

NEW YORK STATE
ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

2008-09 ANNUAL INVESTMENT REPORT

A. EXPLANATION OF INVESTMENT GUIDELINES

A copy of the Investment Guidelines, Operative Policy and Instructions ("Guidelines") is included in the 2008-09 Annual Investment Report as required by PAL Section 2925. PAL Section 2925 provides that the investment guidelines of a public authority shall set forth, among other things, a detailed list of permitted investments, what types of investments shall be secured with collateral and to what extent, what types of investments shall be made pursuant to written contracts, how collateral shall be valued and monitored, standards for diversifying types of investments and for qualifying and diversifying firms with which business is transacted, requirements for Board verification of matters relating to investments, provisions for annual independent audit of all investments, and provisions for preparing and filing quarterly and annual investment reports.

The Guidelines explicitly require the Board to determine whether results are consistent with objectives, to review the independent audit of investments, to review the program for consistency with statutory requirements, and to verify collateral semi-annually (at least once on an unscheduled basis). The Guidelines permit delegation of these functions through the Audit and Finance Committee to the Authority's independent auditors.

The Guidelines provide that, where practicable, the Members shall review and approve at the June meeting an annual investment report and the investment guidelines.

B. AMENDMENTS

No changes are proposed to the Investment Guidelines approved by the Members in June 2008.

C. INVESTMENT GUIDELINES, OPERATIVE POLICY AND INSTRUCTIONS

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

INVESTMENT GUIDELINES, OPERATIVE POLICY AND INSTRUCTIONS

(June 2008)

INVESTMENT GUIDELINES, OPERATIVE POLICY AND INSTRUCTIONS
(June 2008)

I. Introduction

These guidelines set forth the policy of the New York State Energy Research and Development Authority (hereafter "the Authority") and instructions to its officers and staff with regard to its investments and the monitoring and reporting of these investments. The guidelines are intended to meet or exceed the provisions of Public Authorities Law (hereafter, "PAL") Section 2925, the Office of the State Comptroller's Investment Guidelines for Public Authorities contained in 2 NYCRR Part 201, Section 201.3, and the provisions of the Authority's enabling legislation concerning Authority investments. In accordance with PAL Section 2925, the guidelines will be reviewed, revised, if necessary, and approved as frequently as necessary and appropriate, but not less frequently than annually, in the manner described hereafter.

The provisions of these guidelines apply to all monies for which the Authority is responsible for directing investment. This includes monies to which the Authority has legal title and which are held by the Commissioner of Taxation and Finance as fiscal agent of the Authority (PAL Section 1859(1)). It also includes monies to which the Authority does not have legal title, but for which it is responsible for directing investment such as monies held by the trustee for the State Service Contract Revenue (West Valley) Bonds.

The Authority conducts a Private Activity Bond Financing Program. Pursuant to this program, tax-exempt non-recourse securities are issued by the Authority, and the proceeds are made available to State utilities and other non-State entities to finance eligible projects. These securities do not constitute a debt of or charge against the credit of the Authority or the State. Rather, the utility or other entity for which the securities are issued is liable for payment of the principal, redemption premium, if any, and interest on the securities. The proceeds of each issuance are deposited with a trustee chosen by the participating utility or other entity, and are not available for investment by the Authority. Generally, the Indenture of Trust for the transaction will contain a list of securities in which the Trustee may invest these monies. The list of permitted investments is approved by the Commissioner of Taxation and Finance as part of the Commissioner's review pursuant to the enabling legislation of the Authority. Investments are made at the direction of the participating utility or other entity, and not at the direction of the Authority. Accordingly, the provisions of these Investment Guidelines do not apply to the investing of these monies. Nonetheless, when participating in the formulation of these financing transactions, staff are directed to pursue the objectives set forth in the Investment Guidelines and to require that prudent provisions as to permitted investments, collateral requirements and investment monitoring be included in the underlying documents, as appropriate.

II. Definitions

"Broker-Dealer" means any government bond trader approved by the Commissioner of Taxation and Finance reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York.

"Custodian" means the Commissioner of Taxation and Finance, or a bank, trust company or national banking association designated or approved to hold securities on behalf of or for the benefit of the Authority, as trustee or otherwise.

"Eligible Banking Institution" means any bank, trust company, or national banking association approved by the Commissioner of Taxation and Finance doing business through offices located within New York State. For the State of New York's Excelsior Linked Deposit Program only, Eligible Banking

Institution shall also includes savings and loan institutions.

"Federal Governmental Obligations" means obligations of the United States and obligations the principal and interest of which are unconditionally guaranteed by the United States.

"Repurchase Agreement" means a written contract whereby the Authority purchases securities, and the seller of the securities agrees to repurchase the securities at a future date for a specified price. Repurchase Agreements may be used to purchase only Federal Government Obligations. The Authority may enter into a Repurchase Agreement only with an Eligible Banking Institution or a Broker-Dealer.

"Money market funds" means shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, registered under the Federal Securities Act of 1933.

