New York Power Authority Annual Report for 1983

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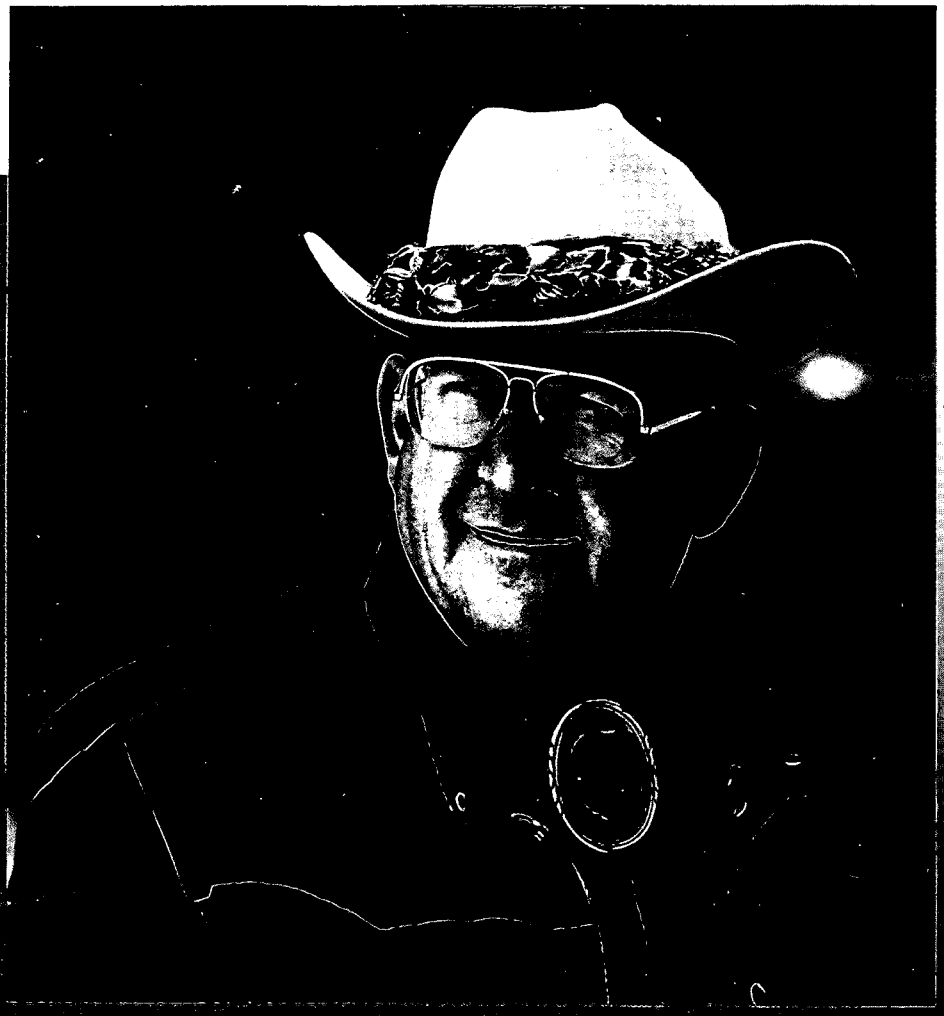

Outdoorsman, conservationist and author, Bill Hilts exemplifies that richness and diversity of talent that have enabled workers of the past and present to make special contributions to the Power Authority's continuing quest for excellence.

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New York Power
Authority

Chairman's Message

Within the past few decades, changes so sweeping that they could constitute a second Industrial Revolution have swept through the workplaces of America. New applications of electronic ingenuity are changing the nature of work itself in everything from the corporate boardroom to the assembly line. Last year on these pages, we hailed the arrival of the new Age of Electronic Enterprise and cited the central role that electricity will play in the factory and office of the future. As the logical continuation of this and all other American success stories, the 1983 annual report will celebrate the achievements of the American worker. It will salute the intelligence, skill and creativity that have been the most important attributes of the American worker since intrepid pioneers and pilgrims first settled a young continent.

With the advent of the electronic era, the excellence of the individual worker has become an even more significant factor in the success of American enterprise. The first Industrial Revolution mainly demanded strength and dexterity to operate its machines and to perform on its assembly lines. Today, as we shift toward an economy increasingly dominated by high technology industries, the workplaces of America are charged with new challenges that demand creative solutions. Today's workplace requires more educated people than ever before while tomorrow's workplace will call for men and women of even higher levels of intelligence and imagination to perform its many complex functions.

The Power Authority has been exceptionally blessed with people possessed of the abilities required by an era of profound technological change. The talents of the men and women profiled on the following pages extend beyond the confines of their jobs into areas of community service, the arts, the environment and historic preservation. We believe that the richness and diversity of their talents have permitted them to make a special contribution to the Power Authority as an organization. While space allows us to feature only a few from among our nearly 3000 workers, through them we salute all those who have made possible the Authority's past and present accomplishments. Through them, we also take this occasion to celebrate the worker's central contribution to America's continuing economic and creative vitality.

John S. Dyson, Chairman

The toil of generations and the collective creative power of the human mind continually transform the world. We have cultivated the barren fields of the earth and made them fertile; we have built majestic monuments and raised up towering cities. Some of this work, like inventing basic shelters or developing rudimentary farming methods, were simple actions to ensure survival, while other work—handcarving fine furniture or embellishing clothes with color—grew from a complex desire to refine and beautify life. Whether work grew from the will to survive or the instinct to fashion life, its accomplishments have been astonishing. Work is the way that the human race has imposed order on the world.

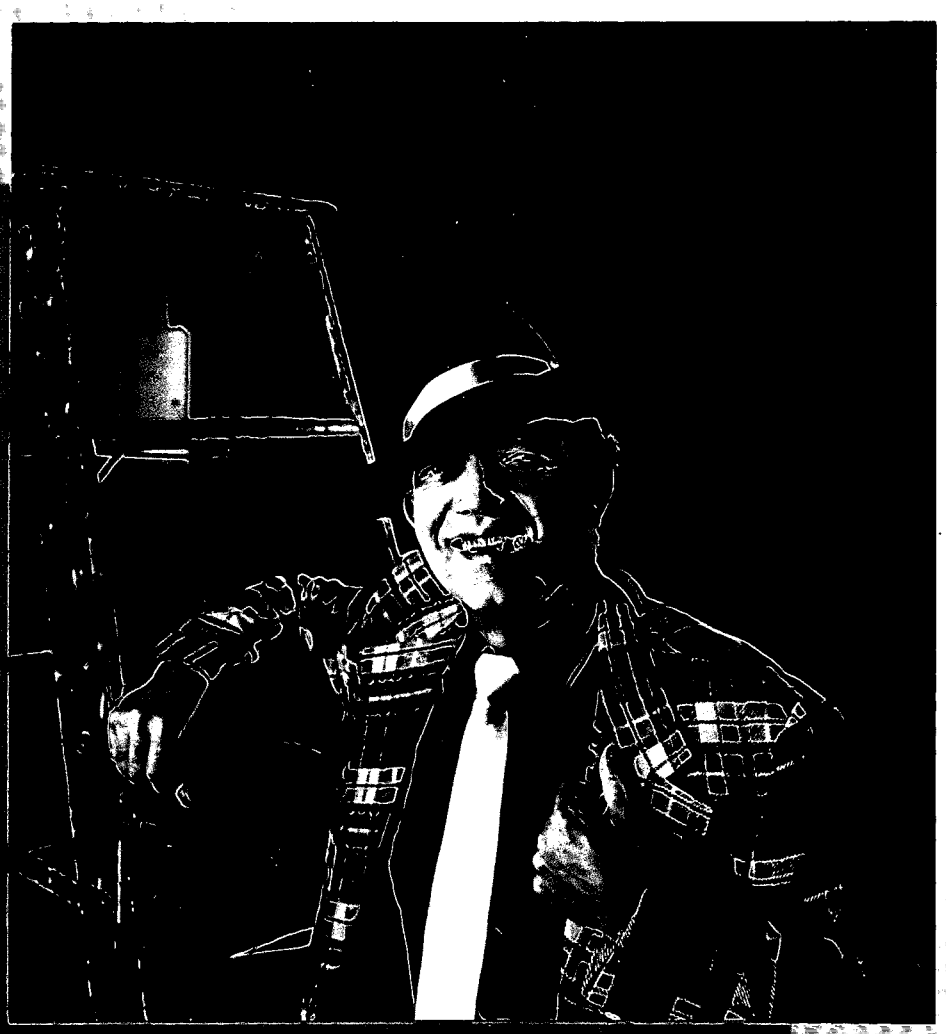
Recent history records amazing examples of man's courage to investigate and transform his world. In a great cultural undertaking based upon the ethical value of work, the Israelis have irrigated a desert and turned it into a garden. In another effort that unleashed the collective creativity of a nation, the Japanese have arisen from the rubble of post-war ruin and transformed their land into a model industrial state.

The sustained growth in productivity that occurred during America's own Industrial Revolution has never been rivaled. Between 1860 and 1914, industrial production rose at a rate of more than 5% annually, a sustained rate matched by no other country in history. Indeed, by 1894, the U.S. had risen to first among the manufacturing nations of the world, with textiles, iron and steel, processed foods and lumber pouring forth from its mills and factories. Millions of workers performed dazzling construction feats, building first the canals, then the railroads, bridges, telegraph and telephone systems that united a nation almost as large as a continent. To build the canals that constituted the first real link among its manufacturing centers, immigrants were recruited as soon as they stepped off the ships. Workers, both immigrant and native-born, toiled together to dig nearly 7000 miles of canal during the heyday of canal building between 1830 and 1850.

After the canals came another engineering feat of the first magnitude—the transcontinental railroad connecting America from the Atlantic to the Pacific Oceans. By 1869, nearly 2000 miles of track were laid by men whose labors were unaided by a single bulldozer. The golden spike, marking the point where the eastern and western parts of the railroad met, marked another triumph for the courage and energy of the American worker.

In its war effort between 1941 and 1945, the U.S. continued to astonish the world with its productive might. This organized

Bruce Eaken



Opting for law school over drama school, Bruce Eaken now adds to the drama in his life by enacting colorful character parts. Bruce also volunteers at a shelter for the homeless and serves as an arbitrator in small claims court.

harnessing of industrial strength was unprecedented in American history. During these few years, 300,000 warplanes and 124,000 ships of every description were produced by the resourceful U.S. worker, while air bases, harbors and factories were constructed all around the globe. Industrial miracles became the order of the day. In 1941, for example, it required seven months to assemble a medium-size merchant vessel, but by 1944, such a ship could be constructed in as little as two weeks. Those put out of work by the Great Depression, migrants to the cities, women, the young and the old, all proved that the U.S. could manufacture munitions and aircraft as well as refrigerators and razor blades. After the war, the national momentum continued. During the 60's, by harnessing the skills of the American worker, the U.S. put man on the moon.

Progress through Power Authority Projects

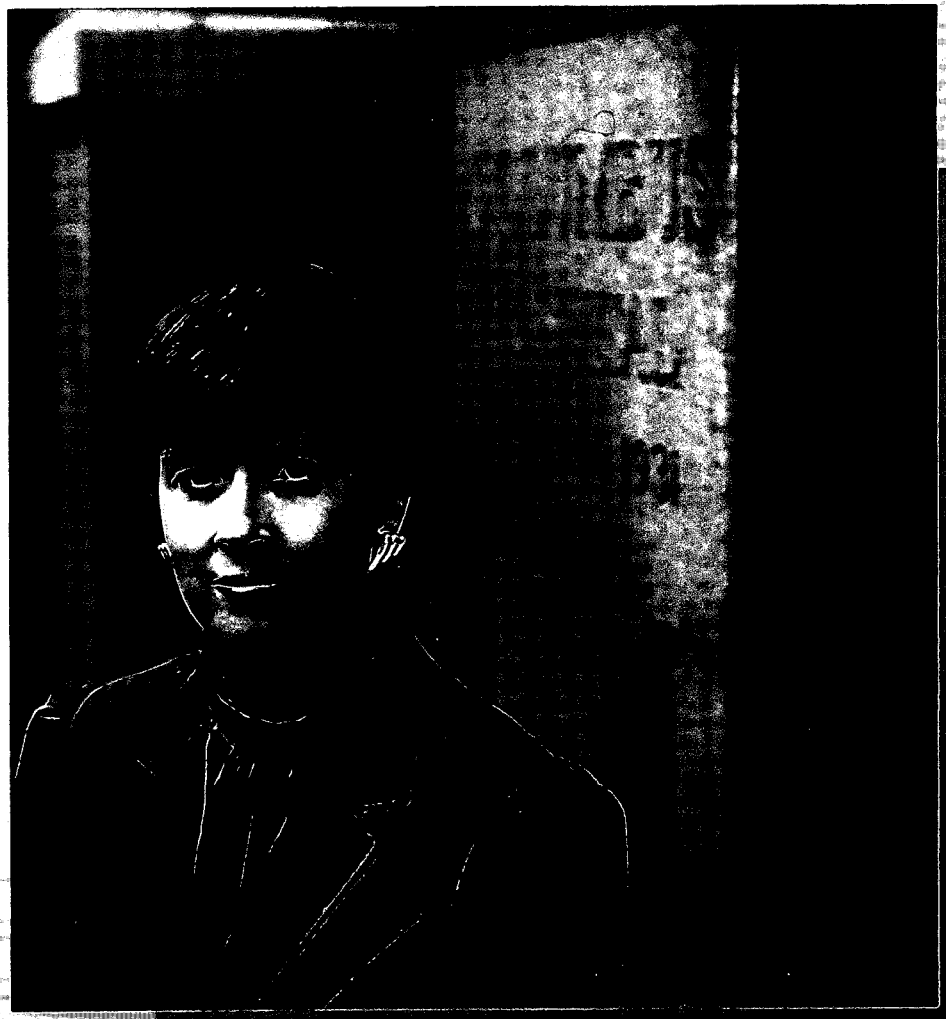
The workers and leaders of the New York Power Authority have been proud to be part of this great outburst of American productivity. Nearly 50,000 people toiled to develop some of the nation's mightiest natural resources—the St. Lawrence and Niagara Rivers—to assure New York of abundant supplies of electricity. The efforts of these workers enabled the homes, businesses, farms and industries of the State to enjoy many more of the benefits of safe, clean and cheap electricity. As a result of their labors, as well as the work of thousands of others who constructed and operate the Authority's seven additional projects, the Power Authority is today the most important electrical resource of the State.

