

50-286
333

POWER AUTHORITY OF THE STATE OF NEW YORK

10 COLUMBUS CIRCLE NEW YORK, N. Y. 10019

(212) 397-6200

TRUSTEES

JOHN S. DYSON
CHAIRMAN

GEORGE L. INGALLS
VICE CHAIRMAN

RICHARD M. FLYNN

ROBERT I. MILLONZI

FREDERICK R. CLARK



GEORGE T. BERRY
PRESIDENT & CHIEF
OPERATING OFFICER

JOHN W. BOSTON
EXECUTIVE VICE
PRESIDENT & DIRECTOR
OF POWER OPERATIONS

JOSEPH R. SCHMIEDER
EXECUTIVE VICE
PRESIDENT & CHIEF
ENGINEER

LEROY W. SINCLAIR
SENIOR VICE PRESIDENT
& CHIEF FINANCIAL
OFFICER

THOMAS R. FREY
SENIOR VICE PRESIDENT
& GENERAL COUNSEL

September 3, 1980

Mr. Jerome Saltzman, Chief
Antitrust and Indemnity Group
Nuclear Reactor Regulation
United States Nuclear Regulatory
Commission
Washington, D. C. 20555

Dear Mr. Saltzman:

Enclosed for the year 1980, in connection with the guarantee of payments of deferred premiums for the Power Authority's operating reactors, are copies of the cash flow available to the Power Authority's projects financed under its General Purpose Bond Resolution, which covers the Authority's Indian Point 3 Nuclear Power Plant (Docket 50-286), and the cash flow available to the Authority's projects financed under its Revenue Bond Resolution, which covers the James A. FitzPatrick Nuclear Power Plant (Docket 50-33). Also enclosed are the Authority's audited financial statements for the calendar year 1979.

The Authority owns 100 percent of both the Indian Point 3 and James A. FitzPatrick Plants and in connection therewith has a maximum total contingent liability of \$20 million (\$10 million per unit).

Very truly yours,

George T. Berry
George T. Berry
President

Encs.

MOOY
S
1/1

~~8000120396~~ I

POWER AUTHORITY OF THE STATE OF NEW YORK
 1974 PROJECT
1979 ACTUAL vs. 1980 ESTIMATED CASH FLOW (A)
 (in thousands)

| | <u>1979</u> <u>ACTUAL</u> | <u>1980</u> <u>PROJECTED</u> |
|---|------------------------------|---------------------------------|
| Available operating cash at January 1 | \$ 27,902 | \$ 26,494 |
| Source of Funds (B) | | |
| Operating revenue | 468,312 | 712,719 |
| Earnings on investments | 18,929 | 22,500 |
| Other (C) | <u>41,710</u> | <u>64,921</u> |
| Total Source of Funds | <u>\$528,951</u> | <u>\$800,140</u> |
| Use of Funds | | |
| Operations & maintenance, including plant modifications & improvements | 47,726 | 59,945 |
| Purchased power | 78,000 | 153,391 |
| Wheeling & cycle conversion | 125,546 | 129,010 |
| Nuclear fuel | 48,266 | 81,541 |
| Oil and gas purchases | 84,411 | 205,743 |
| Repayment of short-term debt | 20,124 | 29,281 |
| Bonded debt service | <u>126,286</u> | <u>144,407</u> |
| Total Uses of Funds | <u>\$530,359</u> | <u>\$803,318</u> |
| Available cash at December 31 | <u>\$ 26,494</u> | <u>\$ 23,316</u> |

(A) The 1974 Project consists of the Astoria 6 oil-fired power plant, the Indian Point 3 nuclear power plant and the Massena-Marcy 765 KV transmissions line used to import power from Canada. For a more complete description, refer to the accompanying 1979 Financial Statements.

(B) The Authority derives revenue from the sale of power. The Authority is a body corporate and political, a political sub-division and a corporate municipal instrumentality of the State of New York, and as such, its properties and income are exempt from taxation and do not have retained earnings. For a description of accounting and financial policies, see notes to the 1979 Financial Statements.

(C) Represents proceeds of Authority obligations issued to pay fuel costs.

POWER AUTHORITY OF THE STATE OF NEW YORK
 1970 PROJECT
1979 ACTUAL vs. 1980 ESTIMATED CASH FLOW (A)
 (in thousands)

| | <u>1979</u> <u>ACTUAL</u> | <u>1980</u> <u>PROJECTED</u> |
|---|------------------------------|---------------------------------|
| Available operating cash at January 1 | \$ 4,185 | \$ 9,550 |
| Source of Funds (B) | | |
| Operating revenue | 95,206 | 144,742 |
| Earnings on investments | <u>7,442</u> | <u>7,225</u> |
| Total Source of Funds | <u>\$102,648</u> | <u>\$151,967</u> |
| Uses of Funds | | |
| Operations & maintenance, including plant modifications & improvements | 33,448 | 64,412 |
| Purchased power | 12,710 | 17,141 |
| Wheeling | 928 | 1,009 |
| Nuclear fuel | 11,501 | 10,857 |
| Bonded debt service (C) | <u>38,696</u> | <u>50,349</u> |
| Total Uses of Funds | <u>\$ 97,283</u> | <u>\$143,768</u> |
| Available cash at December 31 | <u>\$ 9,550</u> | <u>\$ 17,749</u> |

(A) The 1970 Project consists of the James F. FitzPatrick nuclear power plant and the Blenheim-Gilboa pumped storage plant. Both are completed plants and produce revenues. For a more complete description, refer to the accompanying 1979 Financial Statements.

(B) The Authority derives revenue from the sale of power. The Authority is a body corporate and politic, a political sub-division and a corporate municipal instrumentality of the State of New York, and as such, its properties and income are exempt from taxation. The Authority has no retained earnings. For a description of accounting and financial policies, see the notes to the 1979 Financial Statements.

(C) Between March 15 and September 7, 1979, the James F. FitzPatrick plant was closed due to a Show Cause Order issued by the Nuclear Regulatory Commission. Due to the effect of this closing on revenues, the Authority exercised the right under the Bond Resolution to utilize funds in the Bond Reserve Account to pay a portion of the Bond Service.