III. Investment Objectives

The investment objectives of the Authority, listed in order of importance, are as follows: to conform with all applicable Federal, State and other legal requirements; to adequately safeguard investment principal; to earn reasonable rates of return; and to provide for portfolio liquidity. These investment objectives will likely be achieved through substantial reliance on Federal Governmental Obligations and minimal investment in long-term securities.

IV. Delegation of Authority

The responsibility for implementing the investment program is delegated to the Authority's Treasurer. All investment transactions shall be approved and authorized by the Treasurer or, in his/her absence the Controller and Assistant Treasurer, or any Officer of the Authority. Such authorized investment transactions shall be initiated and executed by the Commissioner of Taxation and Finance (or his/her authorized designees), the Authority's fiscal agent established pursuant to Section 1859 of the Public Authorities Law. The Treasurer shall establish written procedures for the operation of the investment program consistent with these Investment Guidelines. Such procedures shall include an internal control structure to provide a reasonable level of accountability over the authorization, recording and reporting of investment transactions, and to provide for a segregation of duties between authorization and accounting functions.

Investments shall be made in accordance with the Authority's Investment Guidelines, Operative Policy and Instructions using the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the objectives set forth herein. All Authority staff participating in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Authority's ability to effectively fulfill its responsibilities. All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. Types of Investments Authorized

The Authority may deposit monies in demand deposit (checking) and time deposit (savings) accounts with Eligible Banking Institutions located in New York State. Monies deposited in such accounts shall be fully secured as soon as practicable by Federal Deposit Insurance Corporation (FDIC) insurance or obligations of New York State or Federal Government Obligations, subject to approval of the Commissioner of Taxation and Finance, the Authority's fiscal agent, in consultation with the Authority.

Investments shall be limited to the following types of securities:

(1) Federal Governmental Obligations, provided that the term of each shall not exceed five (5) years;

(2) obligations of New York State and obligations the principal and interest of which are guaranteed by New York State, provided that the term of each shall not exceed five (5) years;

(3) certificates of deposit of Eligible Banking Institutions located in New York, provided that: the term of each shall not exceed five (5) years; pursuant to the limitations of a resolution adopted by the Members in June 1994, the Authority may invest in certificates of deposits through the State of New York's Excelsior Linked Deposit Program, whereby the Authority's deposit will earn a fixed rate of interest equal to 2% to 3% less than the institution's published certificate of deposit rate consistent with this program's criteria; and subject to all other provisions outlined in these Guidelines.

(4) Repurchase Agreements, provided that the term of each shall not exceed sixty (60) days and that no more than 40 percent of the Authority's total investments shall be invested in Repurchase Agreements at the time of purchase; and

(5) Money market funds whose investments are limited to the authorized investments described above and whose objective is to maintain a constant share value of \$1.00, provided that: (a) no more than 5 percent of the total amount of the Authority's investments shall be invested in money market funds for more than thirty consecutive business days; and (b) no more than 10 percent of the total amount of the Authority's investments shall be invested in money market funds at any time.

Nothing herein contained shall preclude the Authority from imposing further restrictions on the investing of funds in any Indenture of Trust relating to the issuance of bonds.

VI. Authorized Financial Institutions and Dealers

Eligible Banking Institutions and Broker-Dealers authorized for the Authority's investment purposes shall be approved based upon policies and procedures established by the Commissioner of Taxation and Finance. A list of Eligible Banking Institutions and Broker-Dealers authorized by the Commissioner as of the date of these Guidelines is contained in Appendix A, subject to change. The Authority will periodically consult with the Department of Taxation and Finance concerning their policies, practices and the resulting list.

VII. Diversity of Investments

To the extent practical, the Authority shall diversify its investments by financial institution, by investment instrument, and by maturity. The cash flow requirements of the Authority will be a significant determining factor in selecting the term of investment securities. Competitive quotations, pursuant to policies established by the Commissioner of Taxation and Finance and executed by his/her designated staff, shall be used to select the institution from which investments are purchased.

Except as otherwise required by any policies and practices of the Commissioner of Taxation and Finance, the Authority shall not invest more than 35 percent of its total investment portfolio with a single Eligible Banking Institution.

VIII. Collateral and Delivery of Securities

Collateral for investments shall be limited to: (i) obligations of New York State and obligations the principal and interest of which are guaranteed by New York State; and (ii) Federal Governmental Obligations. The Authority shall not accept a pledge of a proportionate interest in a pool of collateral. Collateral shall be segregated in the name of the Authority, and shall be in the custody of the Authority or a

third party Custodian pursuant to a written custodial agreement; provided, that if the Custodian is the Commissioner of Taxation and Finance, a written custodial agreement shall not be required. The written custodial agreement shall specify circumstances, if any, under which collateral may be substituted, and shall provide that the Custodian holds the collateral solely for the benefit of the Authority and makes no claim thereto. The market value of collateral and accrued interest, if any, shall equal or exceed the value of the secured investment and accrued interest, if any, at all times. Collateral shall be marked to market at the time of the initial investment and, thereafter, no less frequently than monthly using the bid or closing price as quoted in The Wall Street Journal.