The availability of Power Authority electricity has also made a substantial contribution to New York's economic development. In 1958, for example, when the Authority's first project, the St. Lawrence-Franklin D. Roosevelt Power Project, began to produce power, the Reynolds Aluminum Company moved to Massena. It became the second company to sign contracts with the Authority, joining Alcoa, which had come there in 1902. In 1959, the General Motors Corporation also built a plant at Massena to take advantage of the project's cheap hydropower. Between them, Reynolds and General Motors brought approximately 600 jobs to the area. Today, the three companies employ 55% of the manufacturing force and 17½% of the total work force of St. Lawrence County and have substantially contributed to the economic well-being of the area.

It was the dedication and ingenuity of 22,000 workers from all over the U.S. that made the St. Lawrence-FDR project a reality. While building the project, the workers moved enough earth to fill railroad cars stretching eight times across the continent; they poured enough concrete to build a two-lane highway that could connect New York's North Country with Washington, D.C. Many slept and ate in shifts so that work could continue 'round the clock; others became so engrossed in their tasks that they never stopped for dinner. As a result of the workers' unflagging zeal, the massive St. Lawrence-FDR project was completed two years ahead of schedule.

The Authority's Niagara Power Project stands as another

Mary Paris



Cabrini Hospice, where Mary Paris serves as a volunteer, provides medical care and spiritual solace to the terminally ill. Whatever Mary does–serving meals to the patients, reading to them or praying with them–is directed to helping the terminally ill die with dignity.

such testament to the prowess and continuing commitment of the American worker. The project itself was the outcome of legislative enactment and an act of nature. On June 7, 1956, a rockslide substantially destroyed the Niagara Mohawk Power Corporation's Schoellkopf plant. One hundred and twenty thousand tons of rock, dirt and rubble wiped out two-thirds of this, Niagara Mohawk's largest hydroelectric facility. Only speedy and decisive action could avert an economic and power emergency. Accordingly, in 1957 the federal government passed legislation enabling the Authority to construct what was then the world's largest hydroelectric project. Twelve thousand people worked to build the monumental Niagara Power Project. They smashed rock, bent iron and poured concrete throughout the blistering summers and Arctic-like winters of northwestern New York. Intrepid men dangled from ropes hundreds of feet above the Niagara River to carve out the face of the cliff. They moved enough dirt and rock to erect a column rivaling the height of Mt. McKinley, the highest mountain in North America. As in the case of St. Lawrence-FDR, the results of this race with time were record-breaking: the entire endeavor was completed in three years. Today, the Niagara Power Project ranks as quite probably New York State's most valuable man-made resource.

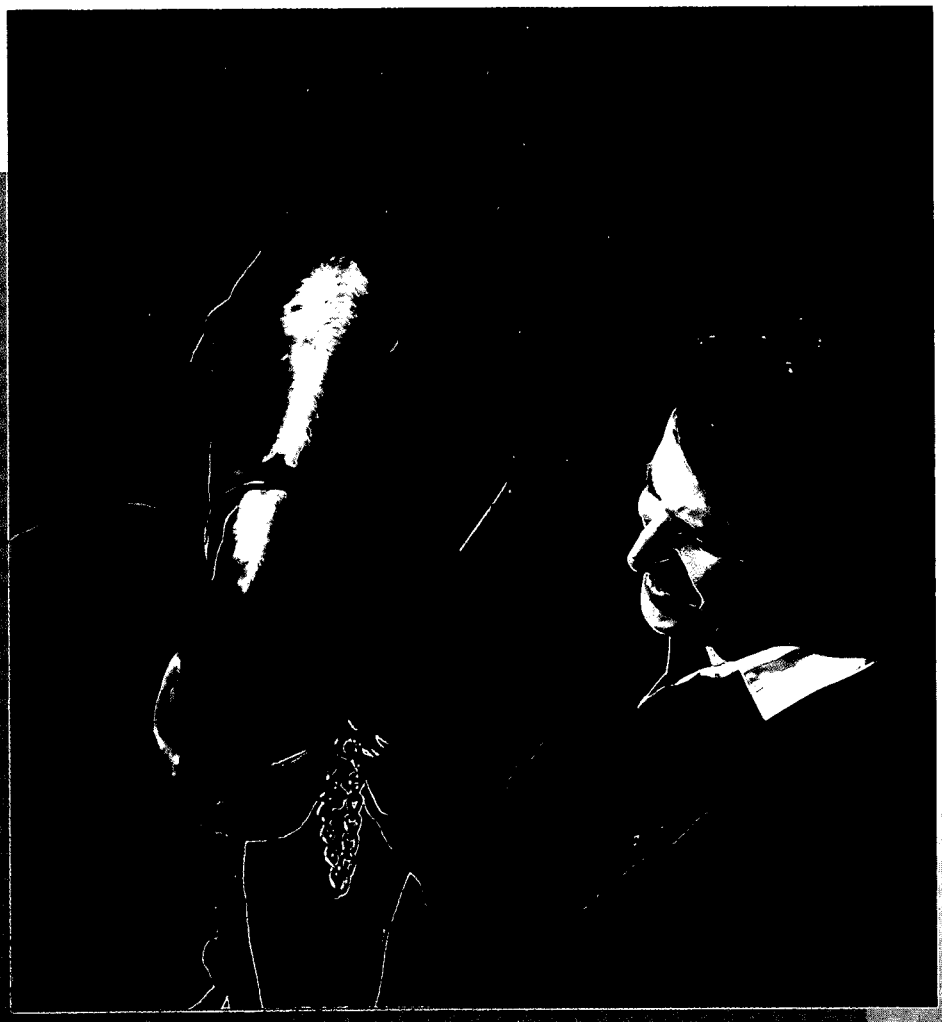
In dealing with these and all achievements of the American worker, it is important to remember that the statistics—miles of track laid down, cubic yards of concrete poured, tons of steel consumed in construction—tell only part of the story, the part that goes on record. Off record is often a far more fascinating story of the worker as a complex, total human being abounding in attachments of family and friends, acts of service to society and a multiplicity of talents that the job itself can only begin to tap. It is to this poignant, unsung and mainly unrecognized portion of the worker's entire story that the Power Authority also wishes to pay tribute.

Past Leaders of Accomplishment

Not just the Niagara and St. Lawrence-FDR projects, but all Authority facilities are the outcome of the dedication of the workers and a testament to the leaders who organized their skills. First among the leaders was Franklin D. Roosevelt, who founded the Authority in 1931 to bring "more and cheaper electricity into the homes of the state, into the small shops and small industries and into the farms." Roosevelt assigned top priority to developing New York's great natural resources, specifically the water power of the St. Lawrence River, for the good of the people, and as governor of New York, he created the Authority for this purpose. The institution of the Power Authority, a victory for public power, has been regarded by some as Roosevelt's most important accomplishment while Governor of New York. The internationally acclaimed Tennessee Valley Authority, another of FDR's many permanent legacies to the American people, was modeled upon the Power Authority of the State of New York.

For more than twenty years, the Authority, an organization that Roosevelt had established by law, fought to become an organization that likewise existed in deed. A succession of highly

Brad Telias



Since childhood, Brad Telias has been fascinated by the nobility of horses and by the pageantry of the sport of kings. Teaching a course at the New School and hosting a cable TV program are only two of the many ways Brad champions the cause of the horse.

competent chairmen sought authorization to proceed with the St. Lawrence facility, but their best efforts were thwarted by disagreements over the companion Seaway project. Finally, in 1952, the way started to open when the International Joint Commission, a body created to resolve disputes between the U.S. and Canada, authorized the two countries to go ahead with the power project. By 1954, the last obstacles had been surmounted, and under the leadership of Chairman Robert Moses, the Authority was transformed from a paper organization into one of the most important public power agencies in the nation.

By any standards, Robert Moses ranks as one of the most prolific builders in history. Building two of the nation's mightiest power projects was only a footnote to a brilliant career of public service in which Moses developed highways, bridges, tunnels, beautiful parks and extensive recreational facilities. Among his many positions of public office, Moses served as head of the State Council of Parks, the Triborough Bridge and Tunnel Authority, the Long Island State Parks Commission, the Mayor's Committee on Slum Clearance and member of the New York City Planning Commission. Under his leadership, both the St. Lawrence-FDR and the Niagara projects were completed in record time, and his chairmanship was a period of astonishing achievement for the Power Authority.

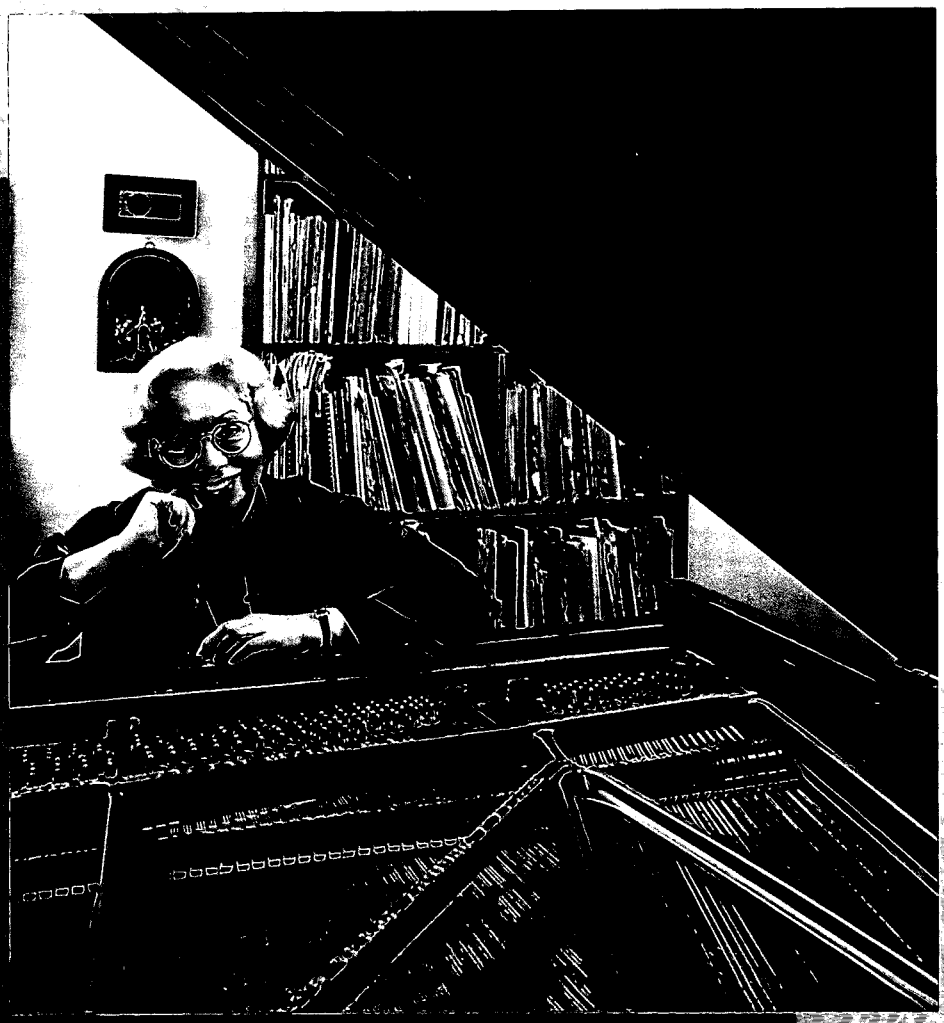
Under the direction of Moses' successor, James A. FitzPatrick, a former State Assemblyman and longtime civic leader, the Authority continued to go from strength to strength. During his chairmanship, the Authority doubled its generating capacity and financed some two billion dollars' worth of new construction. During the 14 years in which FitzPatrick directed the fortunes of the Authority, it completed the Niagara Power Project, financed and built the Blenheim-Gilboa Pumped Storage Power Project in Schoharie County and entered the nuclear power arena with the FitzPatrick plant in Oswego County. The Authority also purchased and completed the Indian Point 3 Nuclear Power Plant in Westchester County and the oil-and-gas-fueled Poletti facility in Queens. Under FitzPatrick's leadership, Authority electricity for the first time served all sections of New York State.

Linking the Authority's early years of struggle with its first great period of power production was Charles Poletti. As a young lawyer, Poletti helped to draft the Power Authority Act establishing the Authority. Twenty-five years later, after a distinguished career that included service as a State Supreme Court justice, governor of New York and Allied military governor in Italy, Poletti returned to the Authority as a trustee. There he presided over the performance of the mission he and Roosevelt had designed the Authority to fulfill many years earlier—harnessing the St. Lawrence River.