Power Authority of the State of New York

Financial Statements

December 31, 1979

Financial Statements

Statement of Condition—December 31, 1979 (in thousands)

| Assets | 1954 Project | 1970 Project | General Purpose | Total |
|---|--------------------|------------------|--------------------|--------------------|
| Electric Plant (Note B) | | | | |
| In service | \$1,137,126 | \$573,095 | \$1,150,622 | \$2,860,843 |
| Construction work in progress | 24,725 | 1,866 | 31,481 | 58,072 |
| Nuclear fuel (net of amortization) | | 45,575 | 105,252 | 150,827 |
| Total Electric Plant | <u>1,161,851</u> | <u>620,536</u> | <u>1,287,355</u> | <u>3,069,742</u> |
| Cash (includes time deposits) | 31,451 | 3,484 | 73,718 | 108,653 |
| Investment in U. S. Government securities, at cost (Note B-9) | 162,729 | 63,578 | 244,848 | 471,155 |
| U. S. Government securities purchased under agreements to resell, at cost | 9,130 | 6,610 | 53,995 | 69,735 |
| Interest receivable on investments and time deposits | 5,923 | 4,008 | 8,852 | 18,783 |
| Receivables—customers | 17,906 | 15,756 | 12,854 | 46,516 |
| Unbilled revenues (Note B-12) | | | 8,337 | 8,337 |
| Materials and supplies (at average cost): | | | | |
| Plant and general | 4,868 | 2,076 | 2,887 | 9,831 |
| Fuel oil | | | 10,274 | 10,274 |
| Prepayments and other assets | 3,542 | 202 | 15,975 | 19,719 |
| Preliminary investigations | | | 53,690 | 53,690 |
| Deferred debits—Greene County Project (Note G) | | | 186,131 | 186,131 |
| Intra Authority balances | 7,680 | (2,366) | (5,314) | |
| | <u>\$1,405,080</u> | <u>\$713,884</u> | <u>\$1,953,602</u> | <u>\$4,072,566</u> |
| Liabilities and Other Credits | | | | |
| Bonds outstanding (Note F) | \$ 227,783 | \$734,000 | \$1,760,000 | \$2,721,783 |
| Promissory notes payable—Short-term (Note E) | | | 40,000 | 40,000 |
| Fuel financing payable (Note E): | | | | |
| Short-term | | | 15,116 | 15,116 |
| Long-term | | | 41,750 | 41,750 |
| Accounts payable and accrued liabilities | 12,079 | 9,659 | 75,076 | 96,814 |
| Retained on contracts | 1,272 | 213 | 4,426 | 5,911 |
| Deferred credits—advance estimated billings, net | | | 12,653 | 12,653 |
| | <u>241,134</u> | <u>743,872</u> | <u>1,949,021</u> | <u>2,934,027</u> |
| Bonds Retired From: | | | | |
| Bond service | 304,474 | | | 304,474 |
| Bond reserve | 307,878 | | | 307,878 |
| General reserve | 261,915 | | | 261,915 |
| | <u>874,267</u> | | | <u>874,267</u> |
| Revenues Allocated To: | | | | |
| Bond service | 8,528 | 3,648 | 12,085 | 24,261 |
| Bond reserve | 26,681 | 10,946 | 46,119 | 83,746 |
| General reserve | 116,627 | | | 116,627 |
| Insurance and improvement fund | 27,640 | | | 27,640 |
| Additions to electric plant | 71,644 | 7,000 | 2,938 | 81,582 |
| Fuel reserve | | 34,617 | 20,216 | 54,833 |
| Working capital | 38,559 | 13,148 | | 51,707 |
| | <u>289,679</u> | <u>69,359</u> | <u>81,358</u> | <u>440,396</u> |
| Bond proceeds used to provide interest and fuel | | (99,347) | (76,777) | (176,124) |
| | <u>289,679</u> | <u>(29,988)</u> | <u>4,581</u> | <u>264,272</u> |
| | <u>\$1,405,080</u> | <u>\$713,884</u> | <u>\$1,953,602</u> | <u>\$4,072,566</u> |

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

1954 Project
Summary of Funds
Year Ended December 31, 1979
(in thousands)

| | General* | | | | | | Insurance & Improve- ment |
|--|----------------|-----------------|-------------------------|-----------------|-----------------|--------------------|---------------------------------|
| | Revenue | Operating | General Construction | Bond Service | Bond Reserve | General Reserve | |
| Available Funds January 1, 1979 | \$ —0— | \$26,794 | \$304 | \$ 2,783 | \$34,654 | \$82,000 | \$27,331 |
| Cash Receipts: | | | | | | | |
| Sale of power, transmission, wheeling, and other charges | 110,310 | | | | | | |
| Earnings on investments and time deposits | 15,965 | | 23 | | | | |
| Other, net (principally lease of property) | 74 | | | | | | |
| Administrative expenses reimbursed from other funds | | 14,402 | | | | | |
| Total Receipts | <u>126,349</u> | <u>14,402</u> | <u>23</u> | | | | |
| Total Available | 126,349 | 41,196 | 327 | 2,783 | 34,654 | 82,000 | 27,331 |
| Transfer of funds—Revenue | (126,349) | 43,840 | | 31,736 | 12,733 | 38,040 | 1,058 |
| —Other | | | | | | (1,058) | |
| | <u>\$ —0—</u> | <u>85,036</u> | <u>327</u> | <u>34,519</u> | <u>47,387</u> | <u>118,982</u> | <u>28,389</u> |
| Cash Disbursements: | | | | | | | |
| Interest on bonds | | | | 9,686 | | | |
| Retirement of bonds: | | | | | | | |
| Term (\$36,324 principal amount) | | | | 19,746 | 12,335 | 3,511 | |
| Serial (\$2,361 principal amount) | | | | 2,307 | 46 | 3 | |
| Operations and maintenance including replacements | | 22,467 | | | | | |
| Purchased power | | 1,581 | | | | | |
| Wheeling charges | | 5,632 | | | | | |
| Construction costs including additions to electric plant in service | | 16,589 | 4 | | | | 245 |
| Administrative expenses chargeable to other funds | | 17,093 | | | | | |
| Total Disbursements | | <u>63,362</u> | <u>4</u> | <u>31,739</u> | <u>12,381</u> | <u>3,514</u> | <u>245</u> |
| Available Funds December 31, 1979 | | <u>\$21,674</u> | <u>\$323</u> | <u>\$ 2,780</u> | <u>\$35,006</u> | <u>\$115,468</u> | <u>\$28,144</u> |
| Distributed as follows: | | | | | | | |
| Demand deposits | \$ 962 | \$ 23 | \$ 10 | \$ 12 | \$ 8 | \$ 21 | |
| Time deposits | 12,400 | | | | 15,715 | 2,300 | |
| Investment in U. S. Government securities | 8,312 | 300 | | | 33,664 | 99,660 | 20,793 |
| U. S. Government securities purchased under agreements to resell | | | | 2,770 | 1,330 | | 5,030 |
| Accrued interest purchased | | | | | | 85 | |
| Totals | | <u>\$21,674</u> | <u>\$323</u> | <u>\$ 2,780</u> | <u>\$35,006</u> | <u>\$115,468</u> | <u>\$28,144</u> |

