New York ISO
Independent System Operator

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June 1, 2023

By Electronic Delivery

Hon. Michelle L. Phillips
Secretary
New York State Public Service Commission
Empire State Plaza Agency Building 3
Albany, New York 12223-1350

Re: Case 23-E-____ – Petition of The New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months Pursuant to Section 69 of the New York Public Service Law

Dear Secretary Phillips:

Pursuant to Section 69 of the New York Public Service Law, enclosed for filing please find the Petition of The New York Independent System Operator, Inc. ("NYISO") requesting authority to incur indebtedness for a term in excess of twelve months. The NYISO respectfully requests that the New York State Public Service Commission ("Commission") issue an order granting such authority on or before its October 2023 session, currently scheduled to occur on October 12, 2023, but in no event later than its November 2023 session. The NYISO is requesting approval of this Petition no later than the Commission's November 2023 session because a decision after that date may not allow the NYISO to timely close on the proposed credit facilities. The NYISO's existing credit facilities expire on December 31, 2023, and the NYISO will not have access to financing under those credit facilities after that date.

If you have any questions regarding this filing, please do not hesitate to contact Amie Jamieson (518-356-6000 or ajamieson@nyiso.com).

Respectfully submitted,

/s/ *Garrett E. Bissell*
Garrett E. Bissell, Senior Attorney
New York Independent System Operator, Inc.

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Petition of The New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months Pursuant to Section 69 of the New York Public Service Law	**Case 23-E-____**

PETITION OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC. FOR AUTHORITY TO INCUR INDEBTEDNESS FOR A TERM IN EXCESS OF TWELVE MONTHS

Dated: June 1, 2023

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Petition of The New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months Pursuant to Section 69 of the New York Public Service Law	**Case 23-E-____**

PETITION OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC. FOR AUTHORITY TO INCUR INDEBTEDNESS FOR A TERM IN EXCESS OF TWELVE MONTHS

Pursuant to Section 69 of the New York Public Service Law ("NYPSL") and Part 37 of Title 16 of the New York Code of Rules and Regulations ("NYCRR"), The New York Independent System Operator, Inc. ("NYISO") hereby submits this Petition requesting authorization from the New York State Public Service Commission ("Commission") to incur indebtedness for a term in excess of twelve months.

As further described herein, the NYISO is requesting authorization to: (i) replace its expiring revolving credit facility with a new five-year, revolving line of credit of up to $50,000,000 outstanding at any one time; and (ii) replace its expiring term loan facility with a new five-year unsecured term loan facility of up to $100,000,000 outstanding at any one time, dedicated to funding capital investments, software development projects, and other strategic initiatives.[1] After the first three years, the proposed facilities include an option for the NYISO to request, and the lender to consider at its sole discretion, a two-year extension of the facilities,

[1] As further described herein, the proposed five-year term loan facility includes a replenishment feature that will allow the NYISO to reduce costs while meeting its projected financing needs over the five-year term of the proposed facility.

under the same terms and conditions described herein. This option could permit the proposed facilities to continue for a total seven-year term—to December 31, 2030.

The proposed revolving line of credit and unsecured term loan will support the NYISO's liquidity needs and allow the NYISO to fund its capital investments, software development projects, and strategic initiatives at competitive rates, terms, and conditions.

I. BACKGROUND

The NYISO is a New York State not-for-profit corporation that is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The NYISO: (i) operates and maintains the reliability of New York's bulk power system; (ii) administers the State's wholesale electricity markets; and (iii) conducts short-term and long-term planning with respect to the State's bulk power system. The Commission has previously determined that the NYISO is an "electric corporation," as such term is defined in the NYPSL.[2] Based on this prior determination, the Commission has indicated that the NYISO may not incur indebtedness payable at periods exceeding twelve months without the prior authorization of the Commission. A copy of the NYISO's Certificate of Incorporation already is on file with the Commission.[3]

The Commission has previously approved the following requests by the NYISO to incur indebtedness with a term exceeding twelve months:

[2] *See* Case 00-E-1380, *The Provision by the New York Independent System Operator, Inc. of Information and Data to Department Staff*, Order Directing Provision of Data and Information at 5, fn. 1 (issued and effective August 14, 2000).

[3] Case 09-E-0857, *In the Matter of the Petition of the New York Independent System Operator, Inc. Under Public Service Law Section 69 for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Petition of the New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months at Attachment VII (December 10, 2009).

1. On September 21, 1999, in Case 99-E-1176, the Commission authorized a $12 million revolving line of credit for working capital purposes ("Revolver").[4] On September 8, 2000, the Commission authorized an increase to the Revolver to $50 million.[5]

2. On October 20, 1999, in Case 99-E-1176, the Commission authorized a $54 million term loan agreement for start-up costs ("Term Loan").[6]

3. On October 25, 2001, in Case 01-E-1068, the Commission authorized a three-year term note with a credit line of up to $20 million to purchase computer hardware ("3-Year Term Note").[7]

4. On February 10, 2003, in Case 02-E-1565, the Commission authorized a five-year term note with a credit line of up to $59.3 million to purchase computer equipment and software upgrades ("5-Year Term Note").[8]

5. On March 16, 2004, in Case 03-E-1770, the Commission authorized a $100 million revolving line of credit to provide funding for strategic initiatives for

[4] Case 99-E-1176, *Petition of the New York Independent System Operator, Inc. for Authority to Issue Long-Term Debt*, Order (issued and effective September 21, 1999).

[5] Case 99-E-1176, *supra*, Order (issued and effective September 8, 2000).

[6] Case 99-E-1176, *Petition of the New York Independent System Operator, Inc. to Amend the Terms of Its Long-Term Debt Previously Approved in this Proceeding*, Order (issued and effective October 20, 1999).

[7] Case 01-E-1068, *Petition of the New York Independent System Operator, Inc. for Authority to Issue Long-Term Debt*, Order (issued and effective October 25, 2001).

[8] Case 02-E-1565, *Petition of the New York Independent System Operator, Inc. for Authority to Issue Long-Term Debt*, Order Approving Petition (issued and effective February 10, 2003).

2004 through 2006 related to the management of the New York power grid ("2004-2006 Budget Facility").[9]

6. On May 18, 2005, in Case 05-E-0270, the Commission authorized $25 million in secured financing to provide funding for the acquisition of certain real property and for the renovation of the office building thereon ("Mortgage and Renovations Loan").[10]

7. On July 21, 2005, in Case 05-E-0503, the Commission authorized a $50 million revolving line of credit to replace the Revolver, which was set to expire in October 2005 ("Replacement Revolver").[11]

8. On January 19, 2007, in Case 06-E-1254, the Commission authorized an $80 million revolving loan facility to provide funding for strategic initiatives for 2007 through 2010 related to the management of the New York power grid ("2007-2010 Budget Facility").[12]

9. On July 19, 2010, in Case 10-E-0160, the Commission authorized a combined credit facility consisting of: (i) a $50 million revolving line of credit to replace the Replacement Revolver, which was set to expire in July 2010 ("2010 Revolver"); and (ii) a $75 million revolving loan facility to provide funding for strategic

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[9] Case 03-E-1770, *Petition of the New York Independent System Operator, Inc. for Approval of a Three-Year Revolving Credit Facility Worth Up to $100,000,000*, Order (issued and effective March 16, 2004).

[10] Case 05-E-0270, *Petition of the New York Independent System Operator, Inc. to Incur $25,000,000 in Indebtedness*, Order (issued and effective May 18, 2005).

[11] Case 05-E-0503, *Petition of the New York Independent System Operator, Inc. for Authority to Enter into a Five-Year Revolving Credit Agreement*, Order Concerning Five-Year Revolving Credit Agreement (issued and effective July 21, 2005).

[12] Case 06-E-1254, *Petition of New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Order Authorizing Issuance of Securities (issued and effective January 19, 2007).

initiatives for 2011 through 2013 related to the management of the New York power grid ("2011-2013 Budget Facility").[13]

10. On April 19, 2011, in Case 10-E-0640, the Commission authorized a $45 million construction loan facility to provide funding for renovating and upgrading the NYISO power control centers and related improvements ("Construction Loan").[14]

11. On July 12, 2012, in Case 12-E-0168, the Commission authorized a $45 million construction loan facility to refund and replace the Construction Loan ("Replacement Construction Loan").[15]

12. On September 20, 2013, in Case 13-E-0240, the Commission authorized a combined credit facility consisting of: (i) a four-year, $50 million revolving line of credit to replace the 2010 Revolver, which was set to expire after December 2013 ("2014-2017 Revolving Line of Credit"); and (ii) a $100 million capital and project financing facility to provide funding for strategic initiatives for 2014 through 2017 related to the management of the New York power grid ("2014-2017 Budget Facility").[16]

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[13] Case 10-E-0160, *Petition of New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months Under §69 of the New York Public Service Law*, Order Granting Authorization to Incur Indebtedness, with Conditions (issued and effective July 19, 2010).

[14] Case 10-E-0640, *Petition of New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Order Approving Financing with Conditions (issued and effective April 19, 2011).

[15] Case 12-E-0168, *Petition of the New York Independent System Operator, Inc. for Authorization to Incur Indebtedness for a Term in Excess of Twelve Months*, Order Approving Financing with Conditions (issued and effective July 12, 2012).

[16] Case 13-E-0240, *Petition of New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Order Conditionally Granting Authorization to Incur Indebtedness (issued and effective September 20, 2013).

13. On March 18, 2016, in Case 15-E-0655, the Commission approved the NYISO's request to (i) extend the term of the 2014-2017 Revolving Line of Credit by one year until December 31, 2018 ("Amended 2014-2018 Revolving Line of Credit"); (ii) extend the term of the 2014-2017 Budget Facility by one year until December 31, 2018 and increase the maximum principal amount available pursuant to such facility by $25 million to reflect the term extension ("Amended 2014-2018 Budget Facility"); and (iii) add a separate, three-year unsecured financing facility with a maximum principal amount of $30 million to provide funding for the replacement of the Energy Management System and the Business Management System ("EMS/BMS Project Facility").[17]

14. On November 16, 2018, in Case 18-E-0439, the Commission approved the NYISO's request to (i) extend the term of the EMS/BMS Project Facility for up to an additional twelve months (the "Amended EMS/BMS Project Facility"); (ii) replace the Amended 2014-2018 Revolving Line of Credit with a new five-year, revolving line of credit of up to $30 million with an additional $20 million "accordion feature" (the "2019-2023 Revolving Line of Credit"); and (iii) replace the Amended 2014-2018 Budget Facility with a new five-year unsecured term loan with a maximum, aggregate principal amount outstanding of $90 million

[17] Case 15-E-0655, *Petition of the New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Order Granting Authorization to Incur Indebtedness (issued and effective March 18, 2016).

dedicated to funding capital investments, software development projects, and other strategic initiatives (the "2019-2023 Budget Facility").[18]

The NYISO respectfully requests authorization to (i) replace the 2019-2023 Revolving Line of Credit with a new five-year, revolving line of credit of up to $50 million outstanding at any one time, including the NYISO's option to extend the credit facility for an additional two years (the "2024-2028 Revolving Line of Credit"); and (ii) replace the 2019-2023 Budget Facility with a new five-year unsecured term loan of up to $100,000,000 outstanding at any one time dedicated to funding capital investments, software development projects, and other strategic initiatives, including the NYISO's option to extend the credit facility for an additional two years (the "2024-2028 Budget Facility") (the 2024-2028 Revolving Line of Credit and the 2024-2028 Budget Facility are together referred to as the "2024 Senior Credit Facility").

The NYISO Board of Directors approved entering into the 2024 Senior Credit Facility on April 18, 2023.

II. PROPOSED CREDIT FACILITIES

Pursuant to Section 69 of the NYPSL, the NYISO seeks Commission authorization to incur indebtedness for a term in excess of twelve months by executing the 2024 Senior Credit Facility. The 2024 Senior Credit Facility provides a maximum, aggregate principal amount of $150 million outstanding at any one time, consisting of: (i) the 2024-2028 Revolving Line of Credit of $50 million outstanding at any one time; and (ii) the 2024-2028 Budget Facility of up to $100 million outstanding at any one time. TD Bank, N.A. ("TD Bank") will serve as sole lender for the 2024 Senior Credit Facility.

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[18] Case 18-E-0439, *Petition of The New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Order Granting Authorization to Incur Indebtedness (issued and effective November 16, 2018).

A. 2024-2028 Revolving Line of Credit

The 2024-2028 Revolving Line of Credit, like the 2019-2023 Revolving Line of Credit, will serve as a cash flow management tool to provide liquidity to the NYISO-administered markets. The NYISO needs such working capital primarily for:

- bridging the short time interval between the due date for payments to the NYISO from net buyers of services and products (*e.g.*, transmission service, energy, capacity, and ancillary services), and the due date for payments by the NYISO to the net suppliers of such services and products. If any significant settlement payments due to the NYISO from net buyers are delayed, the NYISO needs available liquidity to make timely remittances to net suppliers; and
- accommodating temporary shortfalls in operating cash flows caused by seasonal fluctuations in NYISO revenues.