It has been said that a biography lies concealed in all man's proudest achievements. If so, leaders like Roosevelt and Poletti, Moses and FitzPatrick must be reckoned in large part responsible for the Power Authority's proud past history.

There is one drawback to biography, however, as a means of evaluating man's proudest achievements. Usually, biographies

Alexandra Yu



The grand piano is an essential accoutrement to the consummate musicianship of Alexandra Yu. The 1908 Steinway stands in the Ansonia Hotel, home to many of the greatest talents in the musical world. Alexandra helped to secure landmark status for the Ansonia.

are written about the few, the leaders: about the wealthy, the powerful—those who have rightfully attained distinction in a very public way. The achievements and lives of the many, whose skills have given life to the leaders' dreams, often go unrecognized in the historical record. History, in fact, is largely silent about the complex, colorful lives of those who built the roads of Rome, the pyramids of Egypt, the castles along the Rhine. What little we do know about their habits, interests and aspirations has been more often pieced together by the painstaking processes of archaeology than by the pen of the professional historian.

In this annual report, in contrast, the Power Authority hopes to amplify the historical record by profiling a number of our present-day people whose private lives abound in first-rate achievements. These men and women carry on the tradition of unswerving commitment to excellence that has been established by the great leaders and workers of the past. Presenting their accomplishments to public view permits the Power Authority to give a broader, deeper and ultimately more accurate picture of its ability to achieve and permits it to hold out tremendous hope for its undertakings of the future.

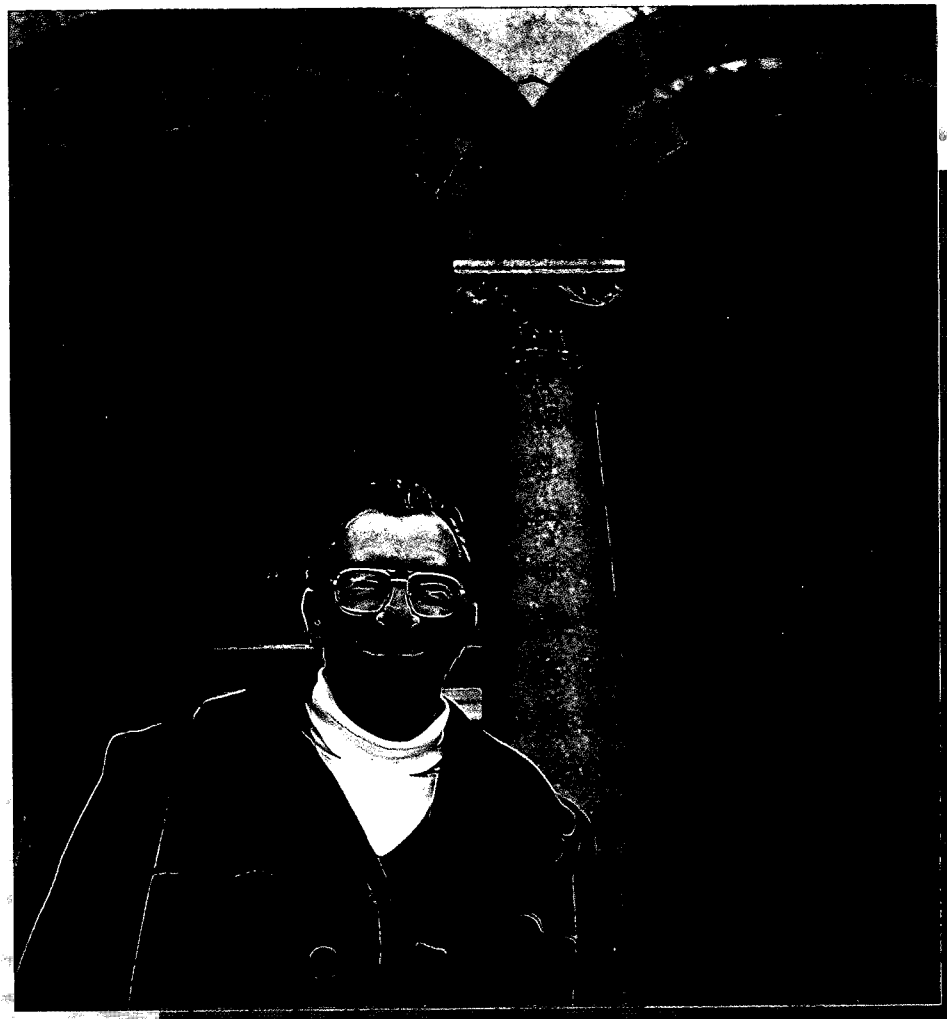
Power Authority People of Accomplishment

According to a recent survey conducted by the Administrative Management Society, little more than 10% of all American workers find their jobs meaningful and more important than their leisure time. If this is true, then the Power Authority is disproportionately blessed with people who excel at their jobs and who strengthen their work lives with enriching experiences gained outside the office, control room or switchyard. The people profiled on the following pages use both work and leisure creatively to achieve excellence and to improve the world in which they live.

Lawyer Bruce Eaken, for example, has combined corporate success with humanitarian endeavor and the claims of a life in the theatre. Bruce spends several nights a month helping the homeless at a shelter on Manhattan's Upper West Side. There he sees to the street people's comfort and safety, then helps to prepare breakfast and see them on their way in the morning. Bruce spends yet another night a month volunteering as arbitrator in Small Claims Court. And ranking high among other off-the-job interests comes acting with the St. Bart's Players, a well-regarded, semi-professional group. To promote his love for the theatre still further, Bruce uses his legal training to negotiate cable TV contracts for the scripts and plays of the Circle Repertory Company. Like the central character in *Fiorello,* his favorite play, Bruce Eaken is a man of many talents, interests and broad humanitarian concern.

Humanitarian concern aptly describes Mary Paris' activity outside the Power Authority. Two nights a week, she serves as a trained volunteer at the Cabrini Hospice in Manhattan, a medical facility which cares for terminally ill patients. At the hospice, Mary's duties vary from attending to a patient's needs to helping someone die with dignity. She says, "Just a smile or look of peace on an old, tired face makes my day, and I know I'm actu-

Joe Newtown



A director of both the St. Lawrence County and Massena Chambers of Commerce and past president of the latter, Joe Newtown is proud of his years of service in the Knights of Columbus and the Elks. Joe's many local involvements exemplify the best ideals of community service.

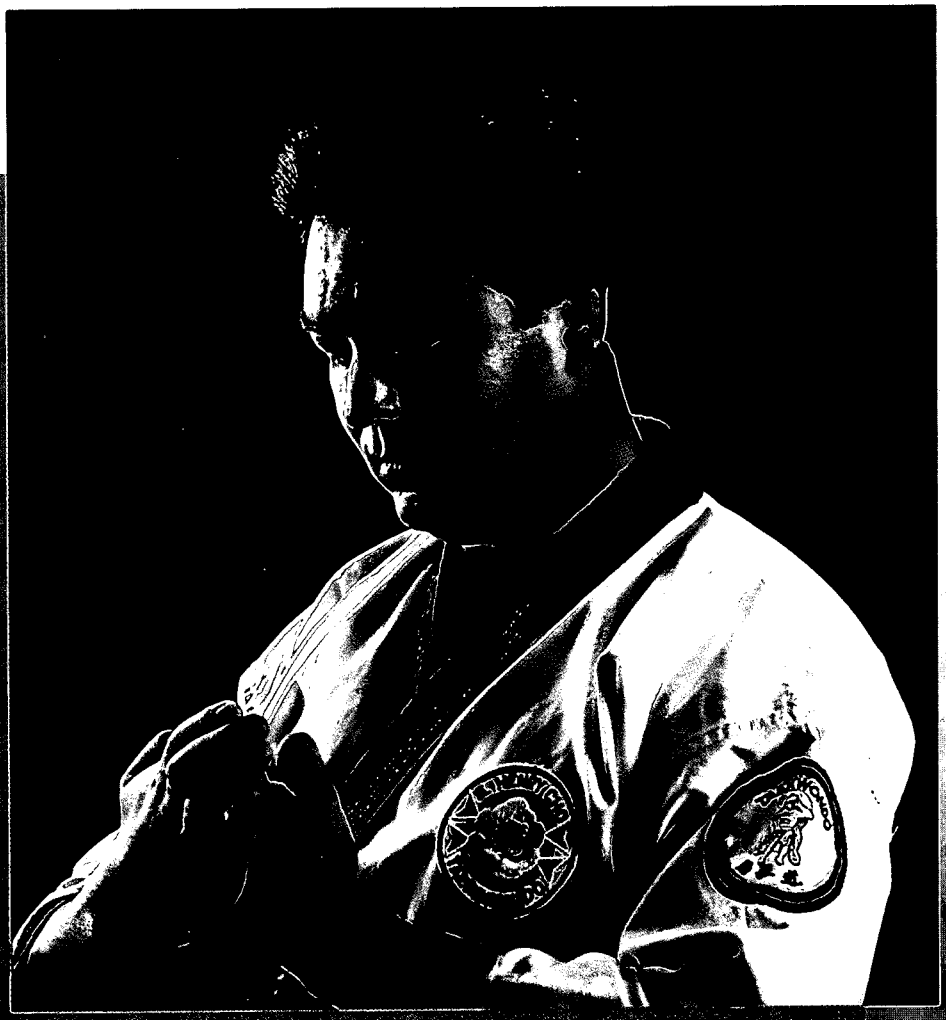
ally helping that person turn over to God." A devotion of a different sort is Mary's love of dancing. Since age six, she has studied dance—"from belly to ballroom"—and today continues to dance several times a week. In addition, her expertise as a project engineer at the Authority has led to prominent positions outside of work. She is a leading member of the Radioactive Waste Committee of the American Society of Mechanical Engineers and Education Committee Chairman of the New York State Low-Level Waste Group. She is also a member of the Atomic Industrial Forum's Task Force on Intact Decommissioning.

Outside work, the Authority's Alexandra Yu has spent much of her time in limelight of several different sorts. In a manner of speaking, Alexandra was born into the electricity business. Her grandfather founded the Long Island Lighting Company, and her uncle was its chairman of the board. As a young woman, however, Alexandra prepared to work under another kind of light. She attended Juilliard and pursued a career in opera as a singer, coach and accompanist. At present, she serves as music director for the Veterans Administration in New York City. In addition to her musical activities, Alexandra serves on the executive board of the tenants' group of the Ansonia Hotel. She was instrumental in securing landmark status for that great *beaux arts* building that Caruso, Stravinsky and Toscanini once called home. Thanks to the Authority's tuition reimbursement program, Alexandra has also gone back to school for a communications degree. A lady who firmly believes that she must "put back" wherever she "takes from," Alexandra undertakes speaking engagements on behalf of the Authority to educate students on the benefits of nuclear power.

Another Power Authority worker who believes in giving back more than he gets is Bill Hilts of the Niagara Power Project. Bill and his entire family have dedicated their lives to the ethic of conservation. Bill himself works virtually 'round the clock to protect wildlife habitats and donates substantial amounts of time and money to worthy conservation causes. Acting out his own belief, "If you want to maintain it, you've got to preserve it," Bill has educated hundreds of people in responsible outdoor behavior. He is the national delegate from the New York State Conservation Council to the National Wildlife Federation and member of the board of directors of the Outdoor Writers' Association of America. Besides direct action, Bill has spread the word via radio and television shows, which he wrote and hosted, and he writes articles for such outdoor publications as *Fins and Feathers*, *Great Lakes Fisherman* and *Fur-Fish-Game*. In fact, the most exotic among Bill's many accolades has come from his writing services. He has been adopted by the Tuscarora Indians in recognition of his profound respect for nature and his constant dedication to the outdoor life.

Corporate Secretary Brad Telias devotes most of his off-the-job energy to another worthy cause, that of helping people to understand and more fully enjoy the ancient and honorable sport of horse racing. Among his many activities on behalf of the horse, Brad is a member of the American Horse Council and

Luis Rodriguez



Clad in a gi, *traditional attire for* tae kwon do, *Luis Rodriguez concentrates to achieve physical and mental alertness. Luis has volunteered skills acquired over many years of training to help educate police recruits in basic techniques of the martial arts.*

serves on the board of directors of the Thoroughbred Retirement Foundation, a group that is raising funds to purchase a farm where retired thoroughbreds can be cared for until death. Brad believes in education as a way to get people out to the track. This is the third year in which he has given a popular course on horse racing at New York City's prestigious New School. The course takes its name from a book Brad is also writing about the races: *The Sport of Kings*. In addition, Brad hosts a cable TV program for Connecticut Teletrack. Brad's legal background is useful in pursuing another off-the-job interest. He offers career guidance to law and government affairs students for his alma mater, the City College of New York.

Bill Suitor of the Niagara Power Project took to the skies about 20 years ago, and he's been soaring ever since. During the 60's, a prominent aerospace company hired Bill to test-pilot a one-man rocket of potential strategic importance. In the course of his job, Bill helped to test a variant of the one-man rocket, the lunar pogo, as part of NASA's program to put man on the moon. After interest in the project and the space program waned, Bill joined the Power Authority, using his vacation to do stunts on the rocket for TV and the movies. He is probably best recognized from a stunt he performed on the popular TV series, *The Fall Guy*, which appears every week in the titles for the show. World-class celebrity also came from Bill's stunts on the rocket during the 1982 World's Fair. A man of many talents, Bill has achieved other distinctions of a more down-to-earth sort. He carves award-winning decoy ducks and is a gifted painter of wildlife. His multiple areas of excellence, as a woodcarver, stuntman and artist, prove Bill Suitor to be a magnificent man—on or off his unique flying machine.