* In the hands of the Bond Trustee.

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

1970 Project
Summary of Funds
Year Ended December 31, 1979
(in thousands)

| | Revenue | Operating | Nuclear Fuel Reserve | Construction | General* | |
|---|----------------|-----------------|----------------------------|--------------|-----------------|-----------------|
| | | | | | Bond Service | Bond Reserve |
| Available Funds January 1, 1979 | \$ —0— | \$ 4,185 | \$ —0— | \$329 | \$ —0— | \$68,942 |
| Cash Receipts: | | | | | | |
| Sale of power, transmission and wheeling charges | 95,206 | | | | | |
| Earnings on investments and time deposits | 7,442 | | | 19 | | |
| Other | | | | 14 | | |
| Total Receipts | <u>102,648</u> | | | <u>33</u> | | |
| Total Available | <u>102,648</u> | 4,185 | | <u>362</u> | | 68,942 |
| Transfer of Funds—Revenue | (102,648) | 52,444 | 11,508 | | 34,317 | 4,379 |
| —Other | | | | | 9,466 | (9,466) |
| | <u>\$ —0—</u> | <u>56,629</u> | <u>11,508</u> | <u>362</u> | <u>43,783</u> | <u>63,855</u> |
| Cash Disbursements: | | | | | | |
| Interest on bonds | | | | | 43,783 | |
| Operations and maintenance including replacements | | 27,968 | | | | |
| Administrative expenses transferred from 1954 Project | | 2,749 | | | | |
| Purchased power—Hydro Quebec | | 3,194 | | | | |
| —Others | | 9,516 | | | | |
| Wheeling charges | | 928 | | | | |
| Construction costs including additions to electric plant in service | | 2,731 | | 95 | | |
| Nuclear fuel | | | 11,501 | | | |
| Total Disbursements | | <u>47,086</u> | <u>11,501</u> | <u>95</u> | <u>43,783</u> | |
| Available Funds December 31, 1979 | | <u>\$ 9,543</u> | <u>\$ 7</u> | <u>\$267</u> | <u>\$ —0—</u> | <u>\$63,855</u> |
| Distributed as follows: | | | | | | |
| Demand deposits | | \$ 502 | \$ 7 | | | \$ 5 |
| Time deposits | | | | | | 2,970 |
| Investment in U. S. Government securities | | 3,041 | | \$267 | | 60,270 |
| U. S. Government securities purchased under agreements to resell | | 6,000 | | | | 610 |
| Totals | | <u>\$ 9,543</u> | <u>\$ 7</u> | <u>\$267</u> | | <u>\$63,855</u> |

* In the hands of the Bond Trustee.

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

**General Purpose
Summary of Funds
Year Ended December 31, 1979**
(in thousands)

| | Revenue | Operating | Fuel Reserve | Construction | |
|--|----------------|-----------------|------------------|-----------------|-----------------|
| | | | | Astoria 6 | Indian Point 3 |
| Available Funds January 1, 1979 | \$ —0— | \$ 27,902 | \$ —0— | \$14,431 | \$30,875 |
| Cash Receipts: | | | | | |
| Sale of power, transmission, wheeling and other charges | 468,312 | | | | |
| Earnings on investments and time deposits | 18,929 | | | 2,770 | 2,011 |
| Sale of General Purpose Bonds—Series H (principal amount \$150,000) (Note E) | | | | 23,765 | 47,872 |
| Accrued interest on bonds sold | | | | | |
| Sale of promissory notes (Note E): Due April 2, 1980 | | | 40,000 | | |
| Fuel financing | | | | | |
| Total Receipts | <u>487,241</u> | | <u>40,000</u> | <u>26,535</u> | <u>49,883</u> |
| Total Available | 487,241 | 27,902 | 40,000 | 40,966 | 80,758 |
| Transfer of funds—Revenue | (487,241) | 232,967 | 127,988 | | |
| —Other | | 1,710 | | | 7,320 |
| | <u>\$ —0—</u> | <u>262,579</u> | <u>167,988</u> | <u>40,966</u> | <u>88,078</u> |
| Cash Disbursements: | | | | | |
| Interest on bonds and notes | | 1,486 | | | |
| Payment of fuel financing obligations | | | 18,638 | | |
| Payment of promissory notes | | | | | 20,000 |
| Construction costs including additions to electric plant in service | | 737 | | 9,603 | 23,384 |
| Nuclear fuel | | | 48,266 | | |
| Fuel oil | | | 84,411 | | |
| Operations and maintenance | | 43,034 | | | |
| Administrative expenses transferred from 1954 Project | | 3,955 | | 1,062 | 1,221 |
| Purchased power—Hydro Quebec | | 51,338 | | | |
| —Others | | 26,662 | | | |
| Wheeling and cycle conversion charges | | 125,546 | | | |
| Financing costs | | | | 532 | 1,032 |
| Preliminary investigations | | | | | |
| Total Disbursements | | <u>252,758</u> | <u>151,315</u> | <u>11,197</u> | <u>45,637</u> |
| Available Funds December 31, 1979 | | <u>\$ 9,821</u> | <u>\$ 16,673</u> | <u>\$29,769</u> | <u>\$42,441</u> |
| Distributed as follows: | | | | | |
| Demand deposits | | \$ 721 | \$ 23 | \$ 118 | \$ 11 |
| Time deposits | | | | 6,200 | 14,000 |
| Investment in U. S. Government securities | | | | 20,751 | 19,880 |
| U. S. Government securities purchased under agreements to resell | | 9,100 | 16,650 | 2,700 | 8,550 |
| Accrued interest purchased | | | | | |
| Totals | | <u>\$ 9,821</u> | <u>\$ 16,673</u> | <u>\$29,769</u> | <u>\$42,441</u> |

* In the hands of the Bond Trustee.