In addition to collateral permitted for investments, collateral for deposits made with banks participating in the State's Excelsior Linked Deposit Program shall, subject to the discretion of the Commissioner of Taxation and Finance with confirmation to the Authority, include obligations permitted under Section 105 of the State Finance Law.

Certificates of deposit, demand deposits and time deposits shall be fully collateralized for amounts in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

Securities purchased through a Repurchase Agreement shall be marked to market at least monthly.

Collateral shall not be required with respect to the purchase of obligations of New York State, obligations the principal and interest of which are guaranteed by New York State, Federal Governmental Obligations, or money market funds.

Under any Repurchase Agreement, payment shall be made by or on behalf of the Authority to the seller upon the seller's delivery of obligations of the United States to the Custodian designated by the Authority, or, in the case of a book entry transaction, when the obligations of the United States are credited to the Custodian's Federal Reserve Bank account. Payment shall be made by or on behalf of the Authority for obligations of New York State, obligations the principal and interest of which are guaranteed by New York State, Federal Governmental Obligations, certificates of deposit, and other purchased securities upon the delivery thereof to the Custodian designated by the Authority, or, in the case of a book entry transaction, when the purchased securities are credited to the Custodian's Federal Reserve System account.

IX. Written Contracts

The Authority has determined that, with the exception of Repurchase Agreements, written contracts are not a regular business practice for the types of securities (obligations of New York State, Federal Governmental Obligations, etc.) in which Authority monies may be invested. The interests of the Authority will be adequately protected by conditioning payment by or on behalf of the Authority on the physical delivery of purchased securities to the Authority or its Custodian, or, in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. In addition, all purchases will be confirmed in writing to the Authority.

Only an Eligible Banking Institution or a Broker-Dealer shall be qualified to enter into a Repurchase Agreement with the Authority's fiscal agent. The Authority's fiscal agent shall enter into a Master Repurchase Agreement, patterned after the Bond Market Association (formerly Public Security Association) model master repurchase agreement, with each Eligible Banking Institution or Broker-Dealer with which the fiscal agent enters into a specific Repurchase Agreement. The Master Repurchase Agreement shall include:

- (a) a description of the relationship of the parties as purchaser and seller;
- (b) a description of the events of default which would permit the purchaser to liquidate the pledged

collateral;

(c) procedures which ensure that the Authority obtains a perfected security interest in the underlying securities; and

(d) the method of computing margin maintenance requirements, including a limitation, based on policies established by the Commissioner of Taxation and Finance, that securities purchased and held as collateral for repurchase agreements shall be Federal Government Obligations maturing in twelve years or less, and provided that: (i) if such collateral has a maturity of seven years or less, the market value must equal or exceed 101% of the par value of the repurchase agreement; and (ii.) if such collateral has a maturity greater than seven years, the market value must equal or exceed 102% of the par value of the repurchase agreement.

X. Qualification of Custodians

The following shall be qualified to act as Custodian: the Commissioner of Taxation and Finance, any bank or trust company chartered by the State of New York which is not a member of the Federal Reserve System, or any bank, trust company, or national banking association which is a member of the Federal Reserve System, including an Eligible Banking Institution, which transacts business through offices located within the State of New York. During the time that any bank or trust company serves as Custodian, it must be rated at least "A", or its equivalent, by a nationally recognized independent rating agency. With respect to the holding of securities purchased by the Authority through a Repurchase Agreement, the Custodian may not be the Eligible Banking Institution with which the Authority or its fiscal agent has entered into such Repurchase Agreement, nor an agent of such Eligible Banking Institution for purposes of the Repurchase Agreement.

XI. Audit and Finance Committee

The functions of the Audit and Finance Committee with respect to investments are to:

(a) monitor the system of internal controls;

(b) verify relevant matters relating to securities purchased or held as collateral semi-annually and on an unscheduled basis;

(c) determine whether the investment results are consistent with the investment objectives set forth in these Investment Guidelines;

(d) review any independent audits of the investment program;

(e) review these Investment Guidelines periodically and recommend to the Members of the Authority such amendments thereto as may be necessary or appropriate; and

(f) evaluate systematically and periodically the investment program consistency with the provisions of PAL Section 2925, these Investment Guidelines, and the Office of the State Comptroller's Investment Guidelines for Public Authorities (2 NYCRR Part 201, Section 201.3).

In support of its functions, the Audit and Finance Committee shall:

(a) require the Authority's independent auditors to verify semi-annually, and at least once annually on an unscheduled basis, that the provisions of these Investment Guidelines relating to the delivery and

possession of and payment for securities, and custodial possession and periodic valuation of collateral are being met;

(b) review the quarterly, annual, and any other periodic investment reports, and recommend to the Members of the Authority such changes in the annual investment report as it deems necessary or appropriate;

(c) review the written annual audit report of the independent auditors;

(d) discuss with the independent auditors, with staff and officers not present, the results of the annual independent audit and the written annual audit report; and

(e) review not less frequently than annually these Investment Guidelines, and recommend to the Members of the Authority such changes in these Investment Guidelines as it deems necessary or appropriate.