Not space-age flying machines but the very earthbound transport of our ancestors interests Mary Barile of the Blenheim-Gilboa project. Concerned with historic preservation since her teens, Mary is active in several groups dedicated to the restoration and reuse of older forms of transportation. She is a member of the group responsible for putting the Red Heifer railroad in the Catskills back in service and restoring it to the way it looked during its turn-of-the-century heyday. She has also helped to attract a trolley museum to Kingston, and she volunteers her time at the Hudson River Maritime Museum. Mary's interest in the past extends beyond old modes of transportation into an appreciation of antiques of every sort. She even owns an antique shop situated in a 19th-century barn which she used her leisure time to restore. She has also written articles on American crafts and social history and is presently writing a book on the subject for children. In all her activities, Mary is careful to maintain a proper balance between old and new because, as she says, "If people destroy their heritage now, they won't have much to look back on."

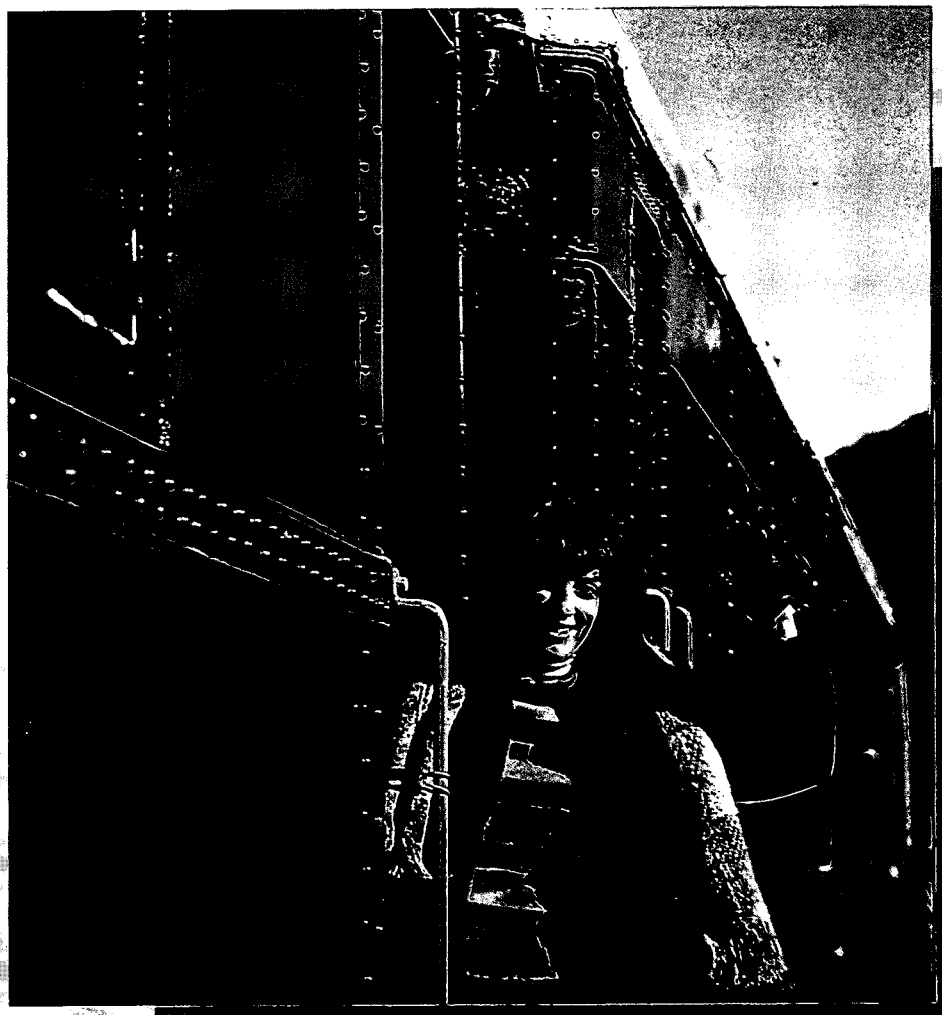
American life outside major metropolitan centers on the wane? Not at all, if you consider Mary Barile's commitment to preserving the best of its past or the career of Joe Newtown of the St. Lawrence-FDR project. Born and brought up in Ogdens-

Alumni of the U.S. Naval Academy, Phil Bayne, Corbin McNeill and Jack Brons (from left to right) admire a model of a submarine similar to those they have commanded in the course of their careers as officers in Admiral Rickover's nuclear navy program.

burg, Joe has concentrated most of his considerable energy on serving the people who reside within the 35 miles separating Ogdensburg from Massena. He was elected alderman in Ogdensburg and served for four years on the Ogdensburg Common Council. A life of public service isn't always easy, however, and Joe ruefully recalls the defeat that he and other public power advocates suffered when Ogdensburg turned down a referendum to become a municipal electric system. He considers this commitment to a losing battle the toughest test in his life, including his experience flying missions over Germany as a member of the 8th Air Force during World War II. In 1960, Joe joined the Power Authority and moved to Massena. He has been a director of the Massena Chamber of Commerce since 1971 and is a director and past president of the St. Lawrence County Chamber of Commerce. In addition, he is justifiably proud of his fund raising activities for the Knights of Columbus, and he has celebrated his 32nd year of membership in the Elks. Joe Newtown is the best example of his own belief that good, thinking people make a community work.

Luis Rodriguez of the Human Resources Department is a person who takes his pleasures seriously. He especially enjoys excelling at sports that require discipline and training of the highest order. Luis, for example, holds a fourth-degree black belt in the Korean form of karate known as *tae kwon do*. So adept has he become, in fact, that his prowess has been recognized on both a local and national level. On his own initiative, Luis approached the police department and volunteered to train recruits in basic martial arts techniques at the New York City Police Academy. For seven years, after work and on weekends, he introduced recruits to ways of using their fists and feet that would help them to avoid recourse to guns in combating certain kinds of crime. Luis' skills in *tae kwon do* have since been sought out by the FBI, federal agents in the U.S. Postal Service, the Secret Service and the Bureau of Customs. In addition to his attainments in the martial arts, he is an excellent sailor and deep sea diver. Aptitude in the latter is essential to another favorite pastime, underwater photography. Luis has also been active in community work and has trained youths in techniques of hand-to-hand combat for the Boys Clubs of America. He does this not to instill aggression, but rather to impart the physical fitness and mental discipline that are his own cardinal virtues.

Another kind of lifelong commitment to excellence characterizes the three men who work in top nuclear power positions at the Authority—Phil Bayne, executive vice president for nuclear generation; Jack Brons, resident manager of the Indian Point 3 Nuclear Power Plant; and Corbin McNeill, resident manager of the James A. FitzPatrick Nuclear Power Plant. As graduates of the U.S. Naval Academy and members of Admiral Rickover's nuclear navy, all three were trained in traditions of excellence. At different times, Phil and Corbin acted as commanding officers for two of Admiral Rickover's naval nuclear power schools, overseeing a stringent training program for officers and enlisted personnel. Just before coming to the Authority, Jack was a senior



All aboard for adventure with Mary Barile, who waves a warm welcome from the Red Heifer, a train that she and others restored to service in the Catskills. Mary's interest in the artifacts of the past extends to owning an antique shop.

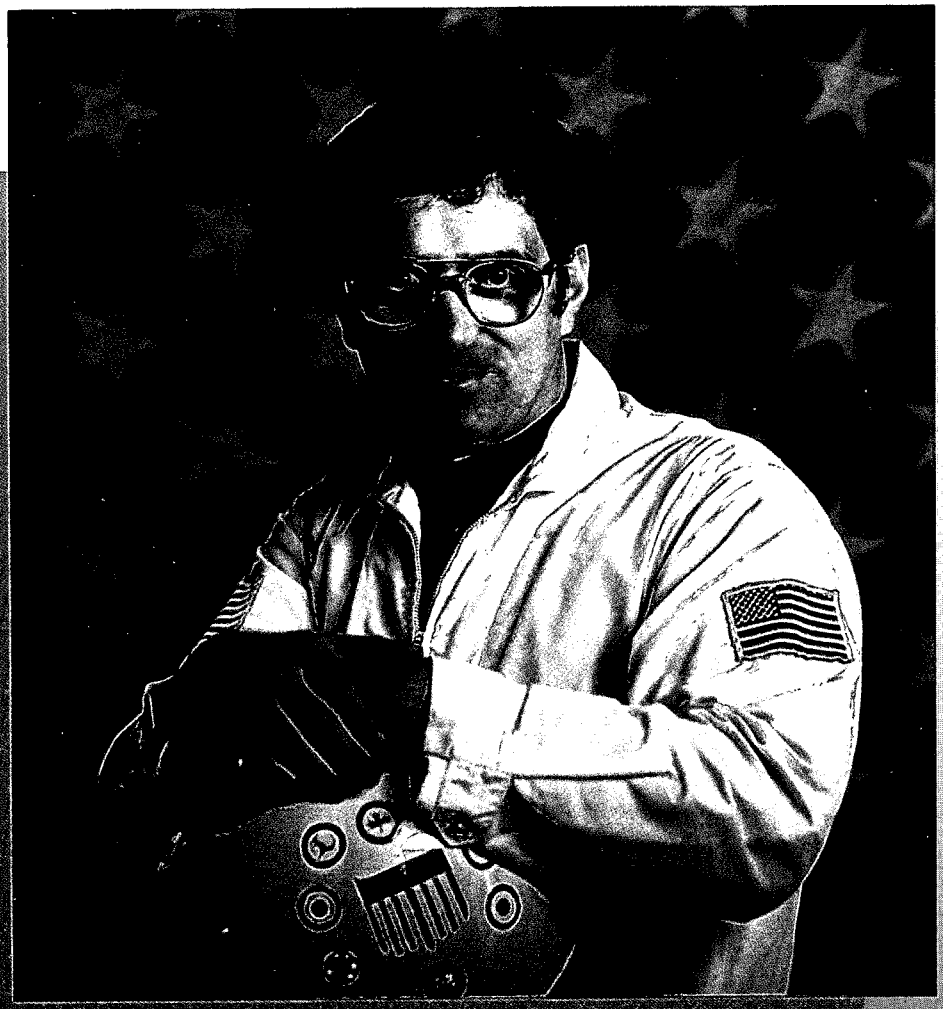
member of the Nuclear Propulsion Examining Board and conducted annual inspections of all Atlantic Fleet nuclear-powered ships. All three men have served as commanding officers of nuclear-powered vessels, and Phil has acted as commander of a nuclear submarine tender, a kind of floating city providing for all the needs—reactor care to dentistry—of ten nuclear submarines and one submarine rescue vessel. The demanding nature of their present work requires these men to be on duty all day, every day. Nevertheless, they find the time for meaningful community involvements. Jack, for example, is a member of the executive board of the Peekskill/Cortlandt Chamber of Commerce, a member of the Newcastle Conservation Board and a coach for children's soccer. Phil helps raise funds for a neighborhood soccer club and for the local high school. Corbin is past director of the Oswego Chamber of Commerce, serves as lay minister for his church and spearheads the annual United Way drive at the FitzPatrick plant. Phil Bayne, Corbin McNeill and Jack Brons represent the best Authority traditions of professional excellence and community service.

The Future Achievements of the American Worker

Along with many other American enterprises, the Power Authority is in the middle of a second Industrial Revolution, one brought about largely by the coming of high technology to the workplace. Ingenious applications of the computer and other high tech apparatus are changing the entire concept and nature of work. As the demand for services increases, however, life will continue to challenge the worker of the future. More than ever, the workplace will demand men and women of intelligence and good judgment to perform its many complex functions.

The Power Authority is entering this new era secure in the knowledge that people of first-rate abilities work in its ranks. The conservationists, preservationists, performing artists, sportsmen, humanitarians and community leaders presented on the preceding pages show that the Authority abounds in people of top-quality achievement. These people also exemplify the basic human need to contribute to society beyond the confines of a job. Their wealth of talent and willingness to exceed the mark ensure that the new Age of Electronic Enterprise will bring the Authority still greater success in its service to the people of New York State.

Bill Suitor



Formerly part of the NASA effort to put man on the moon, stuntman Bill Suitor appears ready for take-off in his one-man rocket suit. Bill's more earthbound activities include wild-life painting and the carving of award-winning decoy ducks.

For the fifth consecutive year, the New York Power Authority provided one-third of all the electricity used in New York State. The Authority supplied a total of almost 40 billion kilowatt hours (kwh) of electricity from its eight generating facilities and from Canadian imports. Less than 5% of this energy was produced by burning oil.

Hydropower accounted for approximately 80% of all the electricity the Authority provided during 1983 (about 57% from its own facilities and about 23% from Canadian imports). Nuclear energy provided over 12%, and the balance was generated by burning natural gas and oil.

The Authority's two principal baseload hydroelectric facilities, Niagara and St. Lawrence-Franklin D. Roosevelt, provided about 23.4 billion kwh of energy. The FitzPatrick and Indian Point 3 Nuclear Power Plants together generated almost 4.7 billion kwh. This represents a continuation of last year's levels because of the prolonged shutdown of Indian Point 3 due to steam and electric generator repair.