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

| Construction | | General* | | | | Note Proceeds Accounts |
|------------------|---------------------------|--------------------|-----------------------|-----------------|------------------|------------------------------|
| Greene County | Massena- Marcy Line | Projects' Study | Temporary Interest | Bond Service | Bond Reserve | |
| <u>\$ 6,478</u> | <u>\$ 1,656</u> | <u>\$10,030</u> | <u>\$35,950</u> | <u>\$ —0—</u> | <u>\$156,030</u> | <u>\$16,032</u> |
| 2,888 | 1,319 | 750 | | | | 2,758 |
| 16,109 146 | 45,320 | | 5,105 | 806 | 11,829 | |
| | | | | | | 40,000 |
| <u>19,143</u> | <u>46,639</u> | <u>750</u> | <u>5,105</u> | <u>806</u> | <u>11,829</u> | <u>42,758</u> |
| 25,621 | 48,295 | 10,780 | 41,055 | 806 | 167,859 | 58,790 |
| 14,295 | 35,449 | | | 109,802 | 16,484 | (58,774) |
| <u>39,916</u> | <u>83,744</u> | <u>10,780</u> | <u>41,055</u> | <u>110,608</u> | <u>184,343</u> | <u>16</u> |
| 482 | 1,142 | | 20,103 | 108,105 | | |
| 5,675 | 24,325 | | | | | |
| 14,334 | 13,233 | | | | | |
| 2,205 | 1,680 | 1,284 | | | | |
| 483 | 1,003 | 2,350 | | | | |
| <u>23,179</u> | <u>41,383</u> | <u>3,634</u> | <u>20,103</u> | <u>108,105</u> | | |
| <u>\$16,737</u> | <u>\$42,361</u> | <u>\$ 7,146</u> | <u>\$20,952</u> | <u>\$ 2,503</u> | <u>\$184,343</u> | <u>\$ 16</u> |
| \$ 7 9,000 | \$ 37 20,250 | \$ 65 1,870 | \$ 17 | \$ 8 2,495 | \$ 18,880 | \$ 16 |
| | 17,074 | 946 | 20,935 | | 165,262 | |
| 7,730 | 5,000 | 4,265 | | | 201 | |
| <u>\$16,737</u> | <u>\$42,361</u> | <u>\$ 7,146</u> | <u>\$20,952</u> | <u>\$ 2,503</u> | <u>\$184,343</u> | <u>\$ 16</u> |

Revenues and Disposition of Revenues—Year Ended December 31, 1979
(in thousands)

| | <u>1954 Project</u> | <u>1970 Project</u> | <u>General Purpose</u> |
|--|-------------------------|-------------------------|----------------------------|
| Revenues | | | |
| Power sales: | | | |
| Demand charges | \$ 35,591 | \$ 66,322 | \$131,085 |
| Energy charges | 65,080 | 31,733 | 197,487 |
| Other | 903 | | 58 |
| | <u>101,574</u> | <u>98,055</u> | <u>328,630</u> |
| Transmission charges | 5,055 | 805 | 23,171 |
| Wheeling and cycle conversion charges | 6,449 | 923 | 125,497 |
| Earnings on investments and time deposits | 17,281 | 7,395 | 19,383 |
| Lease of property | 57 | | |
| | <u>\$130,416</u> | <u>\$107,178</u> | <u>\$496,681</u> |
| Disposition of Revenues | | | |
| Operating expenses: | | | |
| Operations | \$ 18,041 | \$ 16,515 | \$ 38,522 |
| Nuclear fuel consumed | | \$ 6,831 | \$15,485 |
| Less: Provided from initial fuel supplies (Note B-5) | | <u>(4,760)</u> | <u>(15,485)</u> —0— |
| Fuel oil consumed | | | 86,614 |
| Maintenance | 5,468 | 19,490 | 13,410 |
| Purchased power—Hydro Quebec | | 3,220 | 56,935 |
| —Others | 1,581 | 9,241 | 37,044 |
| Wheeling and cycle conversion charges | 6,449 | 923 | 125,497 |
| Replacement of electric plant | 147 | 198 | 9 |
| Interest on long-term debt | 9,407 | 43,783 | |
| Less: Provided from bond reserve | | <u>(9,466)</u> | 115,188 |
| Retirement of bonds | 66,378 | | |
| Additions to: | | | |
| Bond reserve | | 4,378 | 17,120 |
| Electric plant | 15,085 | 2,768 | 1,056 |
| Fuel reserve | | 9,436 | 17,032 |
| Accumulated working capital | 7,860 | 4,621 | (11,746) |
| | <u>\$130,416</u> | <u>\$107,178</u> | <u>\$496,681</u> |