Under the 2024-2028 Revolving Line of Credit, an aggregate amount of up to $50 million will be available upon closing. This is the same amount that has been approved by the Commission for the NYISO's revolving line of credit for many years. Most recently, the Commission approved the 2019-2023 Revolving Line of Credit, which provided for $30 million to be available at closing, with an additional $20 million available upon the NYISO's request ("Accordion Feature"). The NYISO exercised the Accordion Feature in 2020, resulting in a $50 million line of credit.[19] Based on its review of operations and finances during the last several years, the NYISO expects that a $50 million revolving line of credit will continue to be adequate for it to manage cash flows and provide liquidity to NYISO-administered markets.

[19] Case 18-E-0439, *Petition of The New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Verified Report of Credit Facility Costs and Expenses (June 22, 2020).

The 2024-2028 Revolving Line of Credit is unsecured and has a maturity date of December 31, 2028. The interest rate structure for the 2024-2028 Revolving Line of Credit is the same as the structure previously approved by the Commission for the 2019-2023 Revolving Line of Credit. The NYISO can borrow, at its option, at an interest rate equal to either: (i) the Secured Overnight Financing Rate ("SOFR") published by CME Group Benchmark Administration Ltd. plus a margin of 60 basis points or (ii) the rate of interest per annum equal to the greater of the U.S. Prime Rate published in the Wall Street Journal,[20] or one percent in excess of the Federal Funds Rate.[21] There are no arranger or agency fees payable with respect to the 2024-2028 Revolving Line of Credit, and the upfront and unused fee rates are the same as those approved by the Commission for the 2019-2023 Revolving Line of Credit.[22]

B. 2024-2028 Budget Facility

Like the 2019-2023 Budget Facility, the 2024-2028 Budget Facility will be used to finance capital investments, software development projects, and other strategic initiatives in support of the NYISO's responsibilities to maintain and enhance the reliable, safe, and efficient operation of the New York State transmission system, as well as promote and operate a fair and competitive wholesale electricity market. The NYISO selects capital investments, projects, and initiatives to pursue through its annual project prioritization process undertaken in consultation with its stakeholders as part of the development of the NYISO's annual budget. The NYISO

[20] In the event the Wall Street Journal ceases publication of Prime Rates, TD Bank will designate an alternate reference rate.

[21] The interest rate for the 2019-2023 Revolving Line of Credit was the London Interbank Offered Rate ("LIBOR") plus 60 basis points. LIBOR is being discontinued, and most financial institutions have transitioned their loans from using LIBOR as the interest rate benchmark to using SOFR. In the event SOFR is not available or ceases being used to set interest rates, TD Bank will designate an alternative benchmark.

[22] The upfront and unused fee rates are 7.5 basis points and 10 basis points, respectively.

estimates that the average annual funding required for the selected items will be approximately $35 million over the next five years.[23] This represents an increase from the NYISO's estimated $28 million average annual funding required for capital investments, software development projects, and other strategic initiatives over the term of the 2019-2023 Budget Facility.[24] This increase is based on planned significant market design initiatives to facilitate continued market, planning and operational enhancements to support the ongoing transition and decarbonization of the electric grid in response to state climate, environmental and energy policies such as the Climate Leadership and Community Protection Act. The increase also supports the continuous advancement of NYISO's technology and infrastructure to remain capable of reliably and efficiently serving the needs of the future grid envisioned for New York.

Like the 2019-2023 Budget Facility, draws from the 2024-2028 Budget Facility will be converted into three-year term loans at the end of each calendar year. Use of a term loan structure allows the NYISO to amortize project expenditures over three-year periods, thereby aligning recovery of project costs for equipment and software with their approximate useful lives. This approach also assists in providing greater stability and predictability to collections through Rate Schedule 1 of the NYISO's Market Administration and Control Area Services Tariff ("Services Tariff") and Rate Schedule 1 of the Open Access Transmission Tariff ("OATT"). The NYISO will recover the funds needed to pay the principal and interest of each term loan through Rate Schedule 1 of the Services Tariff and Rate Schedule 1 of the OATT. NYISO's stakeholders have consistently supported this approach.

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[23] *See* Case 12-E-0168, *supra*, NYISO Capital Plan for 2023-2027 (December 15, 2022).

[24] Case 18-E-0439, *Petition of The New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, at 11 (July 13, 2018).

The maximum aggregate outstanding amount allowed under the 2024-2028 Budget Facility is $100 million, with a loan replenishment feature that is discussed in more detail below. Draws may commence beginning January 1, 2024, and may be made until the facility expires on December 31, 2028. Interest only is payable during the calendar year in which draws are made on amounts drawn during the year. On January 1 of each calendar year, the aggregate principal amount of all draws during the prior year (plus any interest accrued and remaining unpaid) will be converted to a three-year term loan. Payments shall commence on the January 1 immediately following the creation of each three-year term loan and continue each month so that the NYISO makes 36 nearly equal monthly payments of principal, plus accrued interest.

The 2024-2028 Budget Facility loan structure includes a loan replenishment feature that effectively increases the amount of funds available for the NYISO to draw on while reducing the fees the NYISO pays on the loan. Under this loan structure, as the NYISO repays the principal during the term, the amount available for subsequent draws will increase by the amount of those payments. Without this replenishment feature, the NYISO would need to pursue a $175 million credit facility to meet the expected financing needs for project-related expenditures over the five-year term of the proposed facility. However, with this replenishment feature, the NYISO can meet its expected financing needs with a $100 million facility. The NYISO pursued the revised structure to reduce the amount of fees for unused availability paid to TD Bank. Under the structure of the 2024-2028 Budget Facility, the NYISO pays these fees on the unused portion of the total commitment for the facility of $100 million rather than $175 million that would be required absent the negotiated replenishment feature.

The 2024-2028 Budget Facility is unsecured. The NYISO can borrow, at its option, at an interest rate equal to either: (i) the SOFR published by CME Group Benchmark Administration

Ltd. plus a margin of 60 basis points,[25] which is 7.5 basis points lower than the margin on the 2019-2023 Budget Facility or (ii) the rate of interest per annum equal to the greater of the U.S. Prime Rate published in the Wall Street Journal,[26] or one percent in excess of the Federal Funds Rate. There are no arranger or agency fees payable with respect to the 2024-2028 Budget Facility, and the upfront and unused fee rates are the same as those previously approved by the Commission for the 2019-2023 Budget Facility.[27]

C. Lender's Commitment

The commercial terms and conditions set forth in the Commitment Letter dated March 24, 2023 between the NYISO and TD Bank, attached hereto as Attachment I, describes the terms that the NYISO and TD Bank have agreed to for the 2024-2028 Revolving Line of Credit and the 2024-2028 Budget Facility. These terms compare favorably to those available in the market for similar loans. Although the NYISO has not yet executed a definitive loan agreement, it anticipates closing on these two facilities as soon as reasonably practicable following Commission approval of this Petition. The NYISO expects that the material terms and conditions of the definitive loan agreement will be the same as, or consistent with, those set forth in Attachment I.

Based on the NYISO's due diligence in evaluating its financing options for the upcoming years, the NYISO has determined that the terms and conditions of the 2024 Senior Credit Facility are competitive and well suited to its financing needs. The NYISO negotiated the 2024-2028

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[25] The interest rate for the 2019-2023 Budget Facility was LIBOR plus 67.5 basis points. LIBOR is being discontinued, and most financial institutions have transitioned their loans from using LIBOR as the interest rate benchmark to using SOFR. In the event SOFR is not available or ceases being used to set interest rates, TD Bank will designate an alternative benchmark.

[26] In the event the Wall Street Journal ceases publication of Prime Rates, TD Bank will designate an alternate reference rate.

[27] The upfront and unused fee rates are based on 7.5 basis points and 10 basis points, respectively.

Revolving Line of Credit and the 2024-2028 Budget Facility as a single commitment to obtain the best commercial terms possible for each facility in return for allowing TD Bank to serve as the sole lender for both facilities. This arrangement resulted in no arranger fee and no annual agency fee, and will support the efficient administration of both facilities. The interest rate spreads on the 2024-2028 Revolving Line of Credit and the 2024-2028 Budget Facility are the same as or better than interest rate spreads on the NYISO's current Commission-approved facilities and are generally consistent with current market spreads for similar loans.

D. Other Sources of Available Financing

The credit facilities previously approved by the Commission are either not available or inadequate to meet the financing needs described above. Accordingly, the NYISO requires new credit facilities to meet such needs.

The following facilities are unavailable because they have either expired or been paid off and terminated: (i) the Revolver authorized in Case 99-E-1176; (ii) the Term Loan also authorized in Case 99-E-1176; (iii) the 3-Year Term Note authorized in Case 01-E-1068; (iv) the 5-Year Term Note authorized in Case 02-E-1565; (v) the 2004-2006 Budget Facility authorized in Case 03-E-1770; (vi) the Replacement Revolver authorized in Case 05-E-0503; (vii) the 2007-2010 Budget Facility authorized in Case 06-E-1254; (viii) the 2010 Revolver and the 2011-2013 Budget Facility authorized in Case 10-E-0160; (ix) the Construction Loan authorized in Case 10-E-0640; and (x) the Amended 2014-2018 Revolving Line of Credit and the Amended 2014-2018 Budget Facility authorized in Case 13-E 0240 and amended as authorized in in Case 15-E-0655. The following facilities have not expired or been paid off and terminated, but are unavailable because the draw period has expired: the Mortgage and Renovations Loan authorized in Case 05-E-0270 and the Replacement Construction Loan authorized in Case 12-E-0168. As explained above, the 2019-2023 Revolving Line of Credit and the 2019-2023 Budget Facility will terminate on December 31, 2023 and are therefore unavailable for the NYISO's future financing needs.

III. INFORMATION IN SUPPORT OF PETITION

Pursuant to Part 37 of Title 16 of the NYCRR, the NYISO provides the following information in support of this Petition:

A. Financial Condition of the NYISO [16 NYCRR §§ 37.1(a) and 18.1]

The NYISO has not issued any capital stock or equity interests of any kind. Accordingly, the NYISO has not declared any dividends. The NYISO has also not issued any bonds. Pursuant to Commission authorization, the NYISO executed a 20-year commercial mortgage on July 8, 2005 to fund the purchase of, and certain improvements to, its property at 10 Krey Boulevard, Rensselaer, New York.[28] TD Bank is the mortgagee.

As further described in Section I above, the Commission has previously authorized the NYISO to enter into the following credit facilities pursuant to Section 69 of the NYPSL: (i) the $50 million Revolver authorized in Case 99-E-1176; (ii) the $54 million Term Loan also authorized in Case 99-E-1176; (iii) the $20 million 3-Year Term Note authorized in Case 01-E-1068; (iv) the $59.3 million 5-Year Term Note authorized in Case 02-E-1565; (v) the $100 million 2004-2006 Budget Facility authorized in Case 03-E-1770; (vi) the $25 million Mortgage and Renovations Loan authorized in Case 05-E-0270; (vii) the $50 million Replacement Revolver authorized in Case 05-E-0503; (viii) the $80 million 2007-2010 Budget Facility authorized in Case 06-E-1254; (ix) the $50 million 2010 Revolver and the $75 million 2011-2013 Budget Facility authorized in Case 10-E-0160; (x) the $45 million Construction Loan authorized in Case 10-E-0640; (xi) the $45 million Replacement Construction Loan authorized in

[28] *See* Case 05-E-0270, *supra*, Order (issued and effective May 18, 2005).

Case 12-E-0168; (xii) the $50 million 2014-2017 Revolving Line of Credit and the $100 million 2014-2017 Budget Facility authorized in Case 13-E-0240; (xiii) the extension of the term of the $50 million 2014-2017 Revolving Line of Credit by one year, the extension of the term of the 2014-2017 Budget Facility by one year with an increase of the facility by $25 million, and the new $30 million EMS/BMS Project Facility authorized in Case 15-E-0655; and (xiv) the extension of the term of the EMS/BMS Project Facility for up to an additional twelve months, the 2019-2023 Revolving Line of Credit, and the 2019-2023 Budget Facility authorized in Case 18-E-0439.

As of April 30, 2023, the amounts outstanding with respect to certain credit facilities previously approved by the Commission are as follows: (i) $5,444,573 for the Mortgage and Renovations Loan authorized in Case 05-E-0270; (ii) $21,717,299 for the Replacement Construction Loan authorized in Case 12-E-0168; (iii) $11,300,000 for the 2019-2023 Revolving Line of Credit authorized in Case 18-E-0439; and (iv) $47,300,000 for the 2019-2023 Budget Facility authorized in Case 18-E-0439.[29]

The NYISO has no contingent assets or liabilities. Attachment II provides a statement of the amounts of interest accrued on the outstanding indebtedness of the NYISO for the most recent audited fiscal period ending December 31, 2022. The NYISO's audited financial

[29] There are no amounts outstanding with respect to the following credit facilities previously approved by the Commission because such facilities have either expired or been paid off and terminated: (i) the Revolver authorized in Case 99-E-1176; (ii) the Term Loan also authorized in Case 99-E-1176; (iii) the 3-Year Term Note authorized in Case 01-E-1068; (iv) the 5-Year Term Note authorized in Case 02-E-1565; (v) the 2004-2006 Budget Facility authorized in Case 03-E-1770; (vi) the Replacement Revolver authorized in Case 05-E-0503; (vii) the 2007-2010 Budget Facility authorized in Case 06-E-1254; (viii) the 2010 Revolver authorized in Case 10-E-0160; (ix) the Construction Loan authorized in Case 10-E-0640; (x) the 2011-2013 Budget Facility authorized in Case 10-E-0160; (xi) the 2014-2017 Revolving Line of Credit authorized in Case 13-E-0240 and extension thereof authorized in Case 15-E-0655; (xii) the 2014-2017 Budget Facility authorized in Case 13-E-0240 and extension thereof authorized in Case 15-E-0655; and (xii) the EMS/BMS Project Facility authorized in Case 15-E-0655 and extension thereof authorized in Case 18-E-0439.

statements for the fiscal years ending December 31, 2021 and December 31, 2022 are included in Attachment III. Attachment IV provides the NYISO's latest unaudited financial statements through April 30, 2023.

