Center	7.20	51.56	28.28
N.Y.C. Public Buildings	5.36	54.87	26.83

Notes:

The on-peak period is weekdays from 8 a.m. to 6 p.m., including holidays. The off-peak period is all other hours.

Demand rates are applicable to the peak demand occurring during the on-peak period.

In addition to the indicated energy rates, the conventional energy charge adjustment is applied on a monthly basis.

Time-of-day production rates apply to the Poletti/Indian Point 3 public agency accounts with monthly demands of 1.5 mw or more.

General Footnote:

Beginning in January 1992, the Power Authority became a full operating member of the New York Power Pool. Pool-related revenues and expenses associated with production and transmission activities are a result of the Power Authority's operating in accordance with pool procedures.

Selected Financial Data[1]

(In Thousands)

Project	Operating Revenues	Operating Expenses	Accumulated Depreciation
St. Lawrence-FDR	$ 81,680	$ 34,116	$ 194,641
Niagara	114,818	103,366	329,942
Blenheim-Gilboa	39,673	28,955	69,005
FitzPatrick	171,091	295,105	221,990
Poletti/IP3	738,824	662,700	484,107
Small Hydro[2]	8,453	4,329	6,098
Generating Facilities Subtotal	1,154,539	1,128,571	1,305,783
Transmission Facilities	214,356	184,311	164,290
Total	$1,368,895	$1,312,882	$1,470,073

[1]Operating revenues and operating expenses by project include interproject sales and purchases of power in the amount of $84,554. They do not include any of the following unallocated items:

Other income (principally interest)	$228,494
Other deductions (principally interest)	$240,412
Advance bond refunding charge and early redemption call premium	$ 9,502

[2]Comprises Ashokan, Kensico, Jarvis, Crescent and Vischer Ferry

Energy Transfers and Purchases (kwh)

(For New York Power Authority Use[1])

Energy Transferred	
St. Lawrence-FDR to:	
Niagara	702,359,000
Niagara to:	
Blenheim-Gilboa	525,004,000
FitzPatrick	2,217,061,000
Poletti/Indian Point 3	94,467,000[2]
Blenheim-Gilboa to:	
FitzPatrick	81,998,000
Poletti/Indian Point 3	197,197,000[2]
Poletti/Indian Point 3 to:	
FitzPatrick	319,476,000
Ashokan to:	
Poletti/Indian Point 3	23,505,000
Kensico to:	
Poletti/Indian Point 3	7,634,000
Small Hydro Project #1 to:	
Poletti/Indian Point 3	22,134,000

Purchased Power	
Canadian Sources to:	
FitzPatrick	516,273,000
Poletti/Indian Point 3	470,368,000
Investor-Owned Utilities to:	
FitzPatrick	353,856,000
Poletti/Indian Point 3	2,495,585,000

[1]Transfers between projects are reported on a net basis and do not reflect transmission losses.

[2]Net of pumping energy

1992 Sales to Customers (kwh)

Niagara	Total Energy
Investor-Owned Utilities	
New York State Electric & Gas	1,060,901,000
Niagara Mohawk[1]	5,868,512,051
Rochester Gas and Electric	449,164,000
Municipal and Cooperative Systems	3,667,821,272
Out-of-State	
Allegheny Electric Cooperative	276,999,000
Cleveland, City of	383,041,000
Connecticut Municipal Electric Cooperative	92,201,000
Massachusetts Department of Public Utilities	429,279,000
Public Power Association of New Jersey	77,267,000
Rhode Island Public Utilities Commission	4,621,000
Vermont Department of Public Service	76,367,000
Municipal Utility Service Agencies	
Dutchess County Public Utility Service	2,798,000
Nassau County Public Utility Agency	13,430,000
New York City Public Utility Service	77,241,000
Orange County	3,114,000
Rockland County	2,853,000
Suffolk County Electrical Agency	13,401,000
Westchester County Public Utility Agency	8,596,000

St. Lawrence-FDR	Total Energy
Investor-Owned Utilities	
New York State Electric & Gas	625,157,000
Niagara Mohawk	666,438,000
Rochester Gas and Electric	347,493,000
Out-of-State	
Allegheny Electric Cooperative	106,525,000
Cleveland, City of	91,854,000
Connecticut Municipal Electric Cooperative	27,163,000

[1]Energy includes 30,273,051 kwh reallocated on a temporary basis.