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

Statement of Receipts and Disbursements—Year Ended December 31, 1979
(in thousands)

| | |
|--|-------------------------|
| Cash Balance January 1, 1979 | <u>\$113,960</u> |
| Cash Receipts: | |
| Sale of power, transmission, wheeling and other charges | 673,828 |
| Earnings on investments and time deposits | 54,874 |
| Sale of General Purpose Bonds—Series H | 150,000 |
| Sale of promissory notes: | |
| Due April 2, 1980 | 40,000 |
| Fuel financing | 40,000 |
| Accrued interest on bonds sold | 952 |
| Interest purchased, net | 130 |
| Other, net (principally lease of property) | 88 |
| Total Receipts | <u>959,872</u> |
| Total Cash Available | <u>1,073,832</u> |
| Cash Disbursements: | |
| Interest on bonds and notes | 184,787 |
| Retirement of 1954 Project bonds: | |
| Term (\$36,324 principal amount) | 35,592 |
| Serial (\$2,361 principal amount) | 2,356 |
| Payment of fuel financing obligations | 18,638 |
| Payment of promissory notes | 50,000 |
| Construction costs including additions to electric plant | 88,407 |
| Nuclear fuel | 59,767 |
| Fuel oil | 84,411 |
| Operations and maintenance | 102,864 |
| Purchased power—Hydro Quebec | 54,532 |
| —Others | 37,759 |
| Wheeling and cycle conversion charges | 132,106 |
| Financing costs | 3,050 |
| Preliminary investigations | 2,350 |
| Purchase of U. S. Government securities purchased under agreements to resell, net | 32,772 |
| Purchase of investments, net | 75,788 |
| Total Disbursements | <u>965,179</u> |
| Cash Balance December 31, 1979 | <u><u>\$108,653</u></u> |

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

NOTES TO FINANCIAL STATEMENTS

Note A—General

Power Authority of the State of New York is a body corporate and politic, a political subdivision and a corporate municipal instrumentality of the State of New York created by the Legislature of the State by Chapter 772 of the Laws of 1931, approved April 27, 1931, and last amended by Chapter 55 of the Laws of 1979.

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 real property without regard to any improvement thereof 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 as prescribed by the Federal Energy Regulatory Commission, adapted to provisions of the Authority's bond resolutions.

(2) Electric plant in service and construction work in progress consist primarily of amounts expended to license, construct, acquire, complete and place in operation the projects of the Authority. Such expenditures include, in accordance with the bond resolutions, bond discount and financing costs incurred in the issuance of bonds and notes, interest on bonds and notes (net of interest income on unexpended funds), and revenues received for power produced (net of expenditures incurred in operating the projects) prior to the date of completion. Electric plant in service and construction work in progress are stated at initial cost and include the cost of additions financed from operating revenues. The sources of funds used to finance such project expenditures to December 31, 1979 were as follows:

| | |
|--------------------------|------------------------|
| 1954 Project | |
| General Revenue | |
| Bonds | \$1,090,207,000 |
| Operating Revenues | 71,644,000 |
| | <u>\$1,161,851,000</u> |
| 1970 Project | |
| Revenue Bonds | \$ 567,961,000 |
| Operating Revenues | 7,000,000 |
| | <u>\$ 574,961,000</u> |
| General Purpose Projects | |
| General Purpose | |
| Bonds and Notes | \$1,179,165,000 |
| Operating Revenues | 2,938,000 |
| | <u>\$1,182,103,000</u> |

(3) Costs incurred by the Projects' Study Fund for preliminary investigations of a project are transferred to construction work in progress upon the identification of a project and the issuance of the initial series of bonds for the project under the General Purpose Bond Resolution.

(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. Due to the uncertain future of the nuclear fuel reprocessing industry and the absence of government approvals for reprocessing and recycling, the Authority has estimated no value for residual credits or costs for nuclear fuel reprocessing or disposal. However, the Authority has expanded on-site spent fuel storage facilities, the costs of which are included in Electric Plant. The Authority anticipates that future costs of decommissioning its nuclear plant facilities and reprocessing or disposal of spent nuclear fuel will be met from rates (see Note D) designed to provide for such costs and from funds expected to be available in accounts established under the 1970 and General Purpose bond resolutions by the end of the useful lives of its nuclear plants. Cumulative amortization of nuclear fuel at December 31, 1979 totalled \$37,991,000 for the 1970 Project and \$56,173,000 for the General Purpose Projects.

(5) Operating expenses are charged with the amount of fuel consumed af-

ter use of the initial fuel supplies provided from bond proceeds which include, in the case of nuclear fuel, the first reload.

(6) The Authority's bond resolutions provide that operating expenses shall not include any provision for depreciation, amortization or similar charges. Effective recovery of investment in plant facilities is accomplished through allocation of available revenues to funds for the retirement of bonds at cost. Any excess of principal amount over the cost of bonds retired is used for additional bond retirements. The cost of ordinary replacements of electric plant is treated as an operating expense.

(7) In accordance with the Authority's bond resolutions all revenues, as defined, are required to be paid into the revenue fund established under each resolution upon completion or the latest estimated date of completion of each project, whichever is earlier.

(8) Funds required for all bond service payments due and payable on July 1 and January 1 are accounted for as paid on the immediately preceding June 30 and December 31, by which dates such amounts are made available to the Bond Trustees under the resolutions and segregated for that purpose. Accordingly, at December 31, 1979, no liability is reflected in the accompanying financial statements for such interest (\$90,509,000) and principal (\$2,307,000) payments.

(9) At December 31, 1979, the aggregate market value of investments in U. S. Government securities (principal amount \$483,200,000) based upon published bid prices amounted to \$460,400,000.

(10) Employees of the Authority are members of the New York State Employees' Retirement 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. From July 1, 1976, personnel who become members of the System deposit three percent of gross salary, and the Authority contributes the bal-

ance payable to the System for these employees. Pension costs for the year ended December 31, 1979 of \$4,621,000 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 generating facilities financed under the same bond resolution have been eliminated in the presentation of revenues and operating expenses.

(12) Customers' meters are read and bills are rendered on a monthly cycle basis. Unbilled revenues for services provided including amounts to be billed for the sale of energy from the Astoria 6 and Indian Point 3 plants under a fuel adjustment clause have been accrued.

Note C—Bond Resolutions

The Authority has adopted the following bond resolutions:

1954 Project

The Authority adopted on December 21, 1954, the General Revenue Bond Resolution (the 1954 Resolution) to finance the St. Lawrence and Niagara Power Plants and related transmission lines (the 1954 Project). The Resolution provides that all revenues from the 1954 Project in excess of operating and maintenance expenses and working capital requirements be applied to the bond service, bond reserve and general reserve accounts for the payment of interest and principal on the bonds or to insurance and improvement funds. A total of \$1,102,050,000 principal amount of bonds was issued under the 1954 Resolution of which \$227,783,000 remains outstanding at December 31, 1979. No additional bonds may be issued under the 1954 Resolution.