B. Book Value of the NYISO's Utility Property [16 NYCRR §§ 37.1(b) and 31.1(f)]

The book value of the NYISO's property and equipment as of April 30, 2023 was $94,042,149. This value represents the "original cost" of such property and equipment, as such term is defined in 16 NYCRR § 31.1(f).

C. Amount for a Franchise [16 NYCRR § 37.1(c)]

The book value reported for the NYISO's property and equipment does not include any amount for a franchise, consent, or right to operate as a public utility.

D. Stock Issuance [16 NYCRR § 37.1(d)]

The NYISO has not issued any stock or equity interests of any kind. This Petition does not propose for the NYISO to issue any stock or equity interests.

E. Amount of Proposed Indebtedness [16 NYCRR § 37.1(e)]

Please refer to Section II(A-C) of this Petition.

F. Purpose of Proposed Indebtedness [16 NYCRR § 37.1(f)]

Please refer to Section II(A-C) of this Petition.

G. Other Available Funds [16 NYCRR § 37.1(g)]

Please refer to Section II(D) of this Petition.

H. Finalized Loan Agreement [16 NYCRR § 37.1(h)]

Please refer to Section II(C) of this Petition.

I. Estimated Costs and Expenses of Proposed Indebtedness [16 NYCRR § 37.1(i)]

The NYISO does not yet know the final costs and expenses associated with the 2024 Senior Credit Facility because it has not yet executed a definitive loan agreement with the lender. The Commitment Letter included in Attachment I contains a cap of $35,000 on the expenses incurred by the lender that the NYISO would be obligated to reimburse for the 2024-2028 Budget Facility and 2024-2028 Revolving Line of Credit, which is the same cap that was applied to the existing credit facilities authorized by the Commission in Case 18-E-0439.[30] In addition, the fees on the 2024-2028 Budget Facility and 2024-2028 Revolving Line of Credit are the same as those on the existing Commission-approved credit facilities.[31] Moreover, the interest rate spread on each facility is the same as or lower than for the respective credit facility it is replacing. The NYISO anticipates that any other costs and expenses associated with the 2024-2028 Budget Facility or the 2024-2028 Revolving Line of Credit will be comparable to those associated with substantially similar credit facilities offered by other lenders and, therefore, will be commercially reasonable.

J. Securitization of Proposed Indebtedness [16 NYCRR § 37.1(j)]

The two facilities included as part of the 2024 Senior Credit Facility are unsecured. There is no mortgage or other security instrument associated with the 2024 Senior Credit Facility.

K. Planned Merger or Consolidation [16 NYCRR § 37.1(k)]

The NYISO has no plans to merge or consolidate with another organization either in connection with the 2024 Senior Credit Facility or otherwise.

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[30] Case 18-E-0439, *Petition of The New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months*, Order Granting Authorization to Incur Indebtedness (issued and effective November 16, 2018).

[31] *Id*.

L. Stockholder Consent [16 NYCRR § 37.1(l)]

The NYISO has no stockholders; therefore, no such consent is required in connection with the 2024 Senior Credit Facility. However, the NYISO Board of Directors approved entering into the 2024 Senior Credit Facility on April 18, 2023.

M. Other Required Approvals [16 NYCRR § 37.1(m)]

No authorization from other public authorities is required in connection with entering into the 2024 Senior Credit Facility. The NYISO is regulated by the Federal Energy Regulatory Commission ("FERC"); however, FERC need not approve a financing that is subject to approval by a State commission, such as the Commission. *See* 16 U.S.C. § 824c(f).

N. Capitalization of Any Franchise [16 NYCRR § 37.1(n)]

The NYISO is not proposing to capitalize any franchise in connection with the 2024 Senior Credit Facility.

O. Affidavit of Principal Accounting Officer [16 NYCRR § 37.1(o)]

Attachment V provides the verification statement and affidavit of Cheryl L. Hussey, Vice President and Chief Financial Officer of the NYISO, attesting that, among other things, the NYISO is in compliance with all applicable accounting standards.

IV. SUPPORTING ATTACHMENTS

In support of this Petition, the NYISO submits the following attachments:

1. A copy of the Commitment Letter related to the 2024-2028 Revolving Line of Credit and the 2024-2028 Budget Facility ("Attachment I");

2. Statement of Accrued Interest on Outstanding Indebtedness ("Attachment II");

3. Copies of the NYISO's Most Recent Audited Financial Statements ("Attachment III");

4. Copy of the NYISO's Most Recent Unaudited Financial Statements ("Attachment IV"); and

5. Verification Statement and Affidavit of Cheryl L. Hussey, Vice President and Chief Financial Officer ("Attachment V").

V. CONCLUSION

For the foregoing reasons, the NYISO submits that entering into the 2024 Senior Credit Facility is in the public interest and the terms and conditions relating thereto are commercially reasonable. The NYISO respectfully requests that the Commission issue an order approving this Petition on or before its October 2023 session, currently scheduled to occur on October 12, 2023, but in no event later than its November 2023 session. The NYISO is requesting approval of this Petition by no later than the Commission's November 2023 session because a decision after that date may not allow the NYISO to timely close on the proposed credit facilities by December 15, 2023. The NYISO's existing credit facilities expire on December 31, 2023 and the NYISO will not have access to financing under those credit facilities after that date.

Dated: June 1, 2023

Respectfully submitted,

/s/ *Garrett E. Bissell*
Garrett E. Bissell
Senior Attorney
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, New York 12144
(518) 356-6000
gbissell@nyiso.com

Attachment I
Commitment Letter

March 24th, 2023

The New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, New York 12144
Attn: Cheryl Hussey, Chief Financial Officer

Re: Loan Commitment

Ladies and Gentlemen:

TD Bank, N.A. ("TDB") will make certain loan facilities available to The New York Independent System Operator, Inc. ("you," the "Borrower" or "NYISO") consisting of an unsecured revolving loan of up to $50,000,000 outstanding at any one time ("Revolving Loan") and an unsecured delayed draw term loan of up to $100,000,000 (the "Term Loan", and together with the Revolving Loan, the "Facilities").

The terms and conditions set forth on the Summary of Terms and Conditions attached hereto ("Summary of Terms") are hereby made a part of this Commitment Letter.

You hereby represent, warrant and covenant that (a) all information, other than Projections (defined below), which has been or is hereafter made available to TDB by you or any of your authorized representatives (or on your or their behalf) in connection with the transactions contemplated hereby (the "Information") is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements are made, and (b) all financial projections concerning NYISO that have been or are hereafter made available to TDB by you or any of your authorized representatives (the "Projections") have been or will be prepared in good faith based upon assumptions you believe to be reasonable at the time prepared (it being understood that Projections by their nature are subject to uncertainties outside of your control and that actual results may differ). In entering into the Facilities, TDB is, and will be, using and relying on the Information and the Projections (subject to the qualifications set forth above) without independent verification thereof.

You further agree to indemnify and hold harmless TDB and its affiliates and their respective officers, directors, employees, agents, advisors and other representatives (each, an "Indemnified Party") from and against (and will reimburse each Indemnified Party as the same are incurred for) any and all actual claims, damages, penalties, liabilities and expenses (including, without limitation, the reasonable fees, disbursements and other charges of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding in connection therewith) (a) any matters contemplated by this letter or (b) the Facilities except to the extent such claim, damage, penalty, liability or expense is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. The parties also agree that neither any Indemnified Party nor the Borrower (including its officers, directors, employees, agents, advisors and other representatives) shall have any liability (whether direct or indirect, in contract or tort or otherwise) arising out of, related to or in connection with any aspect of the transactions contemplated hereby, except to the extent of direct, as opposed to special, indirect, consequential or punitive, damages determined in a final, nonappealable judgment by a court of competent jurisdiction.

TDB agrees to treat all Information and Projections delivered or made available during the due diligence process as confidential. Disclosure will be limited to any affiliates, employees, officers, attorneys and other advisors of TDB who are or are expected to become engaged in evaluating, approving, structuring or administrating the Facilities or rendering legal advice in connection therewith; provided that nothing herein shall prevent TDB from disclosing such Information and Projections: (a) upon the order or request of any court or administrative or regulatory agency or authority; (b) to the extent that such Information or Projections have been publicly disclosed; or (c) otherwise as required by law. TDB agrees to execute any confidentiality or non-disclosure agreements reasonably required by NYISO.

You acknowledge and agree that (a) this Commitment Letter and the Facilities outlined herein reflect an arm's-length commercial transaction between you, on the one hand, and TDB, on the other hand, and you are capable of evaluating and understanding, and understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter; (b) in connection with the process leading to such transactions, TDB is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for you or any of your creditors or employees or any other party; (c) TDB has not assumed and will not assume an advisory, agency or fiduciary responsibility in your favor with respect to any of the transactions contemplated hereby or the process leading thereto and TDB has no obligation to you with respect to the transactions contemplated hereby except those obligations expressly set forth in this Commitment Letter; and (d) TDB has not provided any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby and you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate.

By executing this Commitment Letter, you agree to reimburse TDB from time to time, within thirty (30) days of demand for all reasonable and documented third-party out-of-pocket fees and expenses incurred in connection with this Commitment Letter including, but not limited to, (a) the reasonable fees, disbursements and other charges of Barclay Damon, LLP, as counsel to TDB in connection with the Facilities, and (b) the reasonable and documented due diligence expenses incurred in connection with the Facilities, the preparation of the definitive documentation therefor and the other transactions contemplated hereby; provided, however, that TDB shall not be entitled to reimbursement of any such fees and expenses in excess of the amount set forth in the Summary of Terms under "Expenses" unless approved by you, such approval not to be unreasonably withheld.

This Commitment Letter and the contents hereof are confidential and, except for disclosure hereof on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the Facilities or as otherwise required by law, may not be disclosed in whole or in part to any person or entity without TDB's prior written consent; provided, however, it is understood and agreed that you may disclose this Commitment Letter (including the Summary of Terms) after NYISO's acceptance of this Commitment Letter, in filings with any applicable regulatory authorities whether or not such filings are made on a confidential basis. TDB hereby notifies you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (the "Act"), TDB is required to obtain, verify and record information that identifies you, which information includes your name and address and other information that will allow TDB to identify you in accordance with the Act.

The provisions of the immediately preceding six paragraphs shall remain in full force and effect regardless of whether any definitive documentation for the Facilities shall be executed and delivered, and notwithstanding the termination of this Commitment Letter. Notwithstanding anything contained herein to the contrary, your obligations and liabilities under this Commitment Letter, other than your obligation of confidentiality, to the extent superseded by the applicable provisions of the loan documentation pertaining to the Facilities shall automatically terminate at the earlier of (i) the time of the closing of the Facilities and (ii) a final determination by the State of New York Public Service Commission rejecting NYISO's petition for authority to enter into the Facilities, which NYISO, in its reasonable judgment, elects not to appeal. This Commitment Letter may be executed in counterparts which, taken together, shall constitute an original. Delivery of an executed counterpart of this Commitment Letter by telecopier or facsimile shall be effective as delivery of a manually executed counterpart thereof.

This Commitment Letter shall be governed by, and construed in accordance with, the internal laws of the State of New York without resort to principles of conflicts of law. You and TDB hereby irrevocably waive any and all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Commitment Letter, the transactions contemplated hereby and thereby or the actions of TDB in the negotiation, performance or enforcement hereof. Other than the six paragraphs referenced above, the commitments and undertakings of TDB may be terminated if you fail to perform your obligations under this Commitment Letter. Also, other than the six paragraphs referenced above, the commitments and undertakings of TDB and NYISO shall terminate upon the earlier of: (i) the execution and delivery of definitive documentations with respect to the Facilities, and (ii) a final determination by the State of New York Public Service Commission rejecting NYISO's petition for authority to enter into the Facilities, which NYISO, in its reasonable judgment, elects not to appeal.

This Commitment Letter together with the Summary of Terms, embody the entire agreement and understanding among TDB and you with respect to the Facilities and supersedes all prior agreements and understandings relating to the specific matters hereof. This Commitment Letter does not include all the terms and conditions that will be covered in the definitive loan documentation for the Facilities, but it does state the essential business terms for the Facilities. It is agreed that no party has been authorized by TDB or NYISO to make any oral or written statements that are inconsistent with this Commitment Letter. This Commitment Letter is not assignable by NYISO without TDB's prior written consent and is intended to be solely for the benefit of the parties hereto and the Indemnified Parties.