XII. Operations and Procedures

The Treasurer, or in his/her absence the Controller and Assistant Treasurer or any Authority Officer, shall authorize the purchase and sale of all securities, authorize the disbursement of funds for delivery of securities, determine the selection of brokers, dealers and Custodians, and execute contracts for Repurchase Agreements and custodial services on behalf of the Authority. The process of initiating, reviewing and approving requests to purchase and sell securities shall be documented and retained for audit purposes. Oral directions concerning the purchase or sale of securities shall be confirmed in writing. The Authority shall pay for purchased securities upon the delivery or book-entry thereof, and the Authority will obtain written confirmation of each delivery or book-entry. Custodians must have prior authorization from the Authority to deliver securities and collateral, and shall not deliver securities except upon receipt of funds. Custodians shall confirm in writing all such transactions. Custodians shall report whenever activity has occurred in a custodial account of the Authority.

The Treasurer shall develop a detailed investment procedures implementing the Investment Guidelines as part of the Accounting Policy and Procedures Manual which shall include, but not be limited to, the following:

(a) the establishment and maintenance of a system of internal controls for investments;

(b) methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;

(c) a data base or record incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices and related information necessary to manage the portfolio; and

(d) requirements for periodic reporting and a satisfactory level of accountability.

Except in the purchase of government securities at their initial auction, the Authority will encourage investment selections utilizing competitive quotations based upon the procedures established by the Commissioner of Taxation and Finance and carried out by his/her designated personnel.

The Treasurer shall maintain a record of investments. The record shall identify each security, the fund for which held, the place where kept, date of disposition and amount realized, and the market value and

Custodian of the collateral.

At least monthly, the Authority shall verify the principal amount and market values of all investments and collateral. The Authority shall obtain appropriate listings from Custodians and compare such listings against the records of the Authority.

XIII. Audit

At the time the independent auditors to the Authority conduct the annual audit of the accounts and financial affairs of the Authority, the independent auditors shall audit the investments of the Authority for the subject fiscal year. The annual investment audit shall determine whether:

- (a) the Authority's investment practices and operations have been consistent with the provisions of PAL Section 2925, these Investment Guidelines, the Office of the Comptroller's Investment Guidelines for Public Authorities, and the Authority's investment operating procedures contained in its Accounting Policies and Procedures Manual;
- (b) adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Authority's investment assets; and
- (c) a system of adequate internal controls for investments is maintained.

The independent auditors shall prepare a written annual audit report which presents the results of their annual investment audit, and shall include:

- (a) a description of the scope and objectives of the audit;
- (b) a statement that the audit was made in accordance with generally accepted government auditing standards;
- (c) a description of any material weaknesses found in the internal investment controls;
- (d) a description of all non-compliance with provisions of PAL Section 2925, these Investment Guidelines, the Office of the State Comptroller's Investment Guidelines for Public Authorities (2 NYCRR Part 201, Section 201.3), or the Authority's investment operating procedures contained in its Accounting Policies and Procedures Manual;
- (e) a statement of positive assurance of compliance on the items tested; and
- (f) a statement of any other material deficiency or finding identified during the audit not covered in (e) above.

XIV. Reporting

Within sixty (60) days of the end of each of the first three quarters of the Authority's fiscal year, the Treasurer shall prepare and submit to the Members of the Authority and to the Audit and Finance Committee of the Authority a quarterly investment report which indicates new investments, the inventory of existing investments, the selection of Custodians and Broker-Dealers, and such other matters as the Treasurer deems appropriate.

Within 120 days of the end of the fiscal year, the Treasurer shall prepare and submit to the Audit and Finance Committee an annual investment report, which shall include the Investment Guidelines, including any amendment to the Investment Guidelines since the last annual investment report; an explanation of the Investment Guidelines and amendments; the results of the annual independent audit; the investment income record; a list of total fees, commissions or other charges paid to each Broker-Dealer and Custodian; and such other matters as the Treasurer deems appropriate.

The Members of the Authority shall review and approve the annual investment report, if practicable, at the June meeting of the Authority, for submission thereof to the Division of the Budget, the Department of Audit and Control, the Senate Finance Committee, and the Assembly Ways and Means Committee.

The Authority's annual financial statements shall report the Authority's investments and provide such disclosure information as is required by applicable governmental accounting standards.

Not less frequently than annually, and if practicable, at the June meeting of the Authority, the Members of the Authority shall review, amend, if necessary or appropriate, and approve these Investment Guidelines.