Massachusetts Department of Public Utilities	49,112,000
Public Power Association of New Jersey	60,260,000
Rhode Island Public Utilities Commission	7,482,000
Vermont Department of Public Service	137,838,000
Others	
Niagara Frontier Transportation Authority	3,503,017
N.Y.S. Office of Parks, Recreation and Historic Preservation	463,084
St. Lawrence Seaway Development Corporation	205,313
Industrials	
Aluminum Company of America	1,999,742,000
General Motors Corporation	46,023,300
Reynolds Metals Company	2,097,381,000
Southeastern New York	
N.Y.S. Metropolitan Transportation Authority	41,407,776

Blenheim-Gilboa	Total Energy
Investor-Owned Utilities	
Central Hudson	925,000
Con Edison	1,307,000
Long Island Lighting	1,026,000
New York State Electric & Gas	1,886,000
Niagara Mohawk	2,174,000
Orange and Rockland	886,000
Rochester Gas and Electric	1,806,000

FitzPatrick	Total Energy
Investor-Owned Utilities	
Central Hudson	15,435,000
Con Edison	1,035,874,000
Long Island Lighting	372,112,000
Niagara Mohawk	271,392,000
Rochester Gas and Electric	121,776,000
Municipal and Cooperative Systems	357,639,629
Municipal Utility Service Agencies	
Nassau County Public Utility Agency	9,673,197
New York City Public Utility Service	226,392,358
Suffolk County Electrical Agency	6,700,547
Westchester County Public Utility Agency	17,570,917
Industrial and Commercial	
Airco Industrial Gases	121,173,899
Air Products and Chemicals, Inc.[2]	99,209,464
Aluminum Company of America[3]	3,416,000
Alusuisse Flexible Packaging, Inc.	3,775,303
B. Dalton Bookseller, Inc.	4,367,843
Compositech Ltd.	153,305
Computer Associates International, Inc.	35,743,214
General Instrument Corporation	1,053,019
General Motors Corporation	55,104,189
Grumman Corporation	66,400,637
Hazeltine Corporation	12,081,112
Insert Color Press	2,491,301
Monitor Aerospace Corporation	1,458,215
Nature's Bounty, Inc.	3,431,502
Occidental Chemical Corporation	181,174,936
Owens-Corning Fiberglas Corporation	37,099,637
Reynolds Metals Company	128,173,000
Shearson Lehman Brothers Inc.	52,309,238
The Ullman Company Inc.	3,621,182
Other	
Brookhaven National Laboratory[4]	193,048,613

[2]Includes 22,894,469 kwh received on a temporary basis
[3]Total energy received on a temporary basis
[4]Includes 62,231,751 kwh received on a temporary basis

Poletti/Indian Point 3	Total Energy
Utilities	
Central Hudson	100,000
Con Edison	875,893,000
Hydro-Québec	135,974,000
Long Island Lighting	400,000
New York Power Pool	584,604,000
Orange and Rockland	90,000
Southeastern New York	
Ardsley, Village of	542,019
Bedford Central School District	481,920
Briarcliff Manor, Village of	1,755,411
Briarcliff Manor Union Free School District	1,536,600
Bronxville, Village of	2,061,328
Buchanan, Village of	567,416
Byram Hills Central School District	1,822,608
Chappaqua Central School District	3,946,459
Cortlandt, Town of	1,749,988
Croton Harmon Union Free School District	867,786
Croton-on-Hudson, Village of	1,624,970
Dobbs Ferry, Village of	1,202,576
Eastchester, Town of	2,195,473
Eastchester Union Free School District	1,685,140
Elmsford, Village of	775,875
Greenburgh, Town of	20,257,974
Greenburgh Housing Authority	938,982
Harrison, Town of	5,572,947
Hastings-on-Hudson, Village of	1,116,389
Hendrick Hudson School District	1,622,760
Irvington, Village of	1,200,278
Jacob K. Javits Convention Center	31,732,080
Lakeland Central School District	5,268,113
Larchmont, Village of	1,013,240
Mamaroneck, Town of	1,218,616