This offer will expire at 5:00 p.m. New York time on April 30, 2023 ("Acceptance Date") unless you execute this Commitment Letter and return it to us prior to that time, whereupon this Commitment Letter (which may be signed in one or more counterparts) shall become a binding agreement. Thereafter, subject to any additional termination provisions herein, this Commitment Letter will expire on December 15, 2023 unless definitive documentation for the Facilities is executed and delivered prior to such date.

As further consideration of the time and resources that TDB will devote to the Facilities, you agree that, until such expiration, you will not solicit, initiate, entertain or permit, or enter into any discussions in respect of, any offering, placement or arrangement of any competing credit facility for NYISO.

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We are pleased to have the opportunity to again work with you in connection with this important financing.

Very Truly Yours,

TD BANK, N.A.

By:________________________________
Thomas Armstrong
Vice President

ACCEPTED AND AGREED TO AS
OF THE _19_ DAY OF _April_______, 2023

THE NEW YORK INDEPENDENT SYSTEM
OPERATOR, INC.

By:________________________________
Cheryl Hussey
Chief Financial Officer

SUMMARY OF TERMS AND CONDITIONS
THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
$50,000,000 Revolving Line of Credit and
$100,000,000 Delayed Draw Term Loan Facilities

BORROWER:	The New York Independent System Operator, Inc.
LENDER:	TD Bank, N.A. ("TDB")
EFFECTIVE DATE OF FINANCING:	January 1, 2024
FACILITIES:	There are two loan facilities, the Revolving Line of Credit Facility and the Delayed Draw Term Loan Facility (each, a "Facility" and collectively, the "Facilities").

FACILITY 1

REVOLVING LINE OF CREDIT:	An aggregate amount of up to $50,000,000 outstanding at any one time to be available upon the terms and conditions set forth herein.
PAYMENTS:	Monthly interest only payments prior to maturity.
MATURITY:	December 31, 2028
PURPOSE:	The proceeds of the Revolving Line of Credit shall be used to: (i) extend the existing $50,000,000 revolving line of credit facility with TDB, which has a maturity date of December 31, 2023; (ii) support the liquidity needs of the markets administered by Borrower; and (iii) fund temporary cash flow/timing differences for operating activities of Borrower.
INTEREST RATE:	As selected by Borrower, interest shall be either at the Prime Rate plus 0% or, for SOFR loans, interest shall be determined for an interest period of overnight or one month, as selected by the Borrower, and based on SOFR plus an applicable margin of 60 basis points. There shall be a floor on SOFR of 0%. Interest on Facility 1 shall be computed on a 360-day year and shall be payable monthly on the earliest of (i) the last day of each applicable interest period or (ii) on the date Facility 1 is paid in full.

As used herein for all Facilities: (i) SOFR shall mean the rate as published by CME Group Benchmark Administration Ltd., the administrator of the benchmark (or a successor administrator) and/or reported by a public service provider selected by the Bank in its discretion and (ii) Prime Rate means the rate of interest per annum equal to the greater of (a) the rate published from time to time by *The Wall Street Journal* as the U.S. Prime Rate or in the event *The Wall Street Journal* ceases publication of Prime Rates, the Prime, base, reference or other rate designated by TDB in its sole discretion for general commercial loan reference purposes or (b) one percent (1%) in excess of the Federal Funds Rate.

In the event that SOFR is no longer available or utilized as an interest rate setting mechanism, TDB will provide an alternative index for use in calculating the applicable interest rate hereunder.

FEES: The following fees in connection with Facility 1 are payable to TDB:

Upfront Fees payable in full on the Closing Date in an amount equal to 7.5 basis points of the total commitment for the Revolving Line of Credit.

Unused Fees are payable quarterly in arrears on the first day of each calendar quarter in an amount equal to 10 basis points on the unused portion of the total commitment for the Revolving Line of Credit in effect for the applicable prior quarter.

FACILITY 2

DELAYED DRAW TERM LOAN: An aggregate principal amount of up to $100,000,000.

DRAWS/MATURITY: Drawings to fund capital expenditures will be available until December 31, 2028 (the "Draw Period"). Draws may commence January 1, 2024. Interest only payments will be required during the calendar year on amounts drawn during such year. Commencing on December 31, 2024 and occurring at each December 31 through December 31, 2028, all draws outstanding as of the end of each calendar year shall be aggregated and converted to a term loan (each, a "Term-Out Loan"), and each Term-Out Loan will have a three-year maturity. Borrower shall make 36 nearly equal consecutive monthly payments of principal, plus accrued interest so that each Term-Out Loan is fully repaid within three years from inception. Payments shall commence on the January 1 immediately following the creation of each Term-Out Loan and shall continue on the first day of each month thereafter.

As Borrower repays principal during the Draw Period, the amount available for drawings will increase by the amount of said payments. For clarity purposes, if during calendar year 2024 TDB funds an aggregate of $36,000,000 of drawings, on December 31, 2024, that amount will be automatically converted into a Term-Out Loan in the amount of $36,000,000 and Borrower will begin making principal payments in the amount of $1,000,000 on the first day of each month together with interest commencing January 1, 2025 and as the principal balance of the Term-Out Loan is repaid, the amount repaid will be restored to the sum available for subsequent drawings.

Upon the third anniversary of the Draw Period and upon Borrower's request, TDB will consider, at its sole discretion, a 2-year extension of the Draw Period under the existing terms of the Delayed Draw Term Loan and a 2-year extension on the Revolving Line of Credit. Such a request would extend the maturity date out to December 31, 2030.

Availability under this new $100,000,000 Delayed Draw Term Loan shall be reduced by the total amount of the outstanding balance of the Borrower's current existing $90,000,000 Delayed Draw Term Loan facility upon the 12/31/23 maturity date.

PURPOSE: To provide funding for capital investments, software development projects and other strategic initiatives in support of the Borrower's responsibility for maintaining and enhancing the reliable, safe and efficient operation of the New York State transmission system and promoting and operating a fair and competitive wholesale market for electricity in New York State.

INTEREST RATE: As selected by Borrower, interest shall be either at the Prime Rate plus 0% or, for SOFR loans, interest shall be determined for an interest period of overnight or one month, as selected by the Borrower, and based on SOFR plus an applicable margin of 60 basis points. There shall be a floor on SOFR of 0%.

Interest on Facility 2 shall be computed on a 360-day year and shall be payable monthly on the earliest of (i) the last day of each applicable interest period and (ii) on the date Facility 2 and all of the Term-Out Loans are paid in full.

In the event that SOFR is no longer available or utilized as an interest rate setting mechanism, TDB will provide an alternative index for use in calculating the applicable interest rate hereunder.

Interest on this Facility 2 shall be computed on a 360-day year and shall be payable monthly on the earliest of (i) the last day of each applicable interest period and (ii) on the date Facility 2 and all of the Term-Out Loans are paid in full.

FEES: The following fees in connection with Facility 2 are payable to TDB:

Upfront Fees are payable in full on the Closing Date based on 7.5 basis points on the total commitment for the Delayed Draw Term Loan.

Unused Fees are payable quarterly in arrears on the first day of each calendar quarter based on 10 basis points on the unused portion of the total commitment for the Delayed Draw Term Loan in effect for the applicable prior quarter.

PROVISIONS APPLICABLE TO ALL FACILITIES

COLLATERAL: No collateral for any of the Facilities is required. The Loan Documentation will contain a negative pledge against encumbrances on assets other than existing encumbrances and other customary permitted encumbrances.

CLOSING DATE: The execution of definitive loan documentation, including satisfactory legal opinions and other customary closing documents, (collectively, the "Loan Documentation") to occur on or before December 15, 2023 (the "Closing Date").

DEFAULT RATE/LATE PAYMENT CHARGE: Upon the occurrence and during any continuance of any Event of Default, the applicable interest rate shall increase by 200 basis points. A late charge of 4% of any payment not received within fifteen (15) days of when due will be required.

PREPAYMENT:

The Loans may be prepaid in full without prepayment charge or premium except for any applicable Breakage Costs described below:

In the event of (a) the payment of any principal of a Loan other than on the last day of the interest period applicable thereto (including as a result of an Event of Default and whether by voluntary prepayment, acceleration or otherwise), (b) the conversion or continuation of a Loan other than on the last day of the interest period applicable thereto, or (c) the failure by the Borrower to borrow, prepay, convert or continue any Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked), then, in any such event, the Borrower shall indemnify TDB, and hold TDB harmless from any and all Breakage Costs which TDB may sustain or incur as a consequence thereof, and shall compensate TDB, within fifteen (15) Business Days after written demand from TDB, for Breakage Costs attributable to such event which Breakage Costs shall be deemed to include an amount determined by TDB to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Loan if such event had not occurred at the SOFR rate applicable to such Loan for the period from the date of such event to the last day of the then current interest period therefor (or in the case of a failure to borrow, convert or continue, for the period that would have been the interest period for such Loan) over (B) the amount of interest that would accrue on the principal amount of such Loan for the same period if the SOFR rate were set on the date such Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Loan. A certificate as to any additional amount payable under this provision submitted to the Borrower by TDB shall be conclusive, absent manifest error.

FINANCIAL COVENANTS/RATIOS:

None. Creditworthiness Requirements for Customers as set forth in The ISO Open Access Transmission Tariff and The ISO Market Administration and Control Area Services Tariff to be maintained.

CONDITIONS PRECEDENT TO CLOSING:

The closing of the Facilities will be subject to satisfaction of the conditions precedent deemed appropriate by TDB. The definitive agreement or agreements with respect to the

Facilities shall contain customary and reasonable conditions precedent, including, but not limited to, the following:

i. Delivery of Loan Documentation satisfactory to the Borrower and TDB, including, without limitation, a satisfactory opinion from counsel to the Borrower regarding usual and customary matters and specifically including PSC approval of the borrowing of the Facilities.

ii. There shall not have occurred a material adverse change (x) in the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower since December 31, 2021 or (y) in the facts and information regarding such entity as represented to date.

iii. The absence of any action, suit, investigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to (x) have a material adverse effect on the business, assets, properties, liabilities (actual and contingent), operations, condition (financial or otherwise) or prospects of the Borrower, (y) adversely affect the ability of the Borrower to perform its obligations under the Loan Documentation or (z) adversely affect the rights and remedies of TDB under the Loan Documentation (collectively, a "Material Adverse effect").

Borrower shall provide the following items to TDB at least ten (10) days prior to the Closing Date:

INSURANCE: Insurance policies or certificates evidencing same, in amounts and with insurers acceptable to TDB, cancelable only upon thirty (30) days prior written notice to TDB, and providing:

(a) Extended coverage casualty insurance providing for a mandatory 30-day notice to TDB of cancellation;

(b) Public liability and property damage insurance in amounts acceptable to TDB naming TDB as an additional insured party; and

(c) Workers' Compensation insurance.

The Loan Documentation will be based on the Borrower's current loan documents with TDB evidencing the Borrower's existing revolving credit and delayed draw term loan facilities and will include, without limitation, the following provisions:

CONDITIONS PRECEDENT TO ALL BORROWINGS: Usual and customary for transactions of this type, to include without limitation: (i) all representations and warranties are true and correct as of the date of each borrowing and (ii) no event of default under any definitive loan agreement governing the Facilities or incipient default has occurred and is continuing, or would result from such borrowing.

REPRESENTATIONS AND WARRANTIES: Usual and customary for transactions of this type, to include without limitation: (i) corporate existence and status; (ii) corporate power and authority, enforceability; (iii) no violation of law, contracts or organizational documents; (iv) no material litigation; (v) accuracy and completeness of specified financial statements and no material adverse change; (vi) all required governmental or third party approvals or consents obtained; (vii) use of proceeds and not engaging in business of purchasing/carrying margin stock; (viii) status under Investment Company Act; (ix) ERISA matters; (x) environmental matters; (xi) tax matters; (xii) ownership of property and insurance matters; (xiii) accuracy of disclosures made to TDB; (xiv) compliance with laws; and (xv) no default.

COVENANTS: Usual and customary for transactions of this type, to include without limitation: (i) delivery of audited financial statements within 120 days of fiscal year-end, and company prepared quarterly financial statements within 45 days of the end of each fiscal quarter, compliance certificates and notices of default, material litigation, material governmental proceedings, material ERISA and environmental proceedings, or material changes in accounting or financial reporting practices; (ii) compliance with laws and material contractual obligations; (iii) payment of obligations; (iv) preservation of existence; (v) maintenance of books and records and inspection rights; (vi) maintenance of insurance; and (vii) limitation on liens, mergers, acquisitions and joint ventures, sales of assets and incurrence of debt.