Record Year for Power Authority Projects

The James A. FitzPatrick Nuclear Power Plant near Oswego established a new record for consecutive days of operation by a Power Authority nuclear plant. On January 3, 1984, FitzPatrick surpassed its own record of 121 days of continuous service which it had set in 1982. In addition, FitzPatrick achieved a record capacity factor of 85% in the 15 months between scheduled refueling outages. (The capacity factor reflects the amount of electricity actually generated vs. the amount that would have been produced if a plant were continuously operating at maximum levels.) FitzPatrick's 1983 refueling outage was also significantly shorter than its predecessors, amounting to a 30% reduction in downtime from the two previous refueling outages.

Although 1983 was a period of major overhaul for the Blenheim-Gilboa Pumped Storage Power Project in Schoharie County, the project set a new annual generation record of over 1.75 billion kwh. Its cumulative availability factor of 92% since 1974 makes Blenheim-Gilboa's performance among the best in the world for large-scale pumped storage facilities. (The availability factor reflects the percentage of time a project is available to generate electricity.)

Other Operating Highlights

The Niagara Power Project. In accordance with the Power Authority's policy of conservative maintenance, 1983 saw the continuation of a program to upgrade the pump-generating component of the Niagara Power Project in Lewiston through the replacement of turbines and the rewind of generators. Three turbines were replaced and three rewinds were completed during 1983.

The St. Lawrence-Franklin D. Roosevelt Power Project. The St. Lawrence-FDR project in Massena also saw the continuation of a program of generator rewind to upgrade and extend the generators' service life. Two rewinds were completed during 1983. The project also achieved one million man hours worked without the occurrence of a single lost-time accident.

Small Hydroelectric Facilities. During 1983, workers at the Ashokan Project in Ulster County completed over 100 plant improvements to implement the full semi-automatic operation of the facility from the Blenheim-Gilboa control room. The Kensico Project, another small hydroelectric facility in Westchester County, began operation during 1983, and site preparation started at the Hinckley facility near Utica, the first of five facilities identified in the Small Hydroelectric Development Project No. 1. The Authority has plans to develop up to an additional 100 megawatts of small hydro facilities in the future.

Charles Poletti Power Project. The Poletti oil-and-gas-fueled facility in the New York City borough of Queens generated about 36% of its total output with natural gas during the year. The increased use of gas represents a saving of $60 million in fuel costs. Another saving of over three million dollars was achieved when the Authority purchased a significant amount of oil on the spot market for a sum considerably below the contract price.

Indian Point 3 Nuclear Power Plant. In addition to the FitzPatrick nuclear plant, the Power Authority owns and operates the Indian Point 3 nuclear facility in Westchester

Governor Mario M. Cuomo

Left to right, seated, Chairman John S. Dyson, Vice Chairman George L. Ingalls, Richard M. Flynn; standing, Rolland E. Kidder, left, and James L. Larocca.

John S. Dyson, Chairman
George L. Ingalls, Vice Chairman
Richard M. Flynn, Trustee
James L. Larocca, Trustee
Rolland E. Kidder, Trustee

Leroy W. Sinclair, President and Chief Operating Officer
Walter T. Kicinski, First Executive Vice President and Chief Administrative Officer
Joseph R. Schmieder, Executive Vice President and Chief Engineer
J. Phillip Bayne, Executive Vice President—Nuclear Generation
John F. English, Executive Vice President—System Operations
Stephen L. Baum, Senior Vice President and General Counsel
James M. Cunningham, Senior Vice President—Public Affairs
Robert A. Hiney, Senior Vice President—Planning & Marketing
Robert A. Leopold, Senior Vice President—Procurement and Contract Administration
Thomas F. McCrann, Jr., Senior Vice President—Finance
Robert G. Schoenberger, Senior Vice President—Program Development
Bradley S. Telias, Secretary

County. The Indian Point 2 plant on the same site is owned and operated by the Consolidated Edison Company of New York.

During the first half of the year, the Power Authority's Indian Point 3 plant was shut down for a program of steam generator repair. After a brief period of operation in June, the plant was again shut down for electric generator repair. As of late January, 1984, Indian Point 3 resumed service.

The four-year Indian Point Special Proceeding neared a successful conclusion in October 1983 with the issuance of a favorable finding by the Atomic Safety and Licensing Board panel of judges. The Board endorsed the continued operation of Indian Point and confirmed that the risk posed by the plants is "a very small fraction" of those which area residents face every day from non-nuclear background sources.

In May 1983, the Nuclear Regulatory Commission (NRC) threatened to shut down Indian Point 2 and 3 if deficiencies in emergency response were not addressed. In June, the NRC voted to allow continued operation of Indian Point because of actions taken by New York State, Westchester County, the Power Authority and Con Ed to correct these deficiencies. The success of emergency drills held in August in Westchester and Rockland Counties demonstrated the effectiveness of the measures taken in June.

Transmission

During 1983, the Power Authority opened a new "energy highway" with the completion of two additional transmission links between the Authority and Ontario Hydro, a publicly owned Canadian utility. These new facilities will permit the purchase of about three billion kwh a year of additional electricity from Ontario, thus saving about 200 million gallons of oil annually for the State.

The Authority has imported more than 39 billion kwh of hydroelectric energy from Hydro-Quebec since 1978 when a new 765-kilovolt transmission line became operational. Purchases from Hydro-Quebec amounted to nearly nine billion kwh in 1983. During the year, arrangements were completed for the transmission and sale of additional power to the State's investor-owned utility companies under terms of the Authority's contracts with Hydro-Quebec.

The State Public Service Commission's hearings on a Power Authority proposal to build a 345-kilovolt transmission line from the Utica area to the East Fishkill area were in progress throughout 1983. Construction of the line would result in annual net savings of $186 million and 11½ million barrels of oil through additional electricity purchases from Ontario and Quebec and improved internal New York Power Pool economy transactions.

Allocations of Power to Industry

Although no permanent power was available, allocations of temporarily available hydroelectric and FitzPatrick power were made to nine companies. The Authority anticipates that the industrial expansion made possible by these allocations will create 4500 jobs in New York State. Under previously approved replacement power allocations, ARCO Metals Company in Buffalo has completed its expansion a year ahead of schedule, and the Carborundum Co. in Niagara Falls has partially completed its expansion plans.

Rates

In December, 1981, Authority trustees ordered a rate study to help determine appropriate charges for hydropower after retirement of bonds issued in the 1950's and 1960's to finance construction of the St. Lawrence-FDR and Niagara projects. As a result of the study, the Authority has approved a 13.4% reduction in municipal, cooperative and residential rates for this electricity. The reduction is retroactive to January 1, 1982, the date the bonds were retired. The St. Lawrence-FDR and Niagara project production rates are the lowest rates charged for electricity by any utility (public or private) in the State and are among the lowest in the nation. Nevertheless, State Senator Martin S. Auer and others are suing the Authority, claiming that these rates are too high.

Power Authority trustees have also approved a 5.9% rate increase for customers of the Indian Point 3 and Poletti plants effective as of the January, 1984 billing period.

Progress in Obtaining Permits

The Federal Energy Regulatory Commission (FERC) has authorized the issuance of a license for the proposed Prattsville Pumped Storage Project in the Catskills provided that a State water-quality certification can be obtained. The FERC ruling affirmed a July 1982 authorization of the project by a FERC administrative law judge. FERC said that the adverse environmental effects of the project would be minimal and would be outweighed by its benefits in reducing consumer power costs and the use of foreign oil in New York State. In January 1984, the Authority asked the Appellate Division of the State Supreme Court to overturn the Department of Environmental Conservation's (DEC) denial of the water-quality certification.

Litigation

During the past few years, the Authority has been negotiating with the New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation and Rochester Gas and Electric Corporation for upgraded transmission service for its municipal and cooperative customers. Three separate agreements were reached, and, upon completion, were filed with FERC. Two of the FERC proceedings have been completed, and the terms and conditions of the NYSEG agreement have been settled between the parties. These are the first revised transmission agreements in over 20 years.

The Power Authority has asked a federal court to rule whether recently formed municipal distribution agencies (MDAs) are "public bodies" eligible to purchase preference hydropower from the Niagara project. To date, MDAs have been authorized in 18 cities, towns and villages and in 31 counties throughout New York State. Existing contracts with municipal and cooperative systems for St. Lawrence-FDR and Niagara power expire in 1985. The Authority has advised the MDAs that they may submit their applications for power subject to the outcome of the litigation.

(For further information on Authority litigation, see "Rates.")

New Information Systems

During 1983, the Authority's Integrated Management Accounting Control system (IMAC) was introduced. IMAC, a computerized data base system, integrates financial functions to generate reports automatically and to provide information for management planning and control of the Authority's expenses and construction costs.

The Authority is also in the process of systematizing information and standards for present plant reliability, availability and maintainability so that criteria for good performance can be built into future contracts.

Human Resources

During the year, the Authority initiated a uniform management training program which provides all managers with a common philosophy, language and set of skills to achieve greater productivity. The Authority also launched an innovative Employee Assistance Program, which is designed to help employees and their families deal with personal problems.

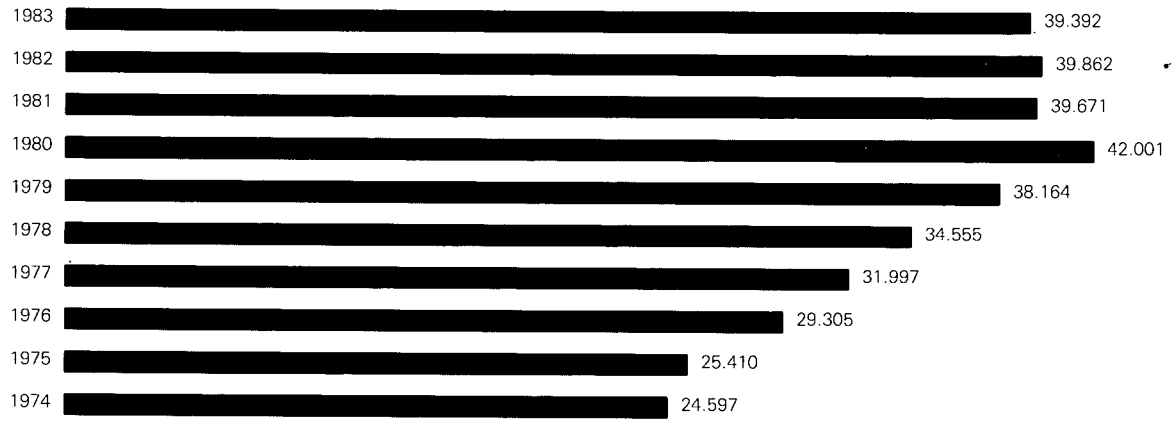
Anniversaries and Other Accomplishments of Note

Several Power Authority projects marked milestones during 1983. The St. Lawrence-FDR project and the Blenheim-Gilboa project celebrated their 25th and 10th anniversaries respectively. December 22 marked the fifth anniversary of full-scale operation of a 765-kilovolt transmission line that has brought about $390 million in consumer savings to the people of the State.

In a novel effort to maximize the use of energy generated by its own facilities, the Authority encouraged the construction of a one-acre greenhouse adjacent to the Poletti plant in New York City. The greenhouse uses waste heat in the form of hot water to grow vegetables. The greenhouse symbolizes the Authority's efforts over the past year to make more efficient use of existing energy resources.

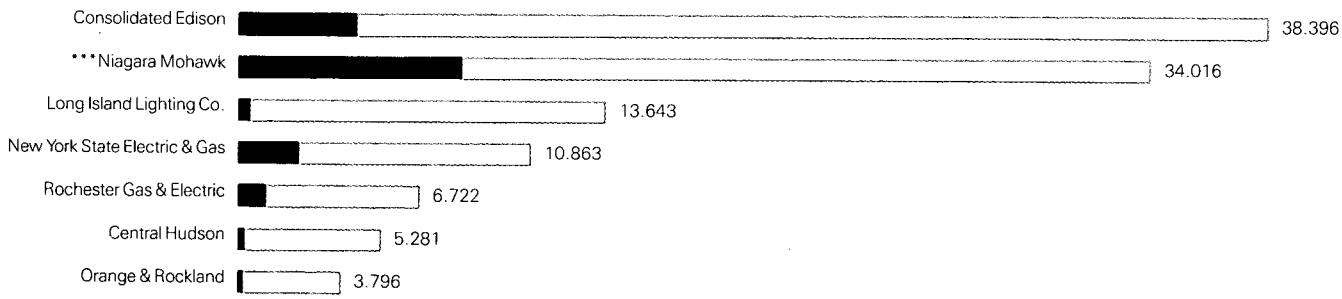
Electric Energy Sales*

(Billions of Kwh)



1983 electric sales to New York State private utilities in relation to each utility's total sales**

(Billions of Kwh)



Electric sales to municipal systems and rural electric cooperatives

(Billions of Kwh)

*Retirement of the 1954 Project bonds enabled the Authority to consolidate its financial statements and end the need to report inter-project sales. For the purposes of direct comparison, these totals have been recomputed to eliminate such sales for the years after 1974.

**Power Authority sales totaled 21.606 billion Kwh, which included 5.188 billion Kwh sold to the New York Power Pool (NYPP). The NYPP used this electricity to supply the utilities as needed.

***Power Authority sales to Niagara Mohawk include .025 billion Kwh associated with sales to Re-Allocated Expansion Customers.