Mamaroneck, Village of	2,377,201
Mamaroneck Union Free School District	3,086,430
Montrose Improvement District	1,337,607
Mount Kisco, Village of	2,737,236
Mount Pleasant, Town of	4,211,356
Mount Pleasant Central School District	1,661,239
Mount Vernon, City of	13,080,140
Mount Vernon City School District	6,308,434
New Castle, Town of	3,069,765
New Rochelle, City of	17,842,290
New Rochelle Municipal Housing Authority	2,998,200
New York City Housing Authority	942,606,734
New York City	2,903,764,732
New York State Metropolitan Transportation Authority	2,586,451,655
New York State Office of General Services	270,472,077
North Castle, Town of	1,857,705
North Tarrytown, Village of	1,151,192
North Tarrytown Housing Authority	392,280
Ossining, Town of	428,317
Ossining, Village of	5,232,599
Ossining Union Free School District	2,459,520
Peekskill, City of	11,055,450
Pelham, Village of	591,986
Pelham Manor, Village of	338,678
Pelham Union Free School District	1,400,256
Pleasantville, Village of	1,199,245
Pleasantville Union Free School District	1,070,810
Port Authority of New York and New Jersey	872,263,547
Port Chester, Village of	2,774,372
Port Chester Housing Authority	1,661,880
Port Chester-Rye Union Free School District	2,206,891
Roosevelt Island Operating Corporation	4,432,567
Rye, City of	4,462,966
Rye, Town of	2,276,944
Rye Neck Union Free School District	1,366,894
Scarsdale, Village of	3,222,243
Scarsdale Union Free School District	2,932,835
Southern Westchester Board of Cooperative Educational Services	4,422,206
Tarrytown, Union Free School District of	1,610,571
Tarrytown, Village of	3,164,508
Thornwood Water District	567,240
Tuckahoe, Village of	997,423
Tuckahoe Housing Authority	683,202
Tuckahoe Union Free School District	612,960
Valhalla Union Free School District	980,393
Westchester County	160,497,834
Westchester Joint Water Works	958,625
White Plains, City of	24,013,432
White Plains City School District	5,775,574
White Plains Housing Authority	2,035,974
Yonkers, City of	52,835,897
Yonkers Housing Authority	9,104,238
Yorktown, Town of	878,534

Small Hydroelectric Project #1	Total Energy
Niagara Mohawk	109,702,125

1992 Sales Supplemental Schedule (kwh)

Municipal and Cooperative Systems	Hydro Energy[1]	Incremental Energy[2]
Akron	44,568,188	6,316,449
Andover	6,745,246	847,972
Angelica	7,349,965	981,933
Arcade	104,380,427	18,679,966
Bath	71,755,301	8,100,023
Bergen	7,736,790	16,699,222
Boonville	59,285,792	7,283,161
Brocton	12,079,300	2,290,588
Castile	7,179,956	347,024
Churchville	15,477,292	2,799,613
Delaware	42,420,947	5,471,265
Endicott	48,387,839	5,890,209
Fairport	320,436,437	52,184,449
Frankfort	17,080,984	3,850,543
Freeport	231,598,886	0
Greene	30,953,776	4,145,159
Green Island	12,108,288	466,353
Greenport	28,290,552	2,001,332
Groton	21,013,777	2,210,698
Hamilton	53,322,722	3,490,141
Holley	21,146,021	2,516,309
Ilion	62,051,087	5,892,726
Jamestown	456,006,000	0

Lake Placid	113,346,031	29,493,843
Little Valley	19,007,628	4,041,613
Marathon	17,032,437	246,214
Massena	131,009,220	18,056,946
Mayville	22,162,125	2,154,290
Mohawk	20,887,255	1,758,455
Oneida-Madison	15,681,439	3,070,977
Otsego	36,653,368	7,565,888
Penn Yan	57,633,482	4,323,137
Philadelphia	8,526,694	3,240,834
Plattsburgh	505,475,453	44,800,127
Richmondville	11,454,533	2,425,912
Rockville Centre	159,591,530	0
Rouses Point	79,013,608	14,456,722
Salamanca	63,689,603	8,917,945
Sherburne	63,721,779	348,185
Sherrill	69,034,188	7,901,622
Silver Springs	4,216,997	884,319
Skaneateles	24,278,283	2,419,687
Solvay	160,563,319	0
Spencerport	51,405,197	7,194,058
Springville	47,992,333	7,748,337
Steuben	59,326,377	3,295,939
Theresa	6,385,131	1,184,289
Tupper Lake	74,195,529	12,757,064
Watkins Glen	38,258,462	5,903,116
Wellsville	57,475,866	4,514,562
Westfield	68,427,832	6,470,413
Total	3,667,821,272	357,639,629

(1)Total hydro energy for this customer class is supplied by the Niagara project.
(2)Total incremental energy for this customer class is supplied by the FitzPatrick plant.