EVENTS OF DEFAULT: Usual and customary in transactions of this type, with cure periods and carve-outs to be mutually agreed upon, to include without limitation: (i) nonpayment of principal when due, or interest, fees or other amounts within five (5) Business Days of when due; (ii) any representation or warranty proving to have been incorrect when made or confirmed; (iii) failure to perform or observe covenants set forth in the Loan Documentation within a specified period of time, where customary and appropriate, after such failure; (iv) cross-default to other indebtedness; (v) bankruptcy and insolvency defaults (with grace period for involuntary proceedings); (vi) monetary judgment defaults in an amount to be agreed; (vii) actual or asserted invalidity of any Loan Documentation; (viii) change in governmental approvals or Borrower's tariffs which could have a material adverse effect on the business assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower and which is, in TDB's reasonable judgment, materially adverse to the interests of TDB in connection with the Facilities; (ix) change in approvals or tariffs or FERC or PSC filings or actions which could have a Material Adverse Effect; and (x) customary ERISA defaults.

ASSIGNMENTS: TDB will have the right, without consent of the Borrower, to assign as security all or part of its rights under the Loan Documentation to any Federal Reserve Bank.

GOVERNING LAW: State of New York.

EXPENSES: The Borrower will pay on demand all reasonable and documented third-party costs and expenses associated with the preparation, due diligence, administration, syndication and closing of all Loan Documentation, including, without limitation, the reasonable legal fees and expenses of counsel to TDB, regardless of whether or not the Facilities are closed; provided however, the aggregate amount of all such expenses shall not exceed $35,000.00, unless approved by the Borrower, such approval not to be unreasonably withheld. The Borrower will also pay on demand the reasonable third-party expenses of TDB in connection with the enforcement of any Loan Documentation.

OTHER: Each of the parties shall (i) waive its right to a trial by jury and (ii) submit to New York jurisdiction.

Attachment II
Statement of Accrued Interest on Outstanding Indebtedness

NYISO
STATEMENT OF FINANCIAL CONDITION
ACCRUED INTEREST ON INDEBTEDNESS

	At April 30, 2023		
Facility	Interest Rate	Outstanding Principal	Accrued Interest
Revolving Credit Facility	5.521%	$ 11,300,000	$ 51,993
2019-2023 Budget Facility	2.900% - 5.637%	$ 47,300,000	$ 127,044
Infrastructure Master Plan Loan	3.649% - 6.599%	$ 21,717,299	$ 63,765
Mortgage and Renovations Loan	5.465% - 5.635%	$ 5,444,573	$ 25,394
Totals		**$ 85,761,872**	**$ 268,196**

Attachment III
Copies of the NYISO's Most Recent Audited Financial Statements

KPMG

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

NEW YORK INDEPENDENT
SYSTEM OPERATOR, INC.

Table of Contents

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Directors
The New York Independent System Operator, Inc.:

Opinion

We have audited the financial statements of The New York Independent System Operator, Inc. (the Company), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

KPMG

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Albany, New York
March 15, 2023

NEW YORK INDEPENDENT
SYSTEM OPERATOR, INC.

Statements of Financial Position

December 31, 2022 and 2021

Assets		**2022**	**2021**
Current assets:			
Cash and cash equivalents	$	49,956,914	52,428,301
Restricted cash		686,855,825	435,540,925
Marketable securities (note 8)		2,931,463	3,090,453
Accounts receivable – net (note 2)		8,583,243	5,064,098
Prepaid expenses		9,239,204	8,557,156
Other current assets		58,140	54,362
Total current assets		757,624,789	504,735,295
Noncurrent assets:			
Regulatory assets (note 3)		20,425,968	24,330,526
Property and equipment – net (note 4)		95,320,827	99,107,009
Other noncurrent assets (note 7)		3,807,413	407,614
Total noncurrent assets		119,554,208	123,845,149
Total	$	877,178,997	628,580,444
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	$	31,279,698	25,380,525
Market participant settlements		224,311,116	124,689,227
Market participant security deposits		376,070,994	238,081,267
Market participant prepayments		22,798,734	20,784,234
Working capital reserve (note 11)		35,512,840	33,034,551
Long-term debt – current portion (note 6)		27,508,965	22,576,266
Regulatory liabilities – current portion (note 3)		14,035,098	13,089,151
Deferred revenue (note 10)		46,003,096	42,022,799
Other current liabilities (note 8)		3,046,209	3,335,761
Total current liabilities		780,566,750	522,993,781
Noncurrent liabilities:			
Accrued pension liability (note 8)		1,888,710	5,687,702
Accrued postretirement liability (note 8)		4,501,960	6,909,836
Regulatory liabilities (note 3)		30,101,620	28,599,042
Other noncurrent liabilities (notes 7 and 8)		5,217,563	8,278,724
Long-term debt (note 6)		54,902,394	56,111,359
Total noncurrent liabilities		96,612,247	105,586,663
Total liabilities		877,178,997	628,580,444
Net assets without donor restrictions		—	—
Total liabilities and net assets	$	877,178,997	628,580,444

See accompanying notes to financial statements.

NEW YORK INDEPENDENT
SYSTEM OPERATOR, INC.

Statements of Activities

Years ended December 31, 2022 and 2021

	2022	2021
Revenues:		
Rate Schedule 1 Budgeted tariff charge	$ 169,187,350	167,419,840
Regulatory Adjustments to Rate Schedule 1 budget charge	(6,919,849)	(10,941,348)
Application of Overcollections	10,747,323	10,113,103
Rate Schedule 1 tariff charge, net	173,014,824	166,591,595
Federal Energy Regulatory Commission fees recovery	15,120,369	15,361,866
Planning studies revenue	15,952,803	9,107,411
Fees and services	1,177,866	1,026,763
Interest income	1,581,146	10,065
Total revenues	206,847,008	192,097,700
Operating expenses:		
Compensation and related benefits (note 8)	99,707,955	94,258,757
Depreciation (note 4)	25,580,943	25,249,731
Professional fees and consultants	31,737,418	24,157,937
Maintenance, software licenses and facility costs	26,342,468	22,824,114
Federal Energy Regulatory Commission fees	15,120,369	15,361,866
Administrative and other expenses	4,517,019	4,831,924
Insurance expense	3,415,906	3,177,252
Interest expense	2,826,689	2,845,081
Telecommunication expenses	2,746,684	2,649,607
Training, travel, and meeting expenses	838,638	318,950
Northeast Power Coordinating Council fees	157,909	168,659
Change in fair value of marketable securities	533,941	(338,265)
Change in fair value of interest rate swaps (note 7)	(6,678,931)	(3,407,913)
Total operating expenses	206,847,008	192,097,700
Change in net assets without donor restrictions	—	—
Net assets without donor restrictions, beginning of year	—	—
Net assets without donor restrictions, end of year	$ —	—

See accompanying notes to financial statements.

NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Statements of Cash Flows

Years ended December 31, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Change in net assets without donor restrictions	$	—	—
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:			
Depreciation		25,580,943	25,249,731
Amortization of debt issuance costs		31,254	41,432
Loss on disposition of assets		—	100,021
Change in fair value of interest rate swaps		(6,678,931)	(3,407,913)
Change in fair value of marketable securities		533,941	(338,265)
Change in operating assets and liabilities that provide (use) cash:			
Accounts receivable		(3,519,145)	44,930,886
Market participant settlements		99,621,889	41,608,221
Deferred revenue and other liabilities		7,308,515	17,852,299
Market participant prepayments		2,014,500	14,670,207
Regulatory liabilities		2,448,525	7,337,053
Regulatory assets		3,904,558	6,534,329
Accounts payable and accrued expenses		3,428,432	1,748,211
Prepaid expenses and other assets		(4,085,625)	(159,634)
Working capital reserve		2,478,289	(221,781)
Marketable securities		(374,951)	(298,119)
Pension and postretirement liabilities		(6,206,868)	(2,673,559)
Market participant security deposits		137,989,727	(4,165,611)
Net cash provided by operating activities		264,475,053	148,807,508
Cash flows from investing activities:			
Acquisition of property and equipment (including capitalized interest)		(19,324,020)	(15,796,269)
Proceeds on disposition of assets		—	220,047
Net cash used in investing activities		(19,324,020)	(15,576,222)
Cash flows from financing activities:			
Proceeds from revolving credit facility loan		10,000,000	10,000,000
Repayment of revolving credit facility loan		(10,000,000)	(10,000,000)
Proceeds from 2019 – 2023 budget facility loan		32,000,000	28,400,000
Repayment of 2019 – 2023 budget facility loan		(24,033,333)	(26,333,257)
Repayment of 2014 – 2018 budget facility loan		—	(8,443,000)
Repayment of 2016 – 2019 EMS/BMS facility loan		—	(5,588,333)
Repayment of 2012 Infrastructure Loan		(2,646,316)	(2,761,126)
Repayment of Mortgage and Renovations loans		(1,627,871)	(1,534,224)
Net cash provided by (used in) financing activities		3,692,480	(16,259,940)
Net increase in cash, cash equivalents and restricted cash		248,843,513	116,971,346
Cash, cash equivalents and restricted cash – beginning of year		487,969,226	370,997,880
Cash, cash equivalents and restricted cash – end of year	$	736,812,739	487,969,226
Supplemental disclosure of cash flow information – cash paid during the year for interest, net of capitalized interest	$	2,811,323	2,870,758
Noncash investing activities:			
Property and equipment additions which were accrued but not paid	$	2,790,697	319,957
Property and equipment additions previously accrued which were paid		319,957	1,168,407

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Business Description

The New York Independent System Operator, Inc. (NYISO) was formed in April 1997 and commenced operations on December 1, 1999. NYISO is incorporated in the state of New York as a not-for-profit organization. NYISO assumed the responsibilities of its predecessor, the New York Power Pool (NYPP), which had coordinated the reliability of New York State's electric power grid for more than 30 years. The NYISO operates under tariffs and agreements regulated by the Federal Energy Regulatory Commission (FERC). NYISO monitors a network of 11,000 circuit miles of high-voltage transmission lines and serves approximately 400 market participants.

NYISO, in collaboration with its stakeholders, serves the public interest and provides benefit to consumers by maintaining and enhancing regional reliability, operating open, fair and competitive wholesale electricity markets, planning the power system for the future, and providing factual information to policy makers, stakeholders and investors in the power system. The NYISO facilitates fair and open competition in the wholesale electricity markets in which electricity and related services are purchased and sold on the basis of competitive bidding. Billing invoices are issued by NYISO to each market participant to settle transactions occurring in the NYISO markets.

NYISO is governed by an independent board of directors, as well as a committee structure consisting of market participant representatives. In addition to FERC oversight, NYISO is also subject to regulation in certain aspects by the New York State Department of Public Service Commission.

(b) Basis of Accounting and Presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles and Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 980, *Regulated Operations,* and FASB ASC 958, *Not-for-Profit Entities.*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, recoverability of regulatory assets, the valuation of derivative instruments, and assumptions utilized in the accounting for employee benefit obligations such as discount rates, return on assets, fair value of investments and other contingencies.

(c) Regulatory Accounting

NYISO's financial statements are prepared in accordance with generally accepted accounting principles for rate-regulated entities. As such, regulators may permit specific incurred costs, typically treated as expenses by unregulated entities, to be deferred and expensed in future periods when it is probable that such costs will be recovered in customer rates. Incurred costs are deferred as regulatory assets when NYISO concludes that it is probable future revenues will be provided to permit recovery of the previously incurred cost. A regulatory liability is recorded when amounts that have been recorded by NYISO are likely to be refunded to customers through the rate-setting process.

(d) Revenue Recognition

Settlements of market participants' energy transactions are not reflected in NYISO's Statements of Activities since they do not represent revenues or expenses of NYISO, as NYISO acts solely as an intermediary in the settlement process. In this role, NYISO receives and disburses funds from and to market participants for each settlement period.

Effective July 1, 2012, NYISO's two FERC-approved tariffs, the Open Access Transmission Tariff (OATT) and the Market Administration and Control Area Services Tariff (Services Tariff), were amended to clarify NYISO's role as the single counterparty to market participant transactions in the NYISO markets. For all market participant transactions in the NYISO markets, flash title passes through NYISO immediately prior to passing to the ultimate buyer and seller of the product. This arrangement reinforces NYISO's authority to continue to net a market participant's offsetting financial positions in NYISO markets for credit and billing purposes; provides clarity in NYISO's legal standing to pursue collection from a bankrupt market participant; and, also complies with the FERC directives on credit policy requirements for competitive wholesale electricity markets.

NYISO's tariffs allow recovery of NYISO's capital requirements, operating expenses and debt service costs through a surcharge assessed to market participants. The revenue from this surcharge, Rate Schedule 1, is earned when energy is scheduled and dispatched. Market participants are then billed for such charges in the subsequent settlement period's invoice.

NYISO's Rate Schedule 1 includes a timing mechanism that effectively meets the requirements of an alternative revenue program set forth in FASB ASC Topic 980, *Regulated Operations*, Subtopic 605, *Revenue Recognition*. Accordingly, revenue is recognized for net financing obligations and capital costs incurred during the reporting period, funding for pension and postretirement benefits, and other rate schedule adjustments, as appropriate, based on the revenue requirement formula in the tariffs.

NYISO also recognizes revenue and an offsetting expense for the annual FERC Assessment Fee (the Assessment Fee). The FERC generally invoices transmission providers in June of each year and payment is due in August. NYISO bills the Assessment Fee based on an estimated rate per megawatt hour applied to each individual transmission customer's actual megawatt hours of transmission usage for the month. Once the FERC invoice is received, NYISO calculates a true up and recovers (or refunds) this true up amount over a six month period following receipt of the invoice. NYISO recognizes the revenue and an offsetting expense each month as the Assessment Fee is billed.