****Includes out of state sales to Allegheny Coop of .536 billion Kwh.

Customer List

Customers Served Directly with Power from Hydroelectric Projects

Village of Akron
Village of Andover
Village of Angelica
Village of Arcade
Village of Bath
Village of Bergen
Village of Boonville
Village of Brocton
Village of Castile
Village of Churchville
Village of Endicott
Village of Fairport
Village of Frankfort
Village of Freeport
Village of Greene
Village of Green Island
Village of Greenport
Village of Groton
Village of Hamilton
Village of Holley
Village of Ilion
City of Jamestown
Lake Placid Village, Inc.
Village of Little Valley
Village of Marathon
Town of Massena
Village of Mayville
Village of Mohawk
Village of Penn Yan
Village of Philadelphia
City of Plattsburgh
Village of Richmondville
Village of Rockville Centre
Village of Rouses Point
City of Salamanca
Village of Sherburne
City of Sherrill
Village of Silver Springs
Village of Skaneateles
Village of Solvay
Village of Spencerport
Village of Springville
Village of Theresa
Village of Tupper Lake
Village of Watkins Glen
Village of Wellsville
Village of Westfield
Allegheny Electric Cooperative, Inc.
Delaware County Electric Cooperative, Inc.
Oneida-Madison Electric Cooperative, Inc.
Otsego Electric Cooperative, Inc.
Steuben Rural Electric Cooperative, Inc.
Metropolitan Transportation Authority
Aluminum Company of America
General Motors Corporation
Reynolds Metals Company
American Municipal Power—Ohio, Inc.
Public Service Board of the State of Vermont
New York State Electric & Gas Corporation
Niagara Mohawk Power Corporation
Rochester Gas and Electric Corporation

Blenheim-Gilboa Pumped Storage Project

Central Hudson Gas and Electric Corporation
New York State Electric & Gas Corporation
Niagara Mohawk Power Corporation
Rochester Gas and Electric Corporation

Industry Served Directly with Niagara Project Power

Replacement Power:
The Power Authority is required by Federal law to supply 445,000 kilowatts of its low-cost power to the Niagara Mohawk Power Corporation to replace low-cost power previously obtained from the company's Adams and Schoellkopf Plants at Niagara Falls. This power is largely resold to designated industries at the Power Authority's wholesale firm power rate plus a transmission charge and such state and local revenue taxes as are applicable. The total amount allocated to industry during the year was 442,100 kw. However, 72,390 kw of this amount will be released to certain customers when expansion of their facilities is complete. The following industries were supplied during the year with this low-cost power.

Airco Carbon Division, Airco, Inc.
ARCO Metals Co., American Brass—Buffalo Operations
Atlas Steel Casting Company
Bethlehem Steel Corporation
Buffalo Color Corporation
Buffalo Forge Company
The Carborundum Company—Division of Kennecott Corporation
Donner-Hanna Coke Joint Venture
Dresser Transportation Equipment Division, Dresser Industries, Inc.
Dunlop Tire & Rubber Corporation
E. I. duPont de Nemours & Company, Inc.
FMC Corporation—Specialty Chemicals Division
General Abrasive Division, Dresser Industries, Inc.
General Mills, Inc.
Great Lakes Carbon Corporation
Hooker Chemicals & Plastics Corporation
International Multi-Foods Corporation
Nabisco, Inc.
Niacet Corporation
Niagara Falls Water and Waste Water Treatment Plants
Nitec Paper Corporation
Olin Corporation
The Pillsbury Company
Prestolite Battery Division—an Allied Company
Republic Steel Corporation
SKW Alloys, Inc.
Spaulding Fibre Company
TAM Ceramics, Inc.
Union Carbide Corporation

Expansion Power:
The Power Authority has allocated 250,000 kilowatts of Niagara Project firm power reserved for sale to industries within thirty miles of the Niagara Project. This power is sold to local utility companies and by them to industries which require low-cost power to enable them to expand operations or to establish new industries in the Niagara Frontier area. Allocations of expansion power were provided during the year to the industries listed below:

Airco Industrial Gases Division, Airco, Inc.
Airco Carbon Division, Airco, Inc.
Arcata Publications Group, Arcata Corporation
Bethlehem Steel Corporation
The Carborundum Company—Division of Kennecott Corporation
Donner-Hanna Coke Joint Venture
E. I. duPont de Nemours & Company, Inc.
General Mills, Inc.
General Motors Corporation—Harrison Radiator Division
Great Lakes Carbon Corporation
Hooker Chemicals & Plastics Corporation
International Multi-Foods Corporation
Moog, Inc.
Nitec Paper Corporation
Olin Corporation
The Pillsbury Company
Pyron Corporation—A Pacific Tin Company
Republic Steel Corporation
SKW Alloys, Inc.
Spaulding Fibre Company
TAM Ceramics, Inc.
Union Carbide Corporation

Customers Served with Power from James A. FitzPatrick Nuclear Power Plant

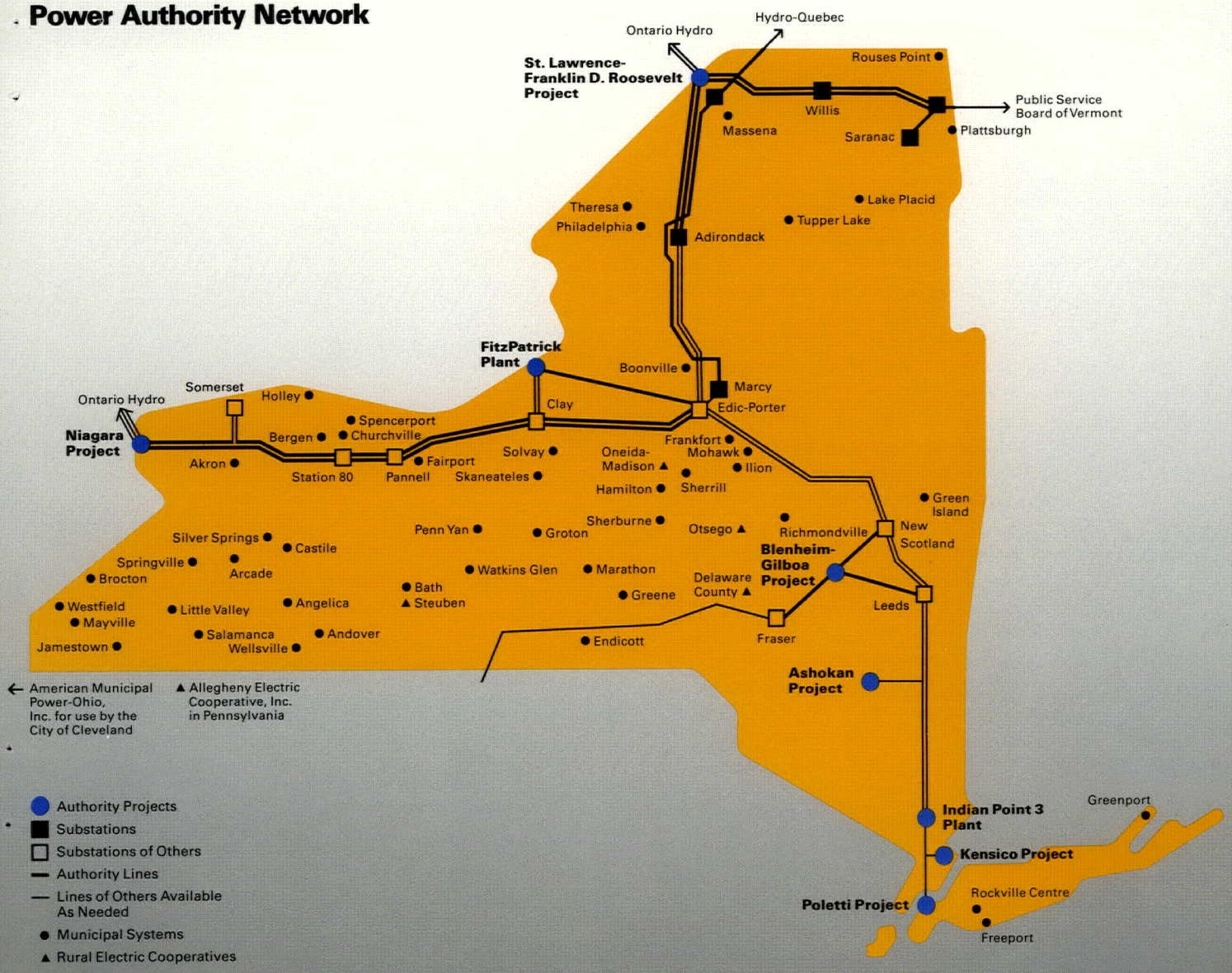
Air Products & Chemicals, Inc.
Airco Carbon Division, Airco, Inc.
Airco Industrial Gases Division, Airco, Inc.
Aluminum Company of America
Associated Universities, Inc. (Brookhaven National Laboratories)
E. I. duPont de Nemours & Company, Inc.
Dresser Transportation Equipment Division, Dresser Industries, Inc.
Hooker Chemicals & Plastics Corporation
Olin Corporation
Reynolds Metals Company
SKW Alloys, Inc.
Central Hudson Gas and Electric Corporation
Consolidated Edison Company of New York, Inc.
Long Island Lighting Company
New York State Electric & Gas Corporation
Niagara Mohawk Power Corporation
Orange and Rockland Utilities, Inc.
Rochester Gas and Electric Corporation

Customers Served with Power from the Indian Point 3 Nuclear Power Plant and Charles Poletti Power Project

Village of Ardsley
Bedford Central School District
Village of Briarcliff Manor
Briarcliff Manor Union Free School District
Village of Bronxville
Village of Buchanan
Byram Hills Central School District
Chappaqua Central School District
Town of Cortlandt
Croton Harmon Union Free School District
Village of Croton-on-Hudson
Village of Dobbs Ferry
Town of Eastchester
Eastchester Union Free School District
Village of Elmsford
Town of Greenburgh
Greenburgh Housing Authority
Town of Harrison
Village of Hastings-on-Hudson
Hendrick Hudson School District
Village of Irvington
Lakeland Central School District
Village of Larchmont
Town of Mamaroneck
Village of Mamaroneck
Mamaroneck Union Free School District
Metropolitan Transportation Authority
Montrose Improvement District
Village of Mount Kisco
Town of Mount Pleasant
Mount Pleasant Central School District
City of Mount Vernon
Mount Vernon City School District
Town of New Castle
City of New Rochelle
New Rochelle Municipal Housing Authority
City of New York
New York City Housing Authority
Office of General Services, New York State
Town of North Castle
Village of North Tarrytown
North Tarrytown Housing Authority
Town of Ossining
Village of Ossining
Ossining Union Free School District
City of Peekskill
Village of Pelham
Village of Pelham Manor
Pelham Union Free School District
Village of Pleasantville
Pleasantville Union Free School District
Port Authority of New York and New Jersey
Village of Port Chester
Port Chester Housing Authority
Port Chester-Rye Union Free School District
City of Rye
Town of Rye
Rye Neck Union Free School District
Village of Scarsdale
Scarsdale Union Free School District
Village of Tarrytown
Union Free School of the Tarrytowns
Thornwood Water District
Village of Tuckahoe
Tuckahoe Housing Authority
Tuckahoe Union Free School District
Valhalla Union Free School District
Westchester County
Westchester Joint Water Works
Westchester, Southern Board of Cooperative Educational Services
City of White Plains
White Plains City School District
White Plains Housing Authority
City of Yonkers
Yonkers Housing Authority
Town of Yorktown
Consolidated Edison Company of New York, Inc.

In addition, the Power Authority supplies other members of the New York Power Pool with firm and non-firm energy imported from Hydro-Quebec.

Power Authority Network



Finances — Power Authority of the State of New York

In 1983 the Authority continued its efforts to restructure and stabilize its debt service in order to reduce and smooth, to the extent possible, the annual amounts of bond interest and principal repayments that must be included in the rates established for its customers. The Series N bonds sold on May 24, 1983 replaced the Series C bonds sold on January 29, 1976. Because of conditions prevailing at the time the Series C bonds were issued, the market demanded more stringent terms, including large principal payments after the expiration of the call protection. By replacing these bonds with Series N bonds which specify a more level debt service, a reduction of approximately $30,000,000 in total debt service for each of the years from 1986 through 1992 has been accomplished. The Series C bonds will be repaid in accordance with their terms from U.S. Treasury Securities irrevocably deposited with an Escrow Agent. As a result, they are rated "AAA" by the major rating services, the highest rating possible.

The Authority continued to reduce its short-term debt in 1983. At December 31, 1983, there remained outstanding $80,000,000 of notes payable for fuel and construction, a reduction of $47,500,000 during the year.

Revenues received during 1983 totaled $1,288,225,000, exceeding $1 billion for the third successive year. Of these revenues, $1,002,953,000 were allocated for operating expenses and fuel and $10,970,000 for Projects' Study. Interest of $187,487,000 was paid from the Bond Service Account. In addition, $715,000 was paid to retire $1,000,000 principal amount of bonds, and $30,658,000 was deposited in the Bond Reserve Account to meet bond resolution requirements. During the year, $39,500,000 was deposited into the General Reserve Account.

In order to meet the requirements of the General Purpose Bond Resolution, to provide for increases in operating and maintenance costs, and to maintain adequate reserves, the Authority approved, in December 1983, rate increases for customers served by the Charles Poletti and Indian Point 3 plants. The revised rates, effective January 1984, are expected to provide increased revenues of approximately $25,000,000 in 1984. In addition, an energy adjustment factor is applied each month to reflect variations in the actual cost of fuel and purchased power.