The provisions of these Investment Guidelines and any amendments hereto shall take effect prospectively and shall not invalidate the prior selection of any Custodian, Broker-Dealer, any prior investment, nor any list of permitted investments set forth in any indenture of trust or similar document previously executed by the Authority.

Appendix A
Approved Eligible Banking Institutions and Broker-Dealers
As of June 1, 2008

For Federal and State Government Obligations:

Duetsche Bank
Dresdner Bank
Banc of America Securities LLC
HSBC Securities (USA) Inc.
Morgan Stanley & Co. Inc.
Salomon Smith Barney Inc.
Mizuho Securities USA Inc.

For Certificates of Deposit:

Adirondack Bank
Adirondack Trust Co.
Alliance Bank, N.A.
Ballston Spa National Bank
Bank of Akron
Bank of America
Bank of Castile
Bank of New York
Beacon Federal
Berkshire Bank
Capital Bank & Trust
Cattaraugus County Bank
Chemung Canal Trust Co.
Citi Bank
Citizens Bank
Community Bank of Orange
Community Capital/ Community Bank, N.A.
Delaware National Bank of Delhi
Elmira Savings and Loan, F.A.
Elmira Savings Bank FSB
Evans National Bank of Angola
Evergreen Bank/ TD Bank North
First National Bank of Cortland
First National Bank of Groton
First National Bank of Jeffersonville
First National Bank of Lisbon
First National Bank of Long Island
First National Bank of Scotia
First Niagara Bank
First State Bank, Canistota
Five Star Bank
Genesee Regional Bank
Glens Falls National Bank & Trust Co.

Greater Buffalo Savings Bank
HSEC
Hudson River Bank & Trust Co.
Hudson United Bank
J. P. Morgan Chase Manhattan Bank
Key Bank
Lyons National Bank
Manufacturers & Traders Bank
Mohawk Community Bank
National Bank of Mount Vernon
National Bank of Stamford
National Union Bank of Kinderhook
NBT Bank NA
Northwest Savings Bank
Partners Trust Bank
Premier National Bank
Rome Savings Bank
Saratoga National Bank and Trust
Savannah Bank, NA
Savings Bank of the Fingerlakes
Signature Bank
Solvay Bank
Suffolk County National Bank
TD BankNorth
Tioga State Bank
Tompkins County Trust Co.
Trust Co. Bank
Ulster Savings Bank
Upstate National Bank
Walden Savings Bank
Wilber National Bank

D. INVESTMENT SUMMARY AS OF MARCH 31, 2009

Following is summary and detail of the Authority's investments as of March 31, 2009

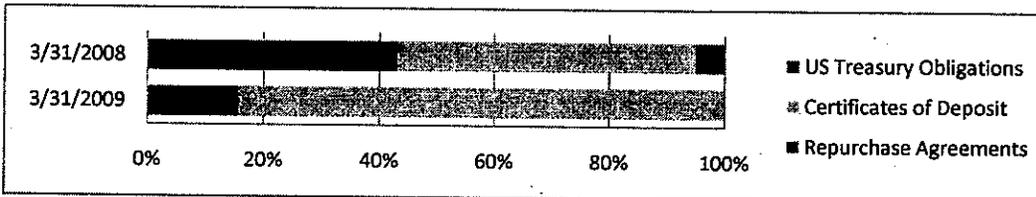
**NYSERDA
Investment Report Summary
As of March 31, 2009**

Summary of Investments by Fund

Fund	3/31/2009	3/31/2009	3/31/2008	Increase/ Decrease
	Amortized Cost	Market Value	Amortized Cost	
Operating Fund (including R&D program funds)	\$ 42,856,188	42,833,952	57,061,057	(14,204,869)
Restricted Funds (Misc. administered programs)	35,674,541	35,678,152	27,602,608	8,071,933
System Benefits Charge	322,894,668	324,508,867	291,630,098	31,264,570
ConEdison System-Wide Demand Reduction Pgm	65,663,403	63,796,488	103,445,821	(37,782,418)
Renewable Portfolio Standard	78,741,502	78,866,218	49,311,379	29,430,123
RGGI	87,984,220	87,963,909	-	87,984,220
CAIR	23,992,662	23,992,662	-	23,992,662
Low Level Radioactive Waste Account	2,178,796	2,178,796	3,261,351	(1,082,555)
Perpetual Care Funds	27,756,258	28,063,362	27,031,756	724,502
West Valley Bond	-	-	890,773	(890,773)
Total Investments	687,742,238	687,882,406	560,234,843	127,507,395
Cash and Money Markets	10,993,750	10,993,750	3,419,943	7,573,807
Total Cash and Investments	\$698,735,988	698,876,156	563,654,786	135,081,202

Analysis: Increase from 3/31/08 is primarily due to additional new funding received for RGGI, CAIR, and EEPS Fast Track programs. Changes for other programs due to timing of revenues and expenses. Market value is slightly above amortized cost due to changes in overall market rates from when investments were purchased; since investments are generally held to maturity, this increase in current market value is anticipated to be temporary in nature and is not expected to impact the final return on investments.