Revenues recorded as planning studies revenues arise from billing and collection services in the study service agreement process performed by NYISO. These revenues are offset by the corresponding study expenses, recorded in operating expenses, which were incurred in performing such studies. A portion of the deposits related to planning studies are nonrefundable and recorded as revenue when received.

(e) Cash and Cash Equivalents

NYISO considers short-term marketable securities with original maturities of three months or less to be cash equivalents. The cash equivalents at December 31, 2022 and 2021 were held in money market accounts invested primarily in short-term U.S. government obligations. NYISO's cash and cash equivalents consist primarily of funds accumulated for the working capital reserve, for general operating purposes, and amounts for funding certain employee benefit plans.

(f) Restricted Cash

Restricted cash consists primarily of market participant security deposits held in escrow accounts, amounts prepaid by market participants in advance of settlement billing dates, amounts collected on settlement invoices, amounts collected for Transmission Congestion Contract (TCC) auctions, amounts deposited for planning studies, amounts collected for the estimated annual FERC fee and amounts collected for voltage support services. Market participant security deposits are invested at the market participant's choice in taxable money market funds.

The following table details the ending balances for Cash, Cash Equivalents and Restricted Cash amounts as reported on the Statements of Cash Flows:

		2022	2021
Cash and cash equivalents	$	49,956,914	52,428,301
Restricted cash		686,855,825	435,540,925
Cash, cash equivalents and restricted cash end of year	$	736,812,739	487,969,226

(g) Property and Equipment

Property and equipment are recorded at cost. NYISO capitalizes property and equipment additions in excess of $5,000 with a useful life greater than one year. Depreciation is computed on the straight-line method over the assets' estimated useful lives of three to five years, except for building and building improvements, which are depreciated on a straight-line basis over 20 years. When assets are retired or otherwise disposed of, the cost and related depreciation are removed, and any resulting gain or loss is reflected in expense for the period. Repairs and maintenance costs are charged to expense when incurred.

The NYISO capitalizes the cost of payroll and payroll-related costs, third-party consulting fees, overhead and interest incurred in the direct development or enhancement of solutions as internal-use software. Development costs incurred during the preliminary project stage and costs incurred for requirements gathering, data conversion activities, training, maintenance and minor enhancements are expensed as incurred. Development costs incurred for the coding, configuration, interfacing, automation and testing of new functionality after the preliminary project stage is complete are capitalized. Capitalized software costs are amortized on a straight-line basis over three years, based on the nature and estimated useful life of the applicable asset. Amortization of capitalized software costs is included in depreciation and amortization expense within the Statements of Activities.

Long-lived assets are recorded at cost and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Management is not aware of any events or changes in circumstances that would necessitate a review of any long-lived assets as of the years ended December 31, 2022 and 2021.

(h) Working Capital Reserve

In order to maintain the liquidity and stability of NYISO's markets, NYISO has accumulated a working capital reserve through amounts charged to market participants under the Rate Schedule 1. Any change to NYISO's working capital needs would be billed to market participants in future Rate Schedule 1 charges. Market participants are entitled to interest on their principal contributions to the working capital reserve. Each market participant is allocated interest based on the respective ratio share of each market participant's principal contributions to the total working capital reserve. Accumulated interest on the working capital reserve is distributed annually to market participants.

(i) Market Participant Prepayments

To reduce certain energy and ancillary services credit requirements, Market Participants may choose to prepay to the NYISO, in advance of settlement billing dates, their energy and ancillary services financial obligations. Moreover, certain market participants choose to make advance payments to the NYISO to be applied to future settlement invoices. Market participant prepayments are presented within restricted cash and current liabilities on the accompanying Statements of Financial Position.

(j) Deferred Revenue

Advance payments from developers for planning studies and governance participation fees are reflected as deferred revenue.

Planning study revenue is recognized as earned when costs are incurred and billed to developers to complete such studies. Fees for participation in NYISO's governance process are billed to market participants in advance of the year for which they apply and are amortized over the related governance period. All such unamortized amounts are included in deferred revenue.

(k) Income Taxes

NYISO has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code (The Code) Section 501(c)(3) and is generally exempt from income taxes under Section 501(a) of the Code. During the calendar years 2022 and 2021, no material unrelated business taxable income was generated by NYISO, and therefore no disclosure is made for federal or state income taxes.

The NYISO has determined prior to recording any benefit in the financial statements that it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authorities, as required by the Accounting for Uncertainty in Income Taxes Topic within FASB ASC 740, *Income Taxes*. A tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement.

(l) Fair Value

NYISO utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Fair value is determined based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between the observable and unobservable inputs, which are categorized in one of the following levels:

Level 1: Quoted or published prices (unadjusted) in active markets for identical assets as of the measurement date. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Market price data is generally obtained from exchanges or dealer markets.

Level 2: Pricing inputs from other than Level 1 that are observable, either directly or indirectly, such as quoted or published prices for similar assets; quoted or published prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Level 3: Pricing inputs are unobservable and include little, if any, market activity for the investments.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is available for that particular financial instrument.

NYISO's financial instruments consist primarily of cash and cash equivalents, restricted cash, marketable securities, accounts receivable, prepaid expenses, accounts payable and accrued expenses, short-term and long-term debt, and benefit plan assets such that carrying value approximates fair value. The fair value of derivative instruments and benefit plan assets is discussed in notes 7 and 8, respectively.

(m) Pension and Other Postretirement Benefit Plans

NYISO has a defined benefit pension plan covering certain employees upon their retirement. Effective December 1, 2009, NYISO adopted changes to its pension plan to end the accrual of future benefits for most employees and replaced this benefit with equivalent contributions to employee 401(k) plan accounts after December 1, 2009. NYISO also sponsors a defined postretirement benefit medical plan for retired employees and their dependents. NYISO records annual amounts relating to its pension and postretirement plans based on calculations that incorporate various actuarial and related assumptions, including discount rates, mortality, assumed rates of return, turnover rates, and healthcare costs and trend rates. These actuarial and related assumptions are reviewed on an annual basis and modifications are made to the assumptions based on current rates and trends. The effect of modifications made to those assumptions are reasonable based on actual experience and market conditions.

The net periodic costs are recognized with respect to participants eligible for benefits in the pension and postretirement plans. Unamortized amounts expected to be recognized in rates in future years are recorded as a regulatory asset or liability.

(n) Concentration of Credit Risk

Financial instruments that subject NYISO to credit risk consist primarily of market settlement invoices and Rate Schedule 1 revenue due from market participants. As provided in the OATT and Services Tariff, NYISO reviews the creditworthiness of market participants, who are required to either

- maintain certain financial statement criteria and/or approved credit ratings;
- to post with NYISO specified financial security in an amount sufficient to cover their outstanding liability to NYISO; or
- to prepay their obligations in advance of settlement billing dates.

NYISO's tariffs establish specific periods for the adjustment of settlement invoices and for market participant challenges to amounts billed for a particular service period. The first settlement invoice issued for a given month occurs on the fifth business day of the following month. Adjustments may occur and be included on the four-month re-settlement invoice. Market Participants have a five-month period from the initial invoice to review and challenge their settlements from these invoices. The NYISO posts an advisory Final Bill Close-out within two months of the review and challenge period. Market Participants then have approximately one month to review the advisory Final Bill Close-out invoice. The Final Bill Close-out invoice is issued eight months from the initial invoice service period.

As a result, NYISO is exposed to credit risk until all settlement adjustments and final invoices for each service period are finalized and liquidated. As of December 31, 2022, the adjustments and true-ups of all settlement invoices through March 2022 were completed. However, in the event of a market participant default and bad debt loss, Rate Schedule 1 of the OATT allows NYISO to recover bad debt losses from all remaining market participants on future invoices.

(o) Derivative Instruments

NYISO recognizes all derivative instruments as either assets or liabilities in the Statement of Financial Position at their respective fair value. The fair values of NYISO's derivative instruments are quoted by external sources. The changes in the fair value of these derivatives are recorded as a change in fair value of interest rate swaps in the Statement of Activities. Due to NYISO's regulated rates, any changes in fair value of these derivative instruments are recorded as either a Regulatory Asset or Regulatory Liability, as appropriate, and ultimately deferred for recognition due to regulatory recovery of interest costs. Payments on these derivative instruments are recorded and classified as interest expense.

NYISO uses derivative instruments to hedge the effects of fluctuations in interest rates. NYISO is exposed to credit loss in the event of nonperformance by the commercial banks under the interest rate swap agreements. The credit risk related to hedge agreements is limited to the cost to NYISO to replace the aforementioned hedge arrangements with like instruments. NYISO monitors the credit standing of the counterparties and anticipates that the counterparties will be able to fully satisfy their obligations under the hedge arrangements.

The fair value of NYISO's interest rate swaps are determined using pricing models developed based on the LIBOR swap rate and other observable market data (Level 2 inputs).

(p) Debt Issuance Costs

Debt issuance costs are included as a direct deduction to the corresponding debt liability and have been deferred. Debt issuance costs are amortized using the effective interest method over the period of the outstanding debt obligation.

(q) Leases

The Company determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset and the Company has the right to control the asset.

ASU Topic 842 was adopted in 2022 and provides a practical expedient for lessees as it relates to separating lease components from non-lease components. The company elected to use this approach with its adoption of Topic 842. In the Statements of Activities, lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

(r) Accounting Pronouncements Recently Adopted

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. Topic 842 classifies accounting for operating leases on the balance sheet. The NYISO adopted FASB ASU 2020-05, Topic 842 in 2022 and the effect on the balance sheet is $14,932 recorded in Other Current Assets, with a corresponding liability in Other Current Liabilities. Topic 606 was previously adopted.

(2) Accounts Receivable

NYISO's accounts receivable at December 31, 2022 and 2021 consisted of the following:

		2022	2021
Billed:			
Miscellaneous billed receivables	$	681,867	528,487
Past-due settlement invoices		—	10,300
		681,867	538,787
Unbilled:			
Rate Schedule 1 revenue for December		4,338,013	3,608,392
Miscellaneous unbilled receivables		3,563,362	916,919
		7,901,375	4,525,311
Total	$	8,583,243	5,064,098

Miscellaneous billed and unbilled receivables are for planning study services provided by the NYISO in accordance with the NYISO OATT. These revenues offset the corresponding planning study expenses, which are incurred in performing such studies.

NYISO recovers its Rate Schedule 1 revenue in the invoice following the period of service. Therefore, a portion of unbilled Rate Schedule 1 revenues for December are billed and recovered in January of the subsequent year.

(3) Regulatory Assets and Liabilities

At December 31, 2022 and 2021, regulatory assets and liabilities consisted of the following:

		2022	2021
Regulatory assets:			
Funding for pension benefits	$	9,416,351	10,617,703
Funding for postretirement deferred charges		11,009,617	10,517,686
Derivative contracts		—	3,195,137
Total regulatory assets		20,425,968	24,330,526
Less current portion		—	—
Noncurrent regulatory assets	$	20,425,968	24,330,526
Regulatory liabilities			
Net Financing and Capital rate timing	$	12,745,198	20,223,861
Rate Schedule 1 transactional volume overcollections		7,387,926	7,944,350
Funding for pension deferred charges		7,364,971	4,767,331
Funding for postretirement benefits		6,507,657	3,607,850
Voltage support service (reactive power) market		1,033,300	2,341,828
Derivative Contracts		3,483,794	—
Rate Schedule 1 underspending		5,613,872	2,802,973
Total regulatory liabilities		44,136,718	41,688,193
Less current portion		(14,035,098)	(13,089,151)
Noncurrent regulatory liabilities	$	30,101,620	28,599,042

(a) Funding for Pension and Postretirement Benefits

The pension and postretirement funding regulatory assets and liabilities reflect the unrecognized pension and postretirement benefit costs that under GAAP for rate-regulated entities are recorded as deferred noncurrent regulatory assets or liabilities. These amounts are expected to be included in future rates.

(b) Funding for Deferred Charges

The NYISO recovers its annual employer cash contributions for both the pension and postretirement benefit plans via Rate Schedule 1. The amounts in funding for deferred charges represents the pension and postretirement benefit costs net of cash contributions.

(c) Rate Schedule 1 Underspending

To the extent that NYISO's spending does not exceed the annual Rate Schedule 1 revenue requirement, a regulatory liability is established for the underspending amount.

(Continued)

(d) Rate Schedule 1 Transactional Volume Collections

NYISO recovers its costs through a surcharge assessed to market participants via Rate Schedule 1 of the OATT and Services Tariff. To the extent that transactional volumes billed under Rate Schedule 1 fall short of the amount expected when the Rate Schedule 1 surcharge is established, NYISO reflects a regulatory asset for the undercollection amounts. To the extent that transactional volumes billed under Rate Schedule 1 exceed the amount expected when the Rate Schedule 1 surcharge is established, NYISO reflects a regulatory liability for the overcollection amounts.