Projections of revenues and expenses at the James A. FitzPatrick plant and the Blenheim-Gilboa pumped storage facility indicated, for the second year, that an increase in rates over those established in 1982 was not presently required. As a result of the Authority's rate study, completed in the spring of 1983, rates for power and energy from the Niagara and St. Lawrence-Franklin D. Roosevelt projects were decreased by 13.4% for public bodies and rural and domestic consumers retroactive to January 1, 1982.

Balance Sheet
December 31,1983
(in thousands)

Assets		
Utility Plant (Note B-2):		
Electric plant in service		$2,981,970
Less accumulated depreciation (Note B-3)		(700,844)
		2,281,126
Construction work in progress		258,336
Nuclear fuel less accumulated amortization of $87,018 (Note B-4)		258,909
Net Utility Plant		2,798,371
Funds Held by Bond Trustee:		
Cash (including time deposits)	$ 8	
Investment in U.S. Government securities, at cost (Note B-9)	443,780	443,788
Construction Funds:		
Cash (including time deposits)	912	
Investment in U.S. Government securites, at cost (Note B-9)	132,021	
Interest receivable on investments	4,796	137,729
Current Assets:		
Cash (including time deposits)	31,787	
Investment in U.S. Government securities, at cost (Note B-9)	226,194	
Interest receivable on investments	22,214	
Receivables—customers	70,727	
Materials and supplies, at average cost:		
Plant and general	31,605	
Fuel	22,163	
Prepayments and other	4,725	409,415
Deferred Charges and Other Assets:		
Preliminary investigations	44,321	
Unamortized debt expense (Note B-6)	32,845	
Nuclear fuel disposal costs (Note I)	10,918	
Other	15,613	103,697
Total Assets		$3,893,000
Liabilities and Capital		
Long-term debt (Note F)		$2,376,156
Accumulated net revenues		1,136,971
		3,513,127
Current Liabilities:		
Notes payable (Note G)	$ 80,000	
Accounts payable and accrued liabilities	111,279	
Customer advance billings	46,998	
Provision for refund of revenues (Note H)	42,400	280,677
Deferred Credits and Other Long-Term Liabilities:		
Nuclear fuel disposal (Note I)	60,255	
Other	38,941	99,196
Commitments and contingencies (Notes H and J)		
Total Liabilities and Capital		$3,893,000

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

Statement of Net Revenues Year Ended December 31, 1983

(in thousands)

Operating Revenues:	
Power sales	$ 969,995
Transmission charges	43,046
Wheeling charges	182,123
Total Operating Revenues	1,195,164
Operating Expenses:	
Operations	161,248
Nuclear fuel	28,071
Fuel oil and gas	154,538
Purchased power—Hydro-Quebec	242,784
—Others	28,979
Maintenance	71,948
Wheeling	182,123
Depreciation	72,894
Total Operating Expenses	942,585
Net Operating Revenues	252,579
Other Income:	
Interest	74,617
Other	1,574
Total Other Income	76,191
Other Deductions:	
Interest on long-term debt	206,292
Interest—other	8,140
Interest capitalized	(28,254)
Amortization of debt discount and expense	2,431
Total Other Deductions	188,609
	140,161
Loss on termination of Arthur Kill power plant (Note D)	(53,881)
Revenues, net before advance bond refunding credit	86,280
Advance bond refunding credit (Note E)	15,950
Net Revenues	$ 102,230

Statement of Accumulated Net Revenues Year Ended December 31, 1983

(in thousands)

Accumulated Net Revenues at December 31, 1982	$1,034,741
Net Revenues	102,230
Accumulated Net Revenues at December 31, 1983	$1,136,971

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

Statement of Changes in Financial Position Year Ended December 31, 1983

(in thousands)

Funds provided by:		
Net revenues		$ 102,230
Items not affecting funds:		
Provision for depreciation		72,894
Amortization of nuclear fuel		17,483
Provision for spent nuclear fuel and nuclear plant decommissioning		15,824
Amortization of debt discount and expense		2,431
Loss on termination of Arthur Kill power plant		53,881
Advance bond refunding credit		(15,950)
		248,793
Sale of bonds—Series N		536,503
Sale of notes		535,486
Decrease in construction funds		30,324
Total funds provided		1,351,106
Funds applied to:		
Additions to—Utility plant		111,548
—Nuclear fuel		10,601
Refunding of bonds—Series C		564,738
Payment of notes		535,486
Retirement of bonds		715
Preliminary investigations		13,893
Decrease in funds held by Bond Trustee		(1,649)
Increase (decrease) in working capital (excluding cash and investments) and other:		
Interest receivable on investments	$ (5,183)	
Receivables—customers	(4,055)	
Materials and supplies	(2,650)	
Notes payable	47,500	
Accounts payable and accrued liabilities	2,797	
Customer advance billings	(496)	
Other—net	390	38,303
		1,273,635
Increase in cash and investments		77,471
Cash and investments, January 1, 1983		180,510
Cash and investments, December 31, 1983		$257,981

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

Summary of Funds (cash basis) Year Ended December 31, 1983

(in thousands)

	Revenue
Available Funds, January 1, 1983	$ —0—
Cash Receipts:	
Sale of power, transmission and wheeling	1,212,038
Earnings on investments	76,187
Sale of notes	
Sale of bonds—Series N	
Electric plant additions reimbursed from other funds	
Administrative and financing expenses reimbursed from other funds	
Other	
Total Receipts	1,288,225
Total Available	1,288,225
Transfer of funds—revenue	(1,288,225)
	$ —0—
Cash Disbursements:	
Interest on bonds and notes	
Deposit of $589,903 with Escrow Agent to refund bonds—Series C	
Payment of notes	
Retirement of term bonds—($1,000 principal amount)	
Electric plant additions	
Nuclear fuel	
Fuel oil and gas	
Operations and maintenance	
Purchased power—Hydro-Quebec	
—Others	
Wheeling charges	
Bond discount—Series N	
Financing costs—Series N	
Administrative expenses chargeable to other funds	
Preliminary investigations	
Costs transferred to utility plant	
Electric plant additions reimbursed to other funds	
Administrative expenses reimbursed to operating fund	
Total Disbursements	
Available Funds, December 31, 1983	
Distributed as follows:	
Cash (including time deposits)	
Investment in U.S. Government securities	

*Funds held by Bond Trustee

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

Operating	Fuel Reserve Account	Projects' Study	General* Bond Service	General* Bond Reserve	General* General Reserve	Advance Bond Refunding (Note E)
$ 175,114	$ 97	$ 5,463	$ —0—	$268,871	$176,566	$ —0—
		746				
	58,750					535,486
			6,360			569,650
45,540						
2,471						
				216		
48,011	58,750	746	6,360	216		1,105,136
223,125	58,847	6,209	6,360	269,087	176,566	1,105,136
796,064	206,889	10,970	204,144	30,658	39,500	
1,019,189	265,736	17,179	210,504	299,745	216,066	1,105,136
8,559			187,487			53
			23,017	31,400		535,486
	108,750					535,486
				715		
55,790						
	11,498					
	145,391					
260,445						
237,384						
23,641						
180,942						
						20,928
						13,183
537						
		10,443				
1,197		(1,197)				
339					39,908	
		404				
768,834	265,639	9,650	210,504	32,115	39,908	1,105,136
$ 250,355	$ 97	$ 7,529	$ —0—	267,630	$176,158	$ —0—
$ 31,544	$ 97	$ 146		$ 3	$ 5	
218,811		7,383		267,627	176,153	
$ 250,355	$ 97	$ 7,529		$267,630	$176,158	

Summary of Funds (cash basis) (continued) Year Ended December 31, 1983

(in thousands)

	Poletti	Indian-Point 3	Massena-Marcy Line
Available Funds, January 1, 1983	$18,774	$ 7,994	$7,953
Cash Receipts:			
Earnings on investments	1,421	851	620
Sale of notes			
Electric plant additions reimbursed from other funds	10	3,944	265
Other			
Total Receipts	1,431	4,795	885
Total Available	20,205	12,789	8,838
Cash Disbursements:			
Interest on notes			
Payment of notes			
Electric plant additions	1,629	1,719	4,468
Electric plant additions reimbursed to other funds			
Administrative expenses reimbursed to operating fund	41	136	43
Total Disbursements	1,670	1,855	4,511
Available Funds, December 31, 1983	$18,535	$10,934	$4,327
Distributed as follows:			
Cash (including time deposits)		$ 96	$ 167
Investment in U.S. Government securities	$18,535	10,838	4,160
	$18,535	$10,934	$4,327

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

Construction							
J.A. FitzPatrick Blenheim Gilboa	Kensico	Ashokan	Arthur Kill	J.A. FitzPatrick Project Improvement Fund No. 1	Indian Point 3 Project Improvement Fund No. 1	Small Hydro	Total
$5,976	$2,666	$3,848	$10,095	$39,854	$66,673	$ —0—	$163,833
515	219	259	528	3,623	5,641		13,677
			18,750			2,500	21,250
			54	1,536			5,809
95							95
610	219	259	19,332	5,159	5,641	2,500	40,831
6,586	2,885	4,107	29,427	45,013	72,314	2,500	204,664
			449				449
			18,750				18,750
1	563	1,686	6,389	5,862	17,046		39,363
				3,698	7,404		11,102
	46	145	235	560	861		2,067
1	609	1,831	25,823	10,120	25,311		71,731
$6,585	$2,276	$2,276	$ 3,604	$34,893	$47,003	$2,500	$132,933
$ 156	$ 178	$ 120	$ 69		$ 125	$ 1	$ 912
6,429	2,098	2,156	3,535	$34,893	46,878	2,499	132,021
$6,585	$2,276	$2,276	$3,604	$34,893	$47,003	$2,500	$132,933

Notes to Financial Statements

Note A—General

The Power Authority of the State of New York is a corporate municipal instrumentality and political subdivision of the State of New York created by the Legislature of the State by Chapter 772 of the Laws of 1931, as last amended by Chapter 705 of the laws of 1982.

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 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 to license, construct, acquire, complete and place in operation the projects of the Authority. Such expenditures include: labor, materials, services, other indirect costs and interest on bonds and notes (net of interest income on unexpended funds), 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) 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. The depreciation provision expressed as a percent of average depreciable electric plant approximated 2.43% on an annual basis.

(4) 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 I). With respect to nuclear plant decommissioning costs, the Authority anticipates that funds, in addition to those provided from operating expenses, will be available in accounts established under the Authority's General Purpose Bond Resolution (the Resolution) (see Note C) by the end of the useful lives of its nuclear plants.

(5) 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 Resolution.

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

(7) In accordance with the Resolution, all revenues, as defined, are required to be paid into the revenue fund upon completion, or the latest estimated date of completion, of each project, whichever is earlier.

(8) 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, 1983 no liability is reflected in the accompanying financial statements for January 1, 1984 bond service payments of $111,069,000.

(9) At December 31, 1983, the aggregate cost of all investments in U.S. Government securities approximated market value based upon published bid prices.

(10) Employees of the Authority are members of the New York State Employees' Retirement System (System). For personnel who became members of the System prior to July 1, 1976, the Authority contributes the entire amount determined by the System to be payable. Personnel who became members of the System on or after July 1, 1976 deposit three percent of gross salary, and the Authority contributes the balance payable to the System for these employees. Pension costs for the year ended December 31, 1983 of $10,500,000 are based on billings received from the System. The Authority's employees are also covered by the Federal Insurance Contributions Act (Social Security).

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

(12) Customers' meters are read and bills are rendered on a monthly cycle basis. 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—General Purpose Bond Resolution

The Authority adopted the General Purpose Bond Resolution on November 26, 1974 to finance all projects other than those projects financed under two former bond resolutions. Projects are defined in the Resolution 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 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. In 1983, the Authority designated the Small Hydroelectric Development Project No. 1, consisting of five upstate dam sites, as a Project under the Resolution. A Projects' Study fund to finance preliminary efforts of the Authority to determine appropriate methods to fulfill its purposes under the Power Authority Act was established by the Resolution.

The Authority has covenanted with bondholders that at all times, rates and charges will be sufficient, together with other moneys available therefor, to meet the financial requirements of the Resolution. All revenues from any project of the Authority after its completion (after deductions for operating expense

including necessary working capital reserves and for Projects' Study) are applied first to the payment of bond service (interest only to December 31, 1984; thereafter interest and principal installments due on outstanding bonds); then a sum equal to fifteen percent of each year's 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 will be applied by the Bond Trustee monthly to meet any deficiency in the bond service account and may be paid to the Authority for emergency repairs or replacements. The Resolution also provides that amounts in the bond reserve account in excess of the bond reserve requirement may be used to retire bonds. Any excess of principal amount over the cost of bonds retired is used for additional bond retirements. The Authority has periodically purchased such bonds when available at favorable prices.

The Twelfth Supplemental Resolution adopted in 1981 amended the Resolution by providing that amounts in the general reserve account not needed to meet any deficiency in the bond service or bond reserve accounts shall be deposited in a subaccount to meet the costs of major repairs and replacements, renewals, additions, betterments, improvements and extensions with respect to the Authority's projects and shall be maintained in such subaccount in amounts necessary or desirable, as determined by the Authority, to keep the projects in good operating condition, to meet regulatory requirements, to expand project capacity or to provide facilities for the transportation of project power and energy to their markets. Amounts in the general reserve account not required for the foregoing purposes shall, at the Authority's direction, be paid to it for any lawful corporate purpose.