Replacement Power Recipients

Advanced Refractory Technologies, Inc.
AlliedSignal Inc.
Avery Business Systems Division, PSP Adhesives
Bell Aerospace Textron
Bethlehem Steel Corporation
Buffalo China, Inc.
Buffalo Color Corporation
Buffalo Forge Company
Buffalo Tungsten Inc.
The Carbide/Graphite Group, Inc.
Carborundum Abrasives Company
The Carborundum Company
Ceres Corporation(1)
ConAgra, Inc.
Curtis Screw Co., Inc.
Dunlop Tire Corporation
E.I. du Pont de Nemours & Company
E.P.L.(1)
Fisher-Price, Inc.
FMC Corporation, Peroxygen Chemicals Division
F.N. Burt Company, Inc.
General Abrasive Treibacher Inc.
General Mills, Inc.
General Motors Corporation, Saginaw Division Tonawanda Forge
Globe International Inc.
The Goodyear Tire & Rubber Company(1)
Graphic Controls Corporation
International Imaging Materials, Inc.
I Squared R Element Co., Inc.
Mirolin Industries Inc.(1)
Nabisco Brands, Inc.
Niacet Corporation
Niachlor
Niagara Cold Drawn Corp.
Niagara Falls Water and Wastewater Treatment Plants
Niagara Straw Company, Inc.(1)
Occidental Chemical Corporation
Olin Corporation
Outokumpu American Brass, Inc.
The Pillsbury Company
Praxair, Inc.
Precision Electro Minerals Co.
PVS Chemicals, Inc.(1)
Pyron Corporation
Rich Products Corporation
Sigri Great Lakes Carbon Corporation
Sivaco New York, Division of National Wire Products Industries, Inc.
SKW Alloys, Inc.
Sorrento Cheese Company, Inc.
Spaulding Composites Company, Inc.
Sweeney Steel Service Corp.(1)
TAM Ceramics, Inc.
Tulip Corporation
UCAR Carbon Company Inc.
Ultra Tool & Plastics, Inc.
Washington Mills Electro Minerals Corporation
Westwood Squibb Pharmaceuticals Inc.(1)

(1)Service had not yet begun as of December 31, 1992.

Expansion Power Recipients

Airco Industrial Gases
AL Tech Specialty Steel Corporation
Alumax Extrusions, Inc.(1)
Arcata Graphics Buffalo, An Arcata Graphics Company
Bethlehem Steel Corporation
Buffalo Paperboard Corporation
Buffalo Specialty Products, Inc.
Cadillac Rubber & Plastics, Inc., Injected Rubber Products Division
The Carbide/Graphite Group, Inc.
Carleton Technologies Inc.
Cascades Niagara Falls Inc.
ConAgra, Inc.
Dunkirk Ice Cream Co., Inc.
Dunlop Tire Corporation
Dussault Foundry Corporation

E.I. du Pont de Nemours & Company
Fairbank Farms
Fisher-Price, Inc.
F.N. Burt Company, Inc.
Freezer Queen Foods Inc.
General Mills, Inc.
General Motors Corporation, Harrison Division
HSC Controls Inc.[1]
International Imaging Materials, Inc.
International Multifoods Corporation
Moog Inc.
Motorola, Inc.
MRC Technologies, Inc.
Occidental Chemical Corporation
Olin Corporation
Optiplas Films, Inc.
The Pillsbury Company
Pohlman Foundry Company, Inc.
Praxair, Inc.
Pyron Corporation
Ralston Purina Company
The Red Wing Company, Inc.
Russer Foods, Division of ZEMCO Industries, Inc.
Servotronics, Inc.[1]
Sigri Great Lakes Carbon Corporation
SKW Alloys, Inc.
Spaulding Composites Company, Inc.
Special Metals Corporation
Steuben Foods Incorporated
TAM Ceramics, Inc.
3M
Tops Markets Inc.
Trico Products Corporation
Tulip Corporation
Ultra Tool & Plastics, Inc.
VAL-KRO, Inc.
Westwood Squibb Pharmaceuticals Inc.

[1]Service had not yet begun as of December 31, 1992.