(e) Voltage Support Service

In order to maintain acceptable transmission voltages on the New York State transmission system, certain market participants within the New York Control Area produce or absorb voltage support service (reactive power). Payments to market participants supplying voltage support service and recoveries from other market participants are assessed via Rate Schedule 2 of the OATT and Services Tariff. Differences between the timing of recoveries and payments for voltage support service that result in undercollections or overcollections are reflected as regulatory assets or liabilities.

(f) Derivative Contracts

NYISO's Rate Schedule 1 tariff does not include the fair value of derivative contracts. Any changes in fair value of these derivative instruments are ultimately deferred for recognition due to regulatory recovery of interest costs. Future payments on these derivative instruments are recorded and classified as interest expense.

(g) Net Financing and Capital Rate Timing

NYISO's Rate Schedule 1 includes a timing mechanism for net financing obligations and capital costs incurred during the reporting period based on the revenue requirement formula in the tariffs. In connection with this rate-making mechanism these amounts are expected to be included in future rates.

(4) Property and Equipment

As of December 31, 2022 and 2021, property and equipment consisted of the following:

		2022	2021
Software developed for internal use	$	232,154,606	226,808,066
Building, building improvements, and leasehold improvements		107,292,278	106,946,904
Computer hardware and software		61,992,564	56,870,741
Machinery and equipment		8,436,876	8,431,452
Land and land improvements		3,361,818	3,361,818
Furniture and fixtures		2,440,022	2,440,022
		415,678,164	404,859,003
Accumulated depreciation		(347,244,335)	(321,663,392)
Property and equipment, net		68,433,829	83,195,611
Work in progress		26,886,998	15,911,398
Total Property and equipment, net	$	95,320,827	99,107,009

Property and equipment includes interest of $150,534 and $106,338, capitalized during 2022 and 2021, respectively. Total capitalized labor for the years ended December 31, 2022 and 2021 was $6,886,850 and $4,995,015, respectively.

Depreciation expense for the years ended December 31, 2022 and 2021 was $25,580,943 and $25,249,731, respectively.

Costs represented in Work in progress primarily include the Distributed Energy Resources Participation Model, the Block Storage refresh upgrade, and Building Management System replacement projects.

(5) Revolving Credit Facility

On December 14, 2018 NYISO entered into a $30.0 million Revolving Credit Facility with an effective date of January 1, 2019 through December 31, 2023. The proceeds from this Revolving Credit Facility are to be used for working capital purposes. Interest on borrowings under this Revolving Credit Facility is based on NYISO's option of varying rates of interest tied to either the prime rate or the London Interbank Offered Rate (LIBOR). On May 15, 2020, NYISO exercised the Accordion Feature of the Revolving Credit Facility and increased the amount to $50.0 million. On October 18, 2022, the Revolving Credit Facility was amended, removing the use of LIBOR and replacing it with the Secured Overnight Funds Rate (SOFR) as the reference point for interest rates.

At December 31, 2022 and 2021, there were no amounts outstanding on the Revolving Credit Facility. During 2022 $10.0 million in borrowings were made under the Revolving Credit Facility, at an average interest rate of 2.495%. During 2021 $10.0 million in borrowings were made under the Revolving Credit Facility, at an average interest rate of 0.814%.

(6) Long-Term Debt

At December 31, 2022, the following amounts were outstanding on NYISO's long-term debt:

	2019-2023 Budget facility loan (i)	Mortgage (ii)	Renovations (ii)	2012 Infrastructure loan (iii)	Total
Total outstanding:					
Maturities	$ 53,966,667	2,896,355	3,113,201	22,599,405	82,575,628
Less unamortized debt issuance costs	(57,393)	(2,928)	(3,290)	(100,658)	(164,269)
Total debt, net	$ 53,909,274	2,893,427	3,109,911	22,498,747	82,411,359
Current portion:					
Maturities	$ 23,166,667	1,033,525	693,710	2,646,316	27,540,218
Less unamortized debt issuance costs	(17,455)	(1,133)	(823)	(11,842)	(31,253)
Total current portion	$ 23,149,212	1,032,392	692,887	2,634,474	27,508,965
Long term portion:					
Maturities	$ 30,800,000	1,862,830	2,419,491	19,953,089	55,035,410
Less unamortized debt issuance costs	(39,938)	(1,795)	(2,467)	(88,816)	(133,016)
Total long term portion	$ 30,760,062	1,861,035	2,417,024	19,864,273	54,902,394

At December 31, 2021, the following amounts were outstanding on NYISO's long-term debt:

	2019-2023 Budget facility loan (i)	Mortgage (ii)	Renovations (ii)	2012 Infrastructure loan (iii)	Total
Total outstanding:					
Maturities	$ 46,000,000	3,871,094	3,766,333	25,245,721	78,883,148
Less unamortized debt issuance costs	(74,849)	(4,061)	(4,113)	(112,500)	(195,523)
Total debt, net	$ 45,925,151	3,867,033	3,762,220	25,133,221	78,687,625
Current portion:					
Maturities	$ 18,333,333	974,739	653,132	2,646,316	22,607,520
Less unamortized debt issuance costs	(17,456)	(1,133)	(823)	(11,842)	(31,254)
Total current portion	$ 18,315,877	973,606	652,309	2,634,474	22,576,266
Long term portion:					
Maturities	$ 27,666,667	2,896,355	3,113,201	22,599,405	56,275,628
Less unamortized debt issuance costs	(57,393)	(2,928)	(3,290)	(100,658)	(164,269)
Total long term portion	$ 27,609,274	2,893,427	3,109,911	22,498,747	56,111,359

(i) On December 14, 2018, NYISO entered into a $90.0 million Revolving Term Loan Credit Facility (2019–2023 Budget Facility) with an effective date of January 1, 2019 through December 31, 2023. The proceeds from this Term Loan Credit Facility are to be used for capital purchases and significant projects during 2019–2023. Interest on borrowings under this Term Loan Credit Facility is based on NYISO's option of varying rates of interest tied to either the prime rate or LIBOR plus 67.5 basis points.

On October 18, 2022, the Revolving Credit Facility was amended, replacing the use of LIBOR with SOFR as the reference point for interest rates.

The 2019-2023 Budget Facility allows for a maximum of $140.0 million to be drawn over the five-year period, with no more than $90.0 million outstanding at any time. Under the revolving structure, loan amortization in proceeding years restores funds availability sufficient to cover draws totaling $140.0 million through 2023. NYISO must convert each year's annual borrowings to term loans, with the principal and interest payments payable over three years.

As of December 31, 2022 and 2021, the loan details on the 2019-2023 Budget Facility consisted of the following:

Draw year	2019	2020	2021	2022
Draw amount	$ 26,000,000	$ 26,600,000	$ 28,400,000	$ 32,000,000
Converted to term loan	January 2020	January 2021	January 2022	January 2023
Term period	36 months	36 months	36 months	36 months
Maturity date	12/1/2022	12/1/2023	12/1/2024	12/1/2025
As of 12/31/22				
Outstanding balance at fixed interest rate	$ —	$ 2,585,547	$ 16,138,357	$ 27,276,096
Fixed interest rate	N/A	2.900%	2.900%	2.900%
Outstanding balance at variable interest rate	$ —	447,787	$ 2,794,976	$ 4,723,904
Variable interest rate	N/A	4.913%	4.913%	4.913%
As of 12/31/21				
Outstanding balance at fixed interest rate	$ —	$ 17,600,000	$ 28,400,000	$ —
Fixed interest rate	N/A	2.900%	2.900%	N/A
Outstanding balance at variable interest rate	$ —	—	—	$ —
Variable interest rate	N/A	0.774%	0.774%	N/A

(ii) On July 8, 2005, NYISO entered into two financing agreements to purchase and renovate a 140,000-square foot office building in Rensselaer, NY. The first agreement is a $14.7 million mortgage to finance the building purchase (Mortgage), and the second agreement represents a $10.0 million line of credit for renovations during an 18-month period, beginning in July 2005 (Renovations Loan). Both agreements were secured by liens on the building and subsequent capitalized renovations. Interest on borrowings under both facilities is due monthly and was based on varying rates of interest tied to LIBOR plus 100 basis points.

Effective November 1, 2021, NYISO refinanced these two financing agreements. The first refinanced agreement is a $4.0 million mortgage for the building purchase (Mortgage), and the second agreement represents a $3.9 million loan for renovations (Renovations Loan). The liens related to the original agreements were released upon refinancing. Interest on borrowings under both facilities is due monthly and is based on varying rates of interest tied to LIBOR plus 67.5 basis points.

As of December 31, 2022 and 2021, the loan details on the Mortgage and Renovation Loans consisted of the following:

Loan		Mortgage	Renovation
Draw amount	$	4,027,498	3,871,294
Converted to term loan		November 2021	November 2021
Term period		3 Years 9 Months	5 Years 2 Months
Maturity date		8/1/2025	1/1/2027
As of 12/31/22			
Outstanding balance at fixed interest rate	$	2,896,355	3,113,201
Fixed interest rate		5.465%	5.635%
As of 12/31/21			
Outstanding balance at fixed interest rate	$	3,871,094	3,766,333
Fixed interest rate		5.465%	5.635%

(iii) On July 18, 2012, NYISO entered into the 2012 Infrastructure Loan to renovate its facilities in Guilderland, NY and to perform construction at its facility in Rensselaer, NY. The agreement permitted borrowings of up to $45.0 million through July 18, 2014, at which point the full $45.0 million was converted to a term loan. The NYISO is required to make interest only payments for up to 24 months, followed by 17 years of principal and interest payments. Interest on borrowings under the 2012 Infrastructure Loan is due monthly and is based on varying rates of interest tied to LIBOR plus 225 basis points.

On January 31, 2022 the 2012 Infrastructure Loan was refinanced to modify the interest rate spread from 225 basis points to 175 basis points.

As of December 31, 2022 and 2021, the loan details on the 2012 Infrastructure Loan consisted of the following:

		December 31	
		2022	2021
Outstanding balance at fixed interest rate	$	20,196,079	22,549,020
Fixed interest rate		3.649%	4.149%
Outstanding balance at variable interest rate		2,403,326	2,696,701
Variable interest rate		5.870%	2.349%

At December 31, 2022, scheduled maturities of NYISO's long-term debt was as follows:

	2019–2023 Budget facility loan	Mortgage	Renovations	2012 Infrastructure loan	Total
2023	$ 23,166,667	1,033,525	693,710	2,646,316	27,540,218
2024	20,133,334	1,095,575	736,412	2,646,316	24,611,637
2025	10,666,666	767,255	782,563	2,646,316	14,862,800
2026	—	—	831,183	2,646,316	3,477,499
2027	—	—	69,333	2,646,316	2,715,649
Thereafter	—	—	—	9,367,825	9,367,825
	$ 53,966,667	2,896,355	3,113,201	22,599,405	82,575,628

On March 5, 2021, the Financial Conduct Authority ("FCA"), the regulatory supervisor of USD LIBOR's administrator ("IBA"), announced the future cessation or loss of representativeness of overnight/Spot Next, 1-month, 3-month, 6-month and 12-month USD LIBOR tenor settings. This is set to occur on the earliest of (i) July 1, 2023, (ii) the date that all Available Tenors of USD LIBOR have either permanently or indefinitely ceased to be provided by IBA or have been announced by the FCA pursuant to public statement or publication of information to be no longer representative and (iii) the Early Opt-in Effective Date.

(7) Derivatives and Hedging Activities

NYISO's derivative instruments are economic hedges used to manage its exposure related to changes in interest rates related to long-term debt. By using derivative instruments to hedge exposure to changes in interest rates, NYISO is exposed to credit and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the NYISO, which creates credit risk. When the fair value is negative, the NYISO owes the counterparty and, therefore, the NYISO is not exposed to the counterparty's credit risk in those circumstances. NYISO minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates.

A summary of the derivative instruments notional amount, fair value, and gain (loss) are represented in the following table:

Loan		Swap Notional amount at inception	Swap Notional amount at December 31, 2022	Swap Fair Value at December 31, 2021	Swap Fair Value at December 31, 2022		2022 Gain (loss) on fair value
2019-2023 Budget Facility (iii)	$	115,000,000	46,000,000	(1,746,719)	1,999,728		3,746,447
2012 Infrastructure Loan (ii)		40,000,000	20,196,079	(715,381)	1,548,009		2,263,390
Mortgage (i)		4,027,498	2,896,355	(313,042)	(13,053)		299,989
Renovations (i)		3,871,294	3,113,201	(419,995)	(50,890)		369,105
Total						$	6,678,931

(i) In February 2005, NYISO entered into two interest rate swap agreements with a commercial bank to fix interest rate payments on the financing of a new office building purchase. The notional amount of debt on the swap agreement for the Mortgage was $14,708,750. NYISO paid a fixed interest rate of 5.79% on the outstanding principal amount of this financing on payments from August 2005 through October 2021. The notional amount of debt on the swap agreement for the Renovations Loan was $10,000,000, and NYISO paid a fixed interest rate of 5.96% on payments from January 2007 through October 2021.