Note D—Termination of Arthur Kill Power Plant

On April 28, 1981, the Authority designated a 700 MW coal and refuse-fired power plant at Arthur Kill on Staten Island in New York City as a Project under the Resolution.

On March 28, 1983, a letter was received from the Governor of the State expressing his concerns as to the environmental impact, need and economic viability of the Arthur Kill Project and stating that he would not sign a contract for the sale of power from the Arthur Kill facility in its current design if one were presented to him for approval under Section 1009 of the Power Authority Act. Accordingly, on March 29, 1983, the Authority adopted a resolution to postpone indefinitely any further activity on the Arthur Kill site. Capitalization of interest and overhead costs was discontinued as of the date of postponement.

On December 20, 1983, the Authority adopted a resolution to sell the Arthur Kill Project and to terminate or sell the rights under all related contracts. At December 31, 1983, construction costs (inclusive of estimated termination costs) pertaining to preliminary investigations, engineering, design, site preparation and licensing of the plant totaling $53,881,000 were charged as an expense to net revenues. Of this amount, $27,254,000 had been expended from Projects' Study for preliminary investigations. The remaining costs were financed from funds transferred from other construction funds and from the proceeds of $18,750,000 of notes payable. The Authority estimates that the unexpended balance at December 31, 1983, in the Arthur Kill Construction Fund amounting to $3,604,000 will be sufficient to pay any remaining costs in connection with the Project. The Authority is presently attempting to sell the assets of the Project in accordance with the terms of the General Purpose Bond Resolution.

The General Purpose Bond Resolution provides that revenues from all Authority projects are pledged to the payment of principal and interest on all General Purpose Bonds and requires the Authority to increase rates, if necessary, to provide the required coverage on the bonds. The Authority anticipates that effective recovery of the former Arthur Kill Project costs financed from bond proceeds which are in excess of asset sale proceeds will be accomplished through the allocation of revenues for the payment of principal and interest on all General Purpose Bonds.

To the extent other funds are not available, the notes issued to pay a portion of the cost of construction of the Project are expected to be paid from revenues.

Note E—Advance Bond Refunding

On June 15, 1983, the Authority issued $535,486,000 of notes to two banks. The proceeds of the notes, together with $54,417,000 withdrawn from funds held by the Trustee under the Resolution, were deposited with an Escrow Agent and invested in direct obligations of the United States of America, the maturing principal of and interest on which will be sufficient to pay, when due, principal, interest and sinking fund installments on the $581,485,000 principal amount of General Purpose Bonds, Series C then outstanding. On May 24, 1983, pursuant to the Resolution and the Thirteenth Supplemental Resolution, the Authority sold for settlement and delivery on June 15, 1983 $569,650,000 principal amount of the General Purpose Bonds, Series N. The proceeds from the sale of the Series N Bonds, after expenses and original issue discount, were used to repay, on June 16, 1983, the principal amount and related interest on the notes.

As a result of the refunding and the deposit with the Escrow Agent, the Series C Bonds were deemed to have been paid pursuant to the Resolution and ceased to be a liability of the Authority. Accordingly, the refunded Series C Bonds (and the deposit with the Escrow Agent) are excluded from the Balance Sheet.

The Advance Bond Refunding Credit of $15,950,000 shown in the Statement of Net Revenues results from the difference between (a) the principal amount of the refunded Series C Bonds together with interest accrued ($25,165,000) to June 15, 1983 and (b) the aggregate amount ($589,903,000) deposited with the Escrow Agent and unamortized debt expense ($797,000) on the Series C Bonds. Under generally accepted accounting principles, and in accordance with Statement No. 4 of the Financial Accounting Standards Board, this difference is presented as an extraordinary credit. The credit will have no effect on the Authority's continuing revenue requirements.

In September, 1980, the Authority sold $505,775,000 principal amount of General Purpose Bonds, Series J, to refund the $734,000,000 principal amount of bonds (1970 bonds) outstanding under the former 1970 Resolution in order to defease the lien of such resolution. As a result of the refunding, the 1970 bonds were deemed paid pursuant to the 1970 Resolution and ceased to be a liability of the Authority. Accordingly, the refunded 1970 bonds are excluded from the Balance Sheet.

Note F—Long-term Debt

A summary of General Purpose Bonds payable at December 31, 1983 follows:

	Amount	Maturity January 1	Interest Rate(a)	Earliest Redemption Date Prior to Maturity(b)
Series A				1/1/85
Term Bonds	$ 113,360,000	2010	7.875%	
Serial Bonds	25,000,000	1987 to 1995	6.50% to 7.30%	
Series B				6/1/85
Term Bonds	98,425,000	2010	8.125%	
Serial Bonds	40,000,000	1987 to 1997	6.90% to 7.90%	
Series E				10/1/86
Term Bonds	120,950,000	2010	7.25%	
Serial Bonds	20,000,000	1987 to 1994	6.00% to 6.90%	
Series F				2/1/87
Term Bonds	155,410,000	2010	6.625%	
Serial Bonds	25,000,000	1987 to 1993	5.40% to 6.10%	
Series G				1/1/88
Term Bonds	42,200,000	1999	6.40%	
Term Bonds	227,210,000	2012	6.75%	
Serial Bonds	65,200,000	1987 to 1995	5.50% to 6.20%	
Series H				1/1/89
Term Bonds	120,450,000	2009	8.00%	
Serial Bonds	26,000,000	1987 to 1999	6.80% to 7.75%	
Series J				1/1/91
Term Bonds	115,000,000	2000	9.60%	
Term Bonds	70,000,000	2006	9.75%	
Term Bonds	60,000,000	2010	8.00%	
Term Bonds	198,775,000	2020	9.875%	
Serial Bonds	60,000,000	1986 to 1995	7.20% to 9.00%	
Series M				1/1/92
Term Bonds	35,000,000	1999	11.75%	
Term Bonds	60,000,000	2004	12.00%	
Term Bonds	100,000,000	2009	12.125%	
Term Bonds	32,500,000	2010	9.00%	
Serial Bonds	22,500,000	1987 to 1995	8.875% to 10.875%	
Series N				1/1/94
Term Bonds	23,415,000	1998	9.00%	
Term Bonds	55,915,000	2003	9.50%	
Term Bonds	47,745,000	2006	9.00%	
Term Bonds	344,810,000	2017	9.75%	
Term Bonds	52,495,000	2018	6.00%	
Serial Bonds	45,270,000	1987 to 1995	6.50% to 8.75%	
Total Outstanding	2,402,630,000			
Less: Unamortized discount	26,474,000			
Total Long-term Debt	$2,376,156,000			

a) Interest is payable semi-annually on January 1 and July 1.

b) The Bonds are subject to redemption prior to maturity in whole or in part in inverse order of maturities (except that amounts available in the bond reserve account for the Series J Bonds will be applied first in equal amounts to purchase or redeem Series J Term Bonds maturing January 1, 2000, January 1, 2006 and January 1, 2020; amounts available in the bond reserve account for the Series M Bonds will be applied pro rata to purchase or redeem Series M Term Bonds maturing January 1, 1999, January 1, 2004 and January 1, 2009 and amounts available in the bond reserve account for the Series N Bonds will be applied in equal amounts to purchase or redeem Series N Term Bonds maturing January 1, 2003, January 1, 2006 and January 1, 2017), beginning for each series of bonds on the date indicated at principal amount or at various redemption prices according to the date of redemption and the amount redeemed together with accrued interest to the redemption date. Annual maturities within the next five calendar years are as follows: 1985, $6,000,000; 1986, $29,200,000; 1987, $30,820,000 and 1988, $32,345,000.

During the year 1983, the Authority purchased $1,000,000 principal amount of bonds at a cost of $715,000.

None of the Bonds of Series D, I, K and L has been or will be issued by the Authority.

Note G—Notes Payable

At December 31, 1983, the Authority had outstanding, under a one-year master note arrangement with a bank, $80,000,000 of short-term notes issued in November, 1983 payable within one month from the date of issuance or on prior demand. The proceeds of the notes may be used to finance the costs of fuel, including the repayment of obligations issued to pay the costs of such fuel, and/or costs of construction of any project designated pursuant to the Resolution. Interest is computed at a specified percentage of the 13-week United States Treasury bill rate converted to an annual yield, applied to the daily principal amount outstanding.

Under a 1981 revolving credit agreement, as amended, with a bank, the Authority may borrow up to $80,000,000 for the purposes of paying the costs of fuel and/or costs of construction of any project designated pursuant to the Resolution, including the repayment of obligations issued for any such purposes. The agreement (which expires in March, 1984 and which is subject to annual extension) provides for interest on outstanding notes (none outstanding as of December 31, 1983) at a specified fraction of the bank's prime rate in effect from time to time and for a fee on the unused portion of the commitment.

Note H—Provision for Refund of Revenues

On October 13, 1982, the Federal Energy Regulatory Commission (the Commission) issued a declaratory opinion and order which provided among other things, for a refund with interest by the Authority of amounts paid by its municipal and rural electric cooperative wholesale customers for power and energy sold to them at rates in excess of the rates at which the Authority sells them hydroelectric power, and which provided further for the Authority to begin to bill such customers at its hydroelectric rates for all power currently sold to them. Pursuant to the order such refund and revised billing were to be implemented within 60 days after the date the opinion and order became final and non-reviewable. Since the latter part of 1979 the Authority has been selling nuclear power to supplement the requirements of these "preference" customers at rates higher than the Authority's hydroelectric power rates, and the refund was ordered on the basis of a finding by the Commission that the Authority was obliged under the Niagara Redevelopment Act to provide hydroelectric power to preference customers in an aggregate amount up to 50% of Niagara Project capacity. As a result of this Commission decision, at December 31, 1982 provision was recorded for estimated refunds aggregating $42,400,000.

On April 6, 1983, the Commission issued an opinion and order on rehearing which found in part that the Authority is selling sufficent hydroelectric power at the preference power price to meet the preference customers' reasonably foreseeable needs through June 30, 1985, and consequently, the preference customers are not entitled to any additional preference power through June 30, 1985, but that the Authority is not selling enough hydroelectric power at the preference power price to meet preference customers' needs from July 1, 1985 to January 1, 1990 and consequently, it is appropriate to terminate contracts for the sale of hydroelectric power with three investor-owned utilities as of June 30, 1985 insofar as they pertain to preference power and, after that date, the Authority shall make available to preference customers up to 50% of Niagara Project power. Accordingly, the Commission vacated those portions of its October 13, 1982 order inconsistent with its findings and declarations, including any requirement for making refunds to preference customers. On May 27, 1983, the Commission issued a third order to clarify its two previous orders.

These orders are being appealed. If the Commission's April 6, 1983 opinion and order are upheld, the $42,400,000 provision for refund shown on the Balance Sheet at December 31, 1983 will no longer be required. However, if that opinion and order are reversed, provision for additional refunds of approximately $23,000,000 could be required at December 31, 1983 and, to the extent additional power continues to be sold to preference customers for the period after December 31, 1983 at a rate higher than that charged for hydroelectric power, the amount of the refunds which the Authority could be required to make would increase.

Note I—Spent 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, will accept and dispose of spent nuclear fuel. The contract provides that the Authority will pay quarterly to DOE a fee based on gross nuclear generation at a specified rate from April 7, 1983. In addition, the contract requires the payment to DOE of a one-time 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 make a single, interest free payment of this one-time charge of $58,470,000 prior to June 30, 1985. Of this amount, $47,552,000 was collected from customers as of December 31, 1983. The excess ($10,918,000) of this liability to DOE over the amounts recovered from customers at December 31, 1983 is reflected as a deferred charge. The Authority expects to recover the fee for dispoal of spent nuclear fuel through rates charged to customers.

Note J—Commitments and Contingencies

Estimated costs to be incurred on outstanding contracts in connection with the Authority's construction programs aggregated approximately $105,000,000 at December 31, 1983.

In addition to the proceeding referred to in Note H, there are pending before Federal and State courts and agencies actions and proceedings involving several of the Authority's existing or planned projects as well as its revenues from certain projects. While the ultimate outcome of these matters is not presently determinable, the Authority's General Counsel believes that the Authority has meritorious positions with respect to these matters. However, the effect of these matters has delayed and may impede the Authority's construction and operation of such projects or planned projects and require the Authority to incur substantial additional costs or reduction in revenues.

The Indian Point 3 nuclear facility, out of service since March, 1982, was returned to service in June, 1983 after steam generator repairs were completed. The facility operated for eleven days before being shut down because of an electrical malfunction in the turbine-generator, unrelated to the steam generator outage. Indian Point 3 was returned to service in late January, 1984.

Under regulations established by the Nuclear Regulatory Commission, each licensee of a nuclear plant must provide a guarantee that assures, following a nuclear incident in the United States, that it can pay retrospective premiums up to a maximum of $10,000,000 in each calendar year for each large power reactor it operates. The Authority has submitted to the Commission such guarantees for both its FitzPatrick and Indian Point 3 nuclear plants.

Opinion of Independent Certified Public Accountants

Coopers & Lybrand

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

We have examined the balance sheet of the Power Authority of the State of New York as of December 31, 1983, and the statements of net revenues, accumulated net revenues and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Power Authority of the State of New York at December 31, 1983, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming 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 examination 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 10, 1984.

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