1970 Project

A Revenue Bond Resolution was adopted as of June 15, 1970 (the 1970 Resolution) to finance the Blenheim-Gilboa Pumped Storage Project which includes three transmission lines, the

FitzPatrick Nuclear Plant and the FitzPatrick-Edic Transmission Line (the 1970 Project). The Resolution provides that all revenues from the 1970 Project in excess of operating and maintenance expenses and working capital requirements be applied to the bond service and bond reserve accounts for the payment of interest and principal on the bonds. Upon retirement of all 1954 Project bonds not later than January 1, 1985 (the date established in a schedule set forth in the 1970 Resolution) revenues of the 1954 Project after providing for its operating expenses and working capital requirements will be applied to the extent necessary to meet any deficiency in the 1970 bond service or bond reserve accounts. The 1970 Resolution also provides that amounts in the bond reserve account will be applied by the Bond Trustee monthly to meet any deficiency in the bond service account or may be paid to the Authority for emergency repairs or replacements. From May, 1976 (issuance of Series H bonds) through December 31, 1979, an aggregate of \$34,657,000 was transferred from the bond reserve account to the bond service account by the Bond Trustee for the payment of interest. During this period, revenues of \$10,946,000 were set aside in the bond reserve account. A total of \$734,000,000 principal amount of bonds has been issued under the 1970 Resolution all of which remains outstanding at December 31, 1979. The Authority has the right to issue additional bonds (i) to complete the 1970 Project, (ii) to refund one or more series of bonds outstanding under the 1970 Resolution or all of the 1954 Project bonds now outstanding, and (iii) to finance major repairs, replacements, improvements, betterments or additions to the 1970 Project.

General Purpose Projects

A General Purpose Bond Resolution adopted on November 26, 1974 (the General Purpose Resolution) provides for the financing of projects other than those projects financed under the 1954 and 1970 resolutions of the Authority. 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, heretofore or hereafter authorized by the Power Authority Act and hereafter specified in the supplemental resolution adopted at the time a series of bonds is issued. Any new project must meet a prescribed earnings test certified to by an independent engineer. Projects financed through December 31, 1979 under the resolution are the Astoria 6, Indian Point 3, Massena-Marcy Line and the Greene County Project (see Note C). The General Purpose Resolution also established a Projects' Study Fund to finance preliminary efforts of the Authority to determine appropriate methods to fulfill its purposes under the Power Authority Act.

The Authority covenants that at all times rates and charges will be sufficient, together with other moneys available therefor, to meet the financial requirements of the General Purpose Resolution. All revenues not pledged under the 1954 or 1970 resolutions from any project of the Authority after its completion (after deductions for operating expenses and necessary working capital reserves and for Projects' Study) are applied first to the payment of bond service (interest only to December 31, 1985, 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; any remaining revenues are deposited in a general reserve account to be paid to the Authority for any lawful corporate purpose. 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. Amounts in such account above the bond reserve requirement may be used to retire bonds. Upon retirement of all bonds issued for the 1954 Project, that portion of the revenues of such project (after providing for operating expenses and reasonable and necessary working capital reserves) in excess of any amount required under the 1970 resolution, will be deposited in the General Purpose revenue fund.

A total of \$1,760,000,000 principal amount of bonds has been issued under the General Purpose resolution, all of which remains outstanding at December 31, 1979.

Note D—Rate Increases

1970 Project

An increase in the FitzPatrick plant's rates was approved by the Authority on January 24, 1980. The revised rates, which become effective on April 1, 1980, are designed to produce an average annual increase in revenues of approximately \$38.8 million through 1982. The rate increase was necessitated by increased costs of operation, maintenance, nuclear fuel and the costs of modifications to the FitzPatrick plant, as well as to initiate provision for costs of disposal of spent nuclear fuel and of nuclear plant decommissioning.

General Purpose Projects

The Authority approved on January 24, 1980 increases in rates for the Astoria 6 and Indian Point 3 plants. The revised rates, which become effective during the month of February, 1980, are expected to provide additional revenues of approximately \$51.8 million on an annual basis. In addition, an energy adjustment factor is applied each month to reflect variations in the actual cost of fuel and purchased power. These rate increases are due to increased costs of oil and nuclear fuels, operation and maintenance expenses, as well as to initiate provision for Indian Point 3 costs of disposal of spent nuclear fuel and of nuclear plant decommissioning.

Due to increased construction costs and operation and maintenance expenses the Authority authorized publication on December 20, 1979 of notice to increase the Massena-Marcy Line transmission charge for the sale

of diversity power. The proposed revised rate is expected to become effective April 1, 1980 and is designed to increase transmission revenues by approximately \$5.5 million on an annual basis.

Note E—Financing

Bonds

On October 18, 1979, pursuant to the General Purpose Bond Resolution and the Eighth Supplemental General Purpose Bond Resolution adopted on that day the Authority sold \$150,000,000 principal amount of General Purpose Bonds, Series H. Proceeds of the bonds, after deposit of \$11,829,100 to the bond reserve account and \$5,105,027 to the temporary interest fund, are being used to pay a portion of the licensing, engineering, design and other construction costs of the Astoria 6, Indian Point 3, Massena-Marcy Line, and Greene County projects.

Promissory Notes

On April 2, 1979, pursuant to a Note Resolution adopted on March 23, 1979, the Authority sold \$40,000,000 principal amount of Promissory Notes to pay a portion of the cost of construction of any project specified in a supplemental resolution to the General Purpose Bond Resolution. The notes bear interest at a specified fraction of the prime rate in effect from time to time and are payable as to principal and interest on April 2, 1980.

Fuel Financing

In 1977, the Authority entered into an arrangement under which two banks agreed to make available to the Authority funds for the purchase of natural uranium concentrates required for future operation of its nuclear plants. The cost of the uranium is

payable in three semi-annual installments commencing eighteen months after each delivery of uranium. Interest is computed at a specified fraction of the prime rate in effect from time to time and is payable one year prior to the first principal installment date of each delivery and semi-annually thereafter. As of December 31, 1979, the Authority had purchased uranium at a cost of \$26,704,000 under this arrangement of which \$10,416,000 remains outstanding at December 31, 1979.