FitzPatrick Power Recipients

Airco Industrial Gases
Air Products and Chemicals, Inc.
Aluf Plastics, Inc.[1]
Aluminum Company of America
Alusuisse Flexible Packaging, Inc.
American Broadcasting Companies, Inc.
American Cyanamid Company[1]
American International Group, Inc.
B. Dalton Bookseller, Inc.
Bear, Stearns & Co. Inc.
Bennett X-Ray Corp.[1]
Brenner Paper Products Company Inc.
Bristol-Myers Squibb Company[1]
Brookhaven National Laboratory
Bus Industries of America, Inc.
Chase Manhattan Bank, N.A.
Chromalloy Turbine Technologies[1]
Citibank, N.A.[1]
Compositech Ltd.
Computer Associates International, Inc.
Curtains and Fabrics, Inc.
Eagle Electric Manufacturing Co., Inc.
EDO Corporation
General Instrument Corporation
General Motors Corporation
Grumman Corporation
Hazeltine Corporation
H.M. Quackenbush, Inc.
Hosiery Concepts, Inc.[1]
Hudson Wire Company
Hunts Point Cooperative Market, Inc.
Insert Color Press
Lawson Mardon Packaging, Inc.
LeRoy Industries Inc.
Lyons Falls Pulp & Paper Inc.
Mack Molding Company, Inc.[1]
Mearl Corporation
Metropolitan Life Insurance Company
Monitor Aerospace Corporation
Morgan Guaranty Trust Company of New York

National Broadcasting Company, Inc.
Nature's Bounty, Inc.
Newsday, Inc.
New York Envelope Corporation
The New York Post Company, Inc.
The New York Times Company, Inc.[1]
NYNEX Information Resources Company
Oak-Mitsui, Inc.[1]
Occidental Chemical Corporation
Owens-Corning Fiberglas Corporation
Precision Valve Corporation
Prudential Securities, Inc.
Remee Products Corporation[1]
Reynolds Metals Company
Ruco Polymer Corporation
Shearson Lehman Brothers Inc.
SKW Alloys, Inc.
The Ullman Company Inc.

[1]Service had not yet begun as of December 31, 1992.

Glossary

Cogeneration: Simultaneous generation of electricity and thermal energy, such as steam, for a useful purpose, from a single fuel source.

Competitive bidding: Ordered by the state Public Service Commission in June 1988, the process by which New York's investor-owned utilities obtain bids and award contracts for new electric generating capacity. The Power Authority is building the state's first competitively bid power plant, in Holtsville, L.I., for the Long Island Lighting Company.

Demand charge: Part of an electricity bill, the demand charge is based on a customer's maximum use of electricity during a specified period.

Energy: Power consumed over a period of time, usually measured in kilowatt-hours.

Energy charge: An electricity bill component based on a customer's total energy use, in kilowatt-hours, during a specified period.

Expansion power: A block of 250,000 kilowatts of Niagara project power reserved by the Power Authority to encourage companies to expand or build new facilities in western New York.

Firm power: Power intended to be available to a customer at all times during a period covered by a commitment.

General purpose bond: A bond secured by a pledge of net revenues from the operation of a facility.

Incremental energy: Additional electricity provided to a customer above a previously determined base amount. The Power Authority supplies incremental energy from the FitzPatrick plant to meet the needs of its municipal and cooperative system customers beyond their hydropower allocations.

Investor-owned utility: A taxpaying business financed by the sale of securities and bonds in the free market. New York State has seven investor-owned electric utilities, which serve specific geographic areas.

Kilowatt (kw): One thousand watts. A watt is the standard unit for measuring electric power. A typical house, not electrically heated, requires about three kilowatts.

Kilowatt-hour (kwh): One thousand watt-hours. The amount of electric energy needed to light a 100-watt bulb for 10 hours. A typical house, not electrically heated, uses about 500 kilowatt-hours a month.

Load factor: The amount of energy used by a customer during a period as a percentage of the maximum amount of energy that would have been consumed if the customer maintained its peak use throughout the entire period.

Megawatt (mw): One million watts, or 1,000 kilowatts. A large suburban shopping mall typically requires about three megawatts. The World Trade Center complex in New York City needs about 85 megawatts.

Mill: One tenth of a cent. Energy charges are expressed in mills or cents per kilowatt-hour.

Municipal and rural electric cooperative systems: Electric utility systems owned or operated by communities or residents of rural areas to serve homes, businesses or farms. The Power Authority supplies electricity to all of New York State's 47 municipal systems and four rural cooperatives.

Nonfirm power: Power provided to a customer without the assured availability of firm power. Deliveries may depend on the operation of a specific plant, on the seller having surplus power or on the relative costs of alternative sources.

Peak demand: A utility customer's maximum power requirements during a specified period. In New York State, demand for electricity usually peaks between 10 a.m. and 8 p.m., June through September.

Power: Electricity supplied at any instant, usually measured in kilowatts.

Replacement power: A 445,000-kilowatt block of Niagara project power earmarked under federal law for western New York companies previously served by two Niagara Mohawk power plants that are now defunct.

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The Power Authority is New York's lowest-cost and only statewide electricity supplier.

New Yorkers saved $600 million in 1992 by using Power Authority electricity.

The Power Authority is the nation's largest nonfederal public power organization.