Summary of Investments by Investment Type



	3/31/2009	3/31/2008
US Treasury Obligations	\$ 86,889,175	240,591,743
Certificates of Deposit	467,698,872	291,010,653
Repurchase Agreements	-	28,632,449
Total	\$554,588,047	560,234,845

Weighted average term of investments	12.5 months	12.1 months
Weighted average time to maturity	6.4 months	4.9 months

Analysis: Allocation was weighted more heavily towards certificates of deposit due to more favorable yields available.

Income

Fund	Year Ended	Year Ended
	3/31/2009	3/31/2008
Operating Fund (including R&D program funds)	\$ 1,730,755	2,723,614
Restricted Funds (Misc. administered programs)	\$ 270,574	944,364
System Benefits Charge Funds	10,564,651	11,683,884
ConEdison System-Wide Demand Reduction Pgm	616,104	1,451,187
Renewable Portfolio Standard	1,654,925	1,374,398
RGGI	27,556	-
CAIR	24,162	-
Low Level Radioactive Waste Account	64,437	155,931
Perpetual Care Funds	1,015,048	1,241,630
West Valley Bond Funds	14,299	57,148
Total	\$ 15,982,511	19,632,156

Investment Yield	2.7%	4.0%
Weighted Average Yield of Current Investments	2.1%	2.9%

Analysis: Decrease in yield primarily due to changes in overall market interest rates.