Of a Promissory Note in the amount of \$8,800,000, issued pursuant to a Resolution adopted on July 17, 1978, to pay for natural uranium concentrates required for use at the Indian Point 3 plant, \$7,700,000 remains outstanding at December 31, 1979, and is payable with interest in seven equal semi-annual installments from June 30, 1980. Interest is computed at a specified fraction of the prime rate in effect from time to time.

Of a Promissory Note in the amount of \$10,000,000, issued on April 12, 1979 pursuant to a Resolution adopted on March 23, 1979, to pay for nuclear fuel required for use at the Indian Point 3 plant, \$8,750,000 remains outstanding at December 31, 1979, and is payable with interest in seven equal semi-annual installments from June 30, 1980. Interest is computed at a specified fraction of the prime rate in effect from time to time.

On December 27, 1979, pursuant to a Resolution adopted on December 20, 1979, the Authority issued a \$30,000,000 Promissory Note payable with interest in four equal semi-annual installments beginning January 1, 1981. Interest is computed at a specified fraction of the prime rate in effect from time to time. The proceeds of the note are for the payment of fuel purchases.

Note F—Bonds Outstanding

1954 Project

The General Revenue Bonds issued for the 1954 Project outstanding at December 31, 1979 bear interest payable semi-annually on January 1 and July 1, with maturities and interest rates per annum shown below:

| | <u>Amount</u> | <u>Maturity*</u> <u>January 1</u> | <u>Interest</u> <u>Rate</u> |
|---|----------------------|--------------------------------------|--------------------------------|
| Series A—St. Lawrence Power Project Term Bonds | \$ 46,811,000 | 1995 | 3.20% |
| Series B—Barnhart Platts- burgh Transmission Line Project Serial Bonds | 848,000 | 1981 to 1985 | 2.75% and 2.80% |
| Series C—Supplemental Transmission Line Project Serial Bonds | 280,000 | 1981 to 1985 | 3.75% |
| Series E—Niagara Power Project Term Bonds | 42,275,000 | 2006 | 4.20% |
| Series F—Niagara Power Project Term Bonds | 48,835,000 | 2006 | 4.20% |
| Series G—Niagara Power Project Term Bonds | 31,106,000 | 2006 | 4.375% |
| Series H—Niagara Power Project Term Bonds | 22,258,000 | 2006 | 4.125% |
| Series J—Niagara Power Project Term Bonds | 24,320,000 | 2006 | 3.75% |
| Series K—Niagara Power Project Term Bonds | 7,124,000 | 2006 | 3.625% |
| Series L—Second Circuit Transmission Line Project Term Bonds | 2,586,000 | 2006 | 3.55% |
| Serial Bonds | 1,340,000 | 1981 to 1984 | 3.25% and 3.30% |
| | <u>\$227,783,000</u> | | |

* The Authority has covenanted in the 1970 and General Purpose bond resolutions to retire all 1954 Project bonds not later than January 1, 1985.

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

The Bonds are subject to redemption prior to maturity in whole or in part in inverse order of the maturities beginning on January 1, 1981, or any date thereafter at various redemption prices according to the date of redemption, together with accrued interest to the redemption date. The Bonds mature in annual installments, including sinking fund requirements for the Term Bonds.

1970 Project

The Revenue Bonds issued for the 1970 Project outstanding at December 31, 1979 bear interest payable semi-annually on January 1 and July 1, with maturities and interest rates per annum shown below:

| | <u>Amount</u> | <u>Maturity January 1</u> | <u>Interest Rate</u> |
|---------------------|----------------------|-------------------------------|--------------------------|
| Series A—Term Bonds | \$120,000,000 | 2010 | 6.875% |
| —Serial Bonds | 20,000,000 | 1986 to 1993 | 6.50% |
| Series B—Term Bonds | 85,500,000 | 2010 | 5.625% |
| —Serial Bonds | 24,500,000 | 1986 to 1995 | 5.10% to 5.50% |
| Series D—Term Bonds | 98,000,000 | 2010 | 5.875% |
| —Serial Bonds | 22,000,000 | 1986 to 1995 | 5.10% to 5.60% |
| Series E—Term Bonds | 39,000,000 | 2010 | 5.50% |
| —Serial Bonds | 11,000,000 | 1986 to 1995 | 4.90% to 5.30% |
| Series F—Term Bonds | 95,000,000 | 2010 | 5.50% |
| —Serial Bonds | 29,000,000 | 1986 to 1995 | 4.75% to 5.30% |
| Series G—Term Bonds | 85,000,000 | 2010 | 5.375% |
| —Serial Bonds | 25,000,000 | 1986 to 1995 | 5.00% to 5.20% |
| Series H—Term Bonds | 64,000,000 | 2010 | 7.50% |
| —Serial Bonds | 16,000,000 | 1986 to 1995 | 6.00% to 7.10% |
| | <u>\$734,000,000</u> | | |

None of the Bonds of Series C has been or will be issued by the Authority.

The Bonds will be subject to redemption prior to maturity in whole or in part in inverse order of maturities beginning on January 1, 1981 at various redemption prices according to the date of redemption and the amount redeemed, together with accrued interest to the redemption date.

General Purpose Project

The General Purpose Bonds issued for the Astoria 6 Project, Projects' Study, Indian Point 3 Project, Massena-Marcy Line Project and Greene County Project outstanding at December 31, 1979 bear interest payable semi-annually on January 1 and July 1, with maturities and interest rates per annum shown below:

| <u>General Purpose</u> | <u>Amount</u> | <u>Maturity January 1</u> | <u>Interest Rate</u> | <u>Earliest Redemption Date Prior to Maturity*</u> |
|---|------------------------|-------------------------------|--------------------------|--|
| Series A—Astoria 6 Term Bonds | \$ 125,000,000 | 2010 | 7.875% | 11/1/85 |
| Serial Bonds | 25,000,000 | 1987 to 1995 | 6.50% to 7.30% | |
| Series B—Astoria 6 and Project's Study Term Bonds | 110,000,000 | 2010 | 8.125% | 6/1/85 |
| Serial Bonds | 40,000,000 | 1987 to 1997 | 6.90% to 7.90% | |
| Series C—Astoria 6, Indian Point 3 and Massena-Marcy Line Term Bonds | 610,000,000 | 2001 | 9.50% | 1/1/86 |
| Series E—Astoria 6, Indian Point 3, Massena-Marcy Line, Greene County and Projects' Study Term Bonds | 130,000,000 | 2010 | 7.25% | 10/1/86 |
| Serial Bonds | 20,000,000 | 1987 to 1994 | 6.00% to 6.90% | |
| Series F—Astoria 6, Indian Point 3, Massena-Marcy Line, and Greene County Project Term Bonds | 175,000,000 | 2010 | 6.625% | 2/1/87 |
| Serial Bonds | 25,000,000 | 1987 to 1993 | 5.40% to 6.10% | |
| Series G—Astoria 6, Indian Point 3, Massena-Marcy Line, and Greene County Project Term Bonds | 42,200,000 | 1999 | 6.40% | 1/1/88 |
| Term Bonds | 242,600,000 | 2012 | 6.75% | |
| Serial Bonds | 65,200,000 | 1987 to 1995 | 5.50% to 6.20% | |
| Series H—Astoria 6, Indian Point 3, Massena-Marcy Line and Greene County Project Term Bonds | 124,000,000 | 2009 | 8.00% | 1/1/89 |
| Serial Bonds | 26,000,000 | 1987 to 1999 | 6.80% to 7.75% | |
| | <u>\$1,760,000,000</u> | | | |

None of the Bonds of Series D has been or will be issued by the Authority.

* The Bonds will be subject to redemption prior to maturity in whole or in part in inverse order of maturities beginning for each series of bonds on the date indicated at various redemption prices according to the date of redemption and the amount redeemed, together with accrued interest to the redemption date.

Note G—Greene County Project

On April 5, 1979, the Authority adopted a resolution to sell the assets of the Greene County Nuclear Power Project because of substantial escalation in capital costs, protracted delays in licensing proceedings, the uncertainty of obtaining required licenses and approvals and the possibility of complete blockage. On January 18, 1980 the Authority withdrew its application for a siting certificate for the plant.

Costs incurred including termination charges on all contracts for the Greene County Project totalled \$186,131,000 as of December 31, 1979. Additional costs for storage and expenses in connection with sale of fabricated components owned by the Authority are anticipated. The unexpended proceeds from the Series H bonds deposited in the Greene County Project construction fund are expected to be sufficient to pay all such remaining costs. Net interest costs in respect of \$227 million of bonds relating to the Greene County Project are payable from funds on deposit in the temporary interest fund held by the Trustee until May, 1981 and thereafter from the Authority's operating revenues. While the Authority is attempting to sell the project's assets, it cannot presently estimate the extent or amount of any recovery.

The Project was financed by the issuance of bonds under the Authority's

General Purpose Bond Resolution. The resolution provides that the revenues from all Authority projects not pledged under the 1954 and 1970 bond resolutions are pledged to the payment of principal and interest on all General Purpose bonds. The Authority has covenanted with bondholders to raise rates, if necessary, to provide the required coverage on the bonds. It is anticipated that effective recovery of Greene County Project costs in excess of sales proceeds will be accomplished through the allocation of revenues for the payment of principal and interest on all General Purpose bonds.

Note H—Commitments and Claims

Estimated costs to be incurred on outstanding contracts in connection with the Authority's construction programs as well as commitments for the acquisition of uranium aggregated approximately \$107,000,000 at December 31, 1979.

No provision has been made for land acquisition claims in excess of appraisal estimates deposited with the Comptroller of the State of New York. Such deposits are included in construction work in progress.

At December 31, 1979, the Authority was obligated for purchases aggregating \$4,090,000 principal amount of General Revenue Bonds for delivery and settlement at a cost of \$3,814,000 subsequent to December 31, 1979.

Note I—Contingencies

There are pending before Federal and State courts and Federal and State agencies actions and proceedings involving several of the Authority's projects or planned projects. While the ultimate outcome of these matters is not presently determinable, the Authority's General Counsel is of the opinion 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 postponement of revenues.

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 James A. FitzPatrick and Indian Point 3 nuclear plants. In connection with the FitzPatrick Plant guarantee, the Authority has a revolving credit/term loan arrangement with a bank.

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

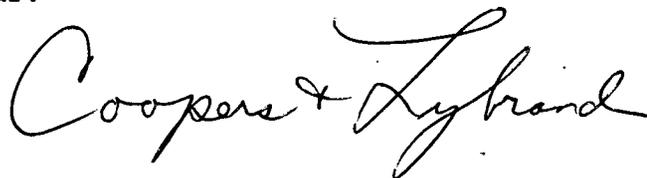
A MEMBER FIRM OF
COOPERS & LYBRAND (INTERNATIONAL)

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

We have examined the statement of condition of the Power Authority of the State of New York as of December 31, 1979, and the summary of funds and revenues and disposition of revenues of the 1954 Project, 1970 Project and General Purpose projects and the statement of receipts and disbursements 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.

The aforementioned financial statements of the Authority are prepared on the basis of the provisions of the respective bond resolutions. Such resolutions require allocation of available revenues for debt service and bond retirements and the treatment of the cost of facility replacement as an operating expense in lieu of provisions for depreciation, amortization or similar charges that would otherwise be applicable under generally accepted accounting principles for commercial enterprises. Effective recovery of investment in plant facilities is accomplished through allocation of available revenues to funds for the retirement of bonds at cost. Accordingly, the financial statements of the Authority are appropriately presented under accounting principles required by or appropriate to the provisions of the respective bond resolutions rather than in accordance with generally accepted accounting principles.

In our opinion, such financial statements present fairly the financial position of the Power Authority of the State of New York at December 31, 1979, and the cash and fund transactions, changes in fund balances, and revenues and disposition of revenues of the 1954 Project, 1970 Project and General Purpose projects and the receipts and disbursements for the year then ended, in conformity with accounting principles required by or appropriate to the provisions of the respective bond resolutions, applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Coopers & Lybrand". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

New York, New York
January 31, 1980