Fund	Subacct	Investment Type	Purchase Date	Maturity Date	Cost	Principal	Yield	Amortized Cost	Market Value
CAIR		Certificate of Deposit	03/31/09	10/28/09	\$2,271,800	\$2,271,800	1.49%	\$2,271,800	\$2,271,800
CAIR		Certificate of Deposit	03/18/09	12/16/09	\$4,373,125	\$4,373,125	1.36%	\$4,375,273	\$4,375,273
CAIR		Certificate of Deposit	02/11/09	02/10/10	\$5,975,000	\$5,975,000	1.50%	\$5,986,950	\$5,986,950
CAIR		Certificate of Deposit	03/11/09	02/10/10	\$9,160,575	\$9,160,575	1.51%	\$9,168,260	\$9,168,260
CAIR		Certificate of Deposit	03/04/09	02/10/10	\$2,188,000	\$2,188,000	1.45%	\$2,190,379	\$2,190,379
CAIR Total					\$23,968,500	\$23,968,500		\$23,992,662	\$23,992,662
ConEd SW		Certificate of Deposit	02/04/09	08/05/09	\$12,909,392	\$12,909,392	1.40%	\$12,937,004	\$12,937,004
ConEd SW		Certificate of Deposit	11/26/08	05/27/09	\$20,234,000	\$20,234,000	2.34%	\$20,398,401	\$20,398,401
ConEd SW		Certificate of Deposit	02/17/09	08/19/09	\$16,000,000	\$16,000,000	1.10%	\$16,020,533	\$16,020,533
ConEd SW		US Treasury Strip	04/23/08	11/15/09	\$9,659,900	\$10,000,000	2.26%	\$9,866,865	\$9,959,000
ConEd SW		US Treasury Strip	04/23/08	11/15/09	\$4,348,260	\$4,500,000	2.24%	\$4,440,600	\$4,481,550
ConEd SW Total					\$63,151,552	\$63,643,392		\$63,663,403	\$63,796,488
EEPS		Certificate of Deposit	02/02/09	08/05/09	\$8,000,000	\$8,000,000	1.06%	\$8,013,427	\$8,013,427
EEPS		Certificate of Deposit	01/30/09	01/27/10	\$11,082,000	\$11,082,000	1.23%	\$11,104,718	\$11,104,718
EEPS Total					\$19,082,000	\$19,082,000		\$19,118,145	\$19,118,145
LLRW		Certificate of Deposit	02/04/09	04/01/09	\$2,176,469	\$2,176,469	0.70%	\$2,178,796	\$2,178,796
LLRW Total					\$2,176,469	\$2,176,469		\$2,178,796	\$2,178,796
Operating		Certificate of Deposit	08/06/08	04/08/09	\$9,823,000	\$9,823,000	2.95%	\$10,013,771	\$10,013,771
Operating	ESLDP	Certificate of Deposit	05/12/08	05/12/09	\$500,000	\$500,000	0.00%	\$500,000	\$500,000
Operating	ESLDP	Certificate of Deposit	05/29/08	05/29/09	\$500,000	\$500,000	0.63%	\$502,678	\$502,678
Operating		US Treasury Bill	11/05/08	07/02/09	\$9,519,515	\$9,595,000	1.20%	\$9,565,627	\$9,543,391
Operating	ESLDP	Certificate of Deposit	07/25/08	07/24/09	\$20,000	\$20,000	3.00%	\$20,415	\$20,415
Operating	ESLDP	Certificate of Deposit	07/25/08	07/24/09	\$373,000	\$373,000	2.92%	\$380,533	\$380,533
Operating		Certificate of Deposit	08/13/08	08/12/09	\$20,793,337	\$20,793,337	4.35%	\$21,371,219	\$21,371,219
Operating	ESLDP	Certificate of Deposit	10/24/08	10/23/09	\$36,302	\$36,302	2.06%	\$36,630	\$36,630
Operating	ESLDP	Certificate of Deposit	12/31/08	12/31/09	\$462,000	\$462,000	2.87%	\$465,315	\$465,315
Operating Total					\$42,027,155	\$42,102,639		\$42,856,188	\$42,833,952
Perpetual Care		Certificate of Deposit	06/04/08	06/03/09	\$1,999,150	\$1,999,150	2.50%	\$2,040,799	\$2,040,799
Perpetual Care		Certificate of Deposit	07/24/08	07/23/09	\$107,183	\$107,183	2.77%	\$109,245	\$109,245
Perpetual Care		US Treasury Bill	07/24/08	11/15/09	\$16,698,385	\$17,320,000	2.85%	\$17,028,329	\$17,248,968
Perpetual Care		US Treasury Strip	06/04/08	11/15/09	\$8,412,117	\$8,700,000	2.36%	\$8,577,885	\$8,664,330
Perpetual Care Total					\$27,218,835	\$28,126,333		\$27,756,258	\$28,063,362
Restricted	NFG Gas Eff	Certificate of Deposit	01/07/09	04/08/09	\$2,756,050	\$2,756,050	1.15%	\$2,763,357	\$2,763,357
	Ohlo Edison Green Affordable								
Restricted	Housing	Certificate of Deposit	01/07/09	04/08/09	\$2,282,010	\$2,282,010	1.15%	\$2,288,061	\$2,288,061
Restricted	ConEd gas Pilot	Certificate of Deposit	01/07/09	04/08/09	\$1,599,622	\$1,599,622	1.15%	\$1,603,863	\$1,603,863
Restricted	AES Env Mitigation	Certificate of Deposit	01/07/09	04/08/09	\$633,173	\$633,173	1.15%	\$634,852	\$634,852
Restricted	Am Elec Power Heating Oil Eff Pilot	Certificate of Deposit	11/07/08	05/06/09	\$1,900,000	\$1,900,000	2.45%	\$1,918,620	\$1,918,620
	RG&E School Bus Emission								
Restricted	Reduction Pilot	Certificate of Deposit	11/13/08	05/13/09	\$500,000	\$500,000	2.45%	\$504,696	\$504,696
Restricted	ConEd Gas	Certificate of Deposit	01/28/09	05/27/09	\$5,720,723	\$5,720,723	0.85%	\$5,729,098	\$5,729,098
Restricted	NFG Gas Eff	Certificate of Deposit	02/02/09	06/03/09	\$735,000	\$735,000	0.84%	\$735,978	\$735,978
Restricted	NatGrid gas2	Certificate of Deposit	01/28/09	06/24/09	\$992,938	\$992,938	1.30%	\$995,161	\$995,161
Restricted	NatGrid gas2	Certificate of Deposit	01/28/09	06/24/09	\$253,291	\$253,291	1.30%	\$253,858	\$253,858
Restricted	NatGrid gas2	Certificate of Deposit	02/11/09	06/24/09	\$1,166,000	\$1,166,000	0.49%	\$1,166,762	\$1,166,762
Restricted	ConEd Gas	Certificate of Deposit	12/31/08	07/01/09	\$2,500,000	\$2,500,000	1.35%	\$2,508,438	\$2,508,438
Restricted	IF2	Certificate of Deposit	03/31/09	07/01/09	\$350,399	\$350,399	0.89%	\$350,399	\$350,399
Restricted	CHGE Gas Efficiency	Certificate of Deposit	01/21/09	07/22/09	\$100,000	\$100,000	1.30%	\$100,249	\$100,249
Restricted	VEPCO	Certificate of Deposit	02/11/09	08/12/09	\$1,023,000	\$1,023,000	0.81%	\$1,024,105	\$1,024,105
Restricted	Ohio Edison	Certificate of Deposit	02/11/09	08/12/09	\$1,384,000	\$1,384,000	0.81%	\$1,385,495	\$1,385,495
Restricted	NIMO WNY	Certificate of Deposit	02/11/09	08/12/09	\$1,998,000	\$1,998,000	0.81%	\$2,000,158	\$2,000,158
Restricted	Croton MOU	US Treasury Strip	01/14/09	11/15/09	\$9,695,665	\$9,755,000	0.72%	\$9,711,394	\$9,715,005
Restricted Total					\$35,590,871	\$35,649,206		\$35,674,541	\$35,678,152
RGGI		US Treasury Bill	12/31/08	07/02/09	\$37,467,594	\$37,500,000	0.17%	\$37,483,619	\$37,463,635
RGGI		Certificate of Deposit	12/31/08	07/02/09	\$4,519,310	\$4,519,310	0.71%	\$4,527,332	\$4,527,332
RGGI		Certificate of Deposit	03/31/09	10/28/09	\$9,193,952	\$9,193,952	1.49%	\$9,193,952	\$9,193,952
RGGI		US Treasury Bill	03/27/09	12/17/09	\$11,754,398	\$11,800,000	0.54%	\$11,755,099	\$11,754,772
RGGI		Certificate of Deposit	03/27/09	12/17/09	\$25,021,410	\$25,021,410	1.01%	\$25,024,218	\$25,024,218
RGGI Total					\$87,958,664	\$88,034,672		\$87,984,220	\$87,963,909
RPS		Certificate of Deposit	08/06/08	04/08/09	\$15,614,000	\$15,614,000	2.95%	\$15,917,237	\$15,917,237
RPS		Certificate of Deposit	07/02/08	07/01/09	\$12,375,000	\$12,375,000	4.30%	\$12,777,050	\$12,777,050
RPS		US Treasury Bill	11/05/08	07/02/09	\$11,002,754	\$11,090,000	1.20%	\$11,056,601	\$11,030,350
RPS		US Treasury Strip	04/30/08	08/15/09	\$20,744,661	\$21,335,000	2.20%	\$21,163,651	\$21,314,518
RPS		Certificate of Deposit	01/30/09	01/27/10	\$9,615,000	\$9,615,000	1.23%	\$9,634,711	\$9,634,711
RPS		Certificate of Deposit	02/11/09	02/10/10	\$8,176,000	\$8,176,000	1.50%	\$8,192,352	\$8,192,352
RPS Total					\$77,527,415	\$78,205,000		\$78,741,502	\$78,866,218
SBC		Certificate of Deposit	08/06/08	04/08/09	\$82,306,000	\$82,306,000	2.95%	\$83,904,451	\$83,904,451
SBC		Certificate of Deposit	11/21/08	05/20/09	\$30,000,000	\$30,000,000	2.00%	\$30,216,667	\$30,216,667
SBC		Certificate of Deposit	07/02/08	07/01/09	\$12,786,000	\$12,786,000	4.30%	\$13,201,403	\$13,201,403
SBC		Certificate of Deposit	02/11/09	08/12/09	\$8,437,000	\$8,437,000	0.81%	\$8,446,112	\$8,446,112
SBC		US Treasury Strip	08/02/06	08/15/09	\$21,656,531	\$25,100,000	5.24%	\$24,674,612	\$25,070,633
SBC		US Treasury Strip	04/30/08	08/15/09	\$18,727,076	\$19,260,000	2.20%	\$19,105,316	\$19,241,510
SBC		Certificate of Deposit	10/29/08	10/28/09	\$16,000,000	\$16,000,000	2.25%	\$16,153,000	\$16,153,000
SBC		Certificate of Deposit	03/25/09	12/23/09	\$3,000,000	\$3,000,000	1.25%	\$3,000,625	\$3,000,625
SBC		Certificate of Deposit	01/30/09	01/27/10	\$17,985,000	\$17,985,000	1.23%	\$18,021,869	\$18,021,869
SBC		Certificate of Deposit	02/02/09	01/27/10	\$17,265,000	\$17,265,000	1.23%	\$17,298,624	\$17,298,624
SBC		Certificate of Deposit	01/28/09	01/27/10	\$11,072,000	\$11,072,000	1.50%	\$11,100,603	\$11,100,603
SBC		Certificate of Deposit	02/17/09	02/17/10	\$25,000,000	\$25,000,000	1.35%	\$25,039,375	\$25,039,375
SBC		US Treasury Strip	04/16/08	02/15/12	\$32,785,031	\$36,060,000	2.61%	\$33,613,866	\$34,695,850
SBC Total					\$297,019,638	\$304,271,000		\$303,776,523	\$305,390,722
Grand Total					\$675,717,097	\$685,259,210		\$685,742,238	\$687,882,405

E. AUDITOR'S REPORT ON COMPLIANCE WITH INVESTMENT GUIDELINES

As part of the annual audit of the financial statements of the Authority, the independent auditors audited the Authority's investments and its compliance with its Investment Guidelines for the fiscal year ended March 31, 2009. Following is the report expected to be issued by the independent auditors.

INDEPENDENT ACCOUNTANTS' REPORT

Members of the Authority
New York State Energy Research and Development Authority
Albany, New York

We have examined New York State Energy Research and Development Authority's (the Authority) (a component unit of the State of New York) compliance with Section 2925(3)f of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended March 31, 2009. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended March 31, 2009.

This report is intended solely for the information and use of the Members and management of the Authority and certain New York State Departments and Agencies. It is not intended to be and should not be used by anyone other than these specified parties.



June 18, 2009

F. LIST OF FEES AND CHARGES RELATED TO INVESTMENTS

Operating Fund

NYS Department of Taxation and Finance - fiscal agent fees and expenses \$234,553

Total Fees and Charges \$234,553