In 2021, the NYISO refinanced the Mortgage and Renovation loans. The notional amount of debt on the swap agreement for the Mortgage was $4,027,498. NYISO pays a fixed interest rate of 5.465% on the outstanding principal amount of this financing on payments from November 2021 through August 2025. The notional amount of debt on the swap agreement for the Renovations Loan was $3,871,294, and NYISO pays a fixed interest rate of 5.635% on payments from November 2021 through January 2027. For the years ended December 31, 2022 and 2021, the fair value of these interest rate swap agreements was $(13,053) and (313,042) for the Mortgage and $(50,890) and (419,995) for the Renovations Loan, respectively, recorded in Other Noncurrent Liabilities. For the years ended December 31, 2022 and 2021 NYISO recorded a fair value gain of $669,094 and $460,064, respectively, related to these swap agreements.

(ii) In July 2012, NYISO entered into an interest rate swap agreement with a commercial bank to fix interest rate payments on the 2012 Infrastructure Loan. The notional amount of debt on the swap agreements was $40,000,000. NYISO paid a fixed interest rate of 4.149% through January 2022. In January 2022 the agreement was amended and the NYISO pays a fixed interest rate of 3.649% from February 2022 through July 2031.

As of December 31, 2022 and 2021, the fair value of this interest rate swap agreement was $1,548,009 and $(715,381), respectively, recorded in Other Noncurrent Assets and Other Noncurrent Liabilities. For the years ended December 31, 2022 and 2021, NYISO recorded a fair value gain of $2,263,390 and $1,059,292, respectively, related to this swap agreement.

(iii) In April 2019, NYISO entered into an interest rate swap agreement with a commercial bank to fix interest rate payments on the 2019 -2023 Budget Facility loan. The notional amount of the debt on the swap agreement was $115.0 million. NYISO pays a fixed interest rate of 2.9% through December 2026. As of December 31, 2022 and 2021, the fair value of this interest rate swap agreement was $1,999,728 and $(1,746,718), respectively, recorded in Other Noncurrent Assets and Other Noncurrent Liabilities. For the years ended December 31, 2022 and 2021 NYISO recorded a fair value gain of $ 3,746,447 and $1,828,078, respectively, related to this swap agreement.

The following table presents the carrying amounts and estimated fair values of NYISO's interest rate swaps at December 31, 2022 and 2021:

		2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Interest rate swaps	$	3,547,737	3,547,737	—	—
Financial liabilities:					
Interest rate swaps		63,943	63,943	3,195,137	3,195,137

(8) Employee Benefit Plans

(a) Defined Benefit Pension and Postretirement Plans

NYISO has a defined benefit pension plan covering certain employees upon their retirement. Effective December 1, 2009, NYISO adopted changes to its pension plan to end the accrual of future benefits for most employees and replaced this benefit with equivalent contributions to employee 401(k) plan accounts after December 1, 2009. There were $2.6M and $0 in NYISO cash contributions made during 2022 and 2021, respectively, to the defined benefit pension plan.

NYISO sponsors a defined benefit postretirement plan to provide medical benefits for eligible retirees and their dependents. NYISO employees who retire on or after age 55 become eligible for these benefits provided they have been credited with at least ten years of NYISO service (5 years of NYISO service for those employees hired before January 1, 2005). The benefits are contributory based upon years of service, with NYISO paying up to 50% of costs for retired employees and up to 25% for their dependents (subject to specified dollar limits). Medical coverage becomes secondary upon Medicare eligibility.

Pursuant to resolutions adopted by NYISO's Board of Directors, NYISO's Retirement Board is responsible for administration of NYISO's pension and postretirement plans, including recommending investment policy to the Board of Directors, and monitoring investment performance. The Retirement Board reports to NYISO's Board of Directors and currently consists of NYISO's Chief Financial Officer, Director of Human Resources, General Counsel, Controller and Assistant Treasurer and one Nonexecutive employee. The Retirement Board provides reports to the Commerce and Compensation Committee of the Board of Directors on at least an annual basis.

NYISO records the overfunded or underfunded position of a defined benefit pension and postretirement plan as an asset or liability, with any unrecognized prior service costs, transition obligations, or gains/losses reported as recoverable under FASB ASC Topic 980 and recorded as a regulatory asset or liability.

For payment of benefits under the postretirement plan, as noted above, the NYISO established a Voluntary Employee Benefit Association (VEBA) trust in January 2010. The assets held in the VEBA trust reduce the accumulated postretirement benefit obligation as reported on the NYISO's Statements of Financial Position. The VEBA trust held assets of $5,683,676 and $6,947,551 as of December 31, 2022 and 2021, respectively. As noted in the following table, current obligations are assumed to be paid out of the trust assets, with the remaining unfunded obligation to be reflected as a noncurrent liability.

The schedules that follow show the benefit obligations, the plan assets, and the funded status as of December 31, 2022 and 2021, and the change in benefit obligations for NYISO's pension and postretirement plans for the years ended December 31, 2022 and 2021.

		Pension Plan		Postretirement Plan	
		2022	2021	2022	2021
Change in benefit obligation:					
Benefit obligation – beginning of year	$	30,795,089	33,241,538	13,857,387	14,235,127
Service cost		—	—	755,999	847,431
Interest cost		759,807	662,838	385,299	332,311
Actuarial (gain)/loss		(4,672,016)	(1,293,505)	(4,637,020)	(1,468,671)
Participant contributions		—	—	205,077	250,484
Settlements		—	(872,867)	—	—
Benefits paid		(1,388,725)	(942,915)	(381,106)	(339,295)
Benefit obligation – end of year		25,494,155	30,795,089	10,185,636	13,857,387
Change in plan assets:					
Fair value of plan assets – beginning of year		25,107,387	26,041,730	6,947,551	6,163,838
Actual return on plan assets		(2,578,315)	1,058,723	(1,072,623)	886,812
Employer contributions		2,600,000	—	—	—
Participant contributions		—	—	205,077	250,484
Settlements		—	(872,867)	—	—
Benefits paid		(1,388,725)	(942,915)	(381,106)	(339,295)
Expenses paid		(134,902)	(177,284)	(15,223)	(14,288)
Fair value of plan – assets – end of year		23,605,445	25,107,387	5,683,676	6,947,551
Funded Status	$	(1,888,710)	(5,687,702)	(4,501,960)	(6,909,836)

(Continued)

The NYISO has determined that the pension and post retirement net actuarial (gain) loss is probable of recovery through the Tariff and has recorded a regulatory asset related to the pension plan and a regulatory liability related to the postretirement plan as of December 31, 2022 and 2021 in the accompanying Statements of Financial Position.

Amounts recognized in the 2022 and 2021 Statements of Financial Position consist of the following:

		Pension Plan		Postretirement Plan	
		2022	2021	2022	2021
Net actuarial (gain)/loss recognized in regulatory assets (liabilities)	$	9,416,351	10,617,703	(6,507,657)	(3,607,850)
Projected benefit obligation		(25,494,155)	(30,795,089)	(10,185,636)	(13,857,387)
Accumulated benefit obligation		(25,494,155)	(30,795,089)	—	—
Fair value of assets		23,605,445	25,107,387	5,683,676	6,947,551
Unfunded projected benefit obligation	$	(1,888,710)	(5,687,702)	(4,501,960)	(6,909,836)

Net periodic pension expense and postretirement benefit costs include the following components:

		Pension Plan		Postretirement Plan	
		2022	2021	2022	2021
Service cost	$	—	—	755,999	847,431
Interest cost		759,807	662,838	385,299	332,311
Expected return on plan assets		(1,056,253)	(1,054,246)	(433,435)	(385,332)
Amortization of unrecognized (gain)/loss		298,806	306,268	(215,932)	(95,963)
Amortization of unrecognized prior service cost		—	—	—	—
Realized (gain)/loss due to settlements		—	295,918	—	—
Total	$	2,360	210,778	491,931	698,447

NYISO uses a December 31 measurement date for its pension and postretirement benefit plans.

During 2022, the lump-sum pension benefits paid during the year did not exceed the sum of service and interest cost components. In 2021, the sum of all lump-sum pension benefits paid during the year exceeded the sum of the service and interest cost components of the Pension Plan net periodic benefit cost for the year, resulting in the recognition of a net settlement loss of $295,918 in 2021.

The following table as of December 31, 2022 and 2021 shows the assumptions used to calculate the pension and postretirement benefit obligations and net periodic cost or credit:

	Pension Plan		Postretirement Plan	
	2022	**2021**	**2022**	**2021**
Benefit obligations:				
Discount rate	5.15%	2.50%	5.25%	2.90%
Net periodic cost or credit:				
Discount rate	2.50%	2.00%	2.90%	2.50%
Expected return on plan assets	4.62%	4.55%	6.38%	6.38%

NYISO measured benefit obligations using the Pri-2012 mortality tables and MP-2021 mortality improvement scale in selecting mortality assumptions as of December 31, 2021 and December 31, 2022.

In 2021, the NYISO adopted the provisions of the American Rescue Plan Act of 2021 by electing to (i) implement the 15-year amortization provisions of the Act in plan year 2019, and (ii) adopt the new stabilized segment rates in the Act effective with the 2020 plan year. The result of the election is the plan's funding balance was increased from $1,198,839 to $1,601,054.

In 2022, the assumed postretirement plan healthcare cost trend rates for participants pre-65 are 6.25% for 2023 to 2024 decreasing to 4.75% in 2029, and the participants post-65 are 6.75% going from 2023 to 2024 decreasing to 4.75% in 2031. In 2021, the assumed postretirement plan healthcare cost trend rates for participants pre-65 are 7.25% for 2022 to 2023 decreasing to 4.5% in 2033, and the participants post-65 are 5.5% going from 2022 to 2023 decreasing to 4.5% in 2026

The following is a gain/loss transaction reflected in the measurement of the benefit obligation for the pension plan, as of December 31, 2022:

- The discount rate changed from 2.5% to 5.15%. This change had the impact of decreasing the projected benefit obligation by approximately $5.7 million.

The following is a gain/loss transaction reflected in the measurement of the benefit obligation for the postretirement plan, as of December 31, 2022:

- The discount rate changed from 2.9% to 5.25%. This change had the impact of decreasing benefit obligation by approximately $4.2 million.

The following benefit payments, which reflect expected future service, are expected to be paid:

		Pension plan	Postretirement plan
2023	$	2,821,044	354,463
2024		2,892,393	423,779
2025		2,484,574	502,808
2026		3,019,952	595,316
2027-2031		10,752,051	4,921,105

NYISO's expected rate of return on plan assets reflects anticipated returns on the pension and postretirement plans' current and future assets. To determine this rate, NYISO considers historical returns for equity and debt securities, as well as current capital market conditions and projected future conditions. The long-term investment objective for NYISO's pension plan is to maximize the total return on plan assets while limiting risk, reflected in volatility of returns, to prudent levels. To that end, NYISO's Retirement Board has appointed and regularly meets with an investment advisor to review asset performance, compliance with target asset allocation guidelines, and appropriate levels of asset diversification. NYISO's investment advisor operates under written guidelines provided by NYISO, which cover such areas as investment objectives, performance measurement, permissible investments, investment restrictions, and communication and reporting requirements.

NYISO's pension and postretirement plan investments are composed of mutual funds and commingled trust funds that are redeemable at net asset value (NAV) on a daily basis. Redemption of such investments generally requires 1 to 2 days' notice prior to redemption. The investments which utilize NAV are listed as Level 2 investments.

The targeted allocation and actual investment mix of the pension plan's assets are as follows at December 31:

	2022		2021	
Asset category	Target	Actual	Target	Actual
Fixed income	70%	76%	70%	70%
International and emerging equities	15	11	15	14
Large cap equities	8	7	8	8
Mid cap equities	5	4	5	6
Small cap equities	2	2	2	2
	100%	100%	100%	100%

The actual rate of return for the pension plan's assets as of December 31, 2022 and 2021 is as follows:

Asset category	Annual returns December 31 2022	2021
Small cap equities	(9.3)%	29.9 %
Large cap equities	(18.6)	29.4
Mid cap equities	(18.0)	23.9
International and emerging equities	(22.7)	0.7
Fixed income	(6.5)	(0.7)
Total portfolio weighted average	(9.6)%	3.6 %

The fair values of the pension plan assets at December 31, 2022 and 2021 are presented below:

	2022 Fair value Level 1	Level 2	Level 3	Total
Domestic investments:				
Equities:				
Small cap	$ 520,992	—	—	520,992
Mid cap	865,208	—	—	865,208
Large cap	1,567,824	—	—	1,567,824
Total	2,954,024	—	—	2,954,024
Fixed income	—	17,981,447	—	17,981,447
Total	—	17,981,447	—	17,981,447
International and emerging equities	2,712,860	—	—	2,712,860
Total	2,712,860	—	—	2,712,860
Cash and cash equivalents	(42,887)	—	—	(42,887)
	$ 5,623,998	17,981,447	—	23,605,445

	2021 Fair value			
	Level 1	Level 2	Level 3	Total
Domestic investments:				
Equities:				
Small cap	$ 618,945	—	—	618,945
Mid cap	1,146,301	—	—	1,146,301
Large cap	2,083,323	—	—	2,083,323
Total	3,848,569	—	—	3,848,569
Fixed income	—	17,691,303	—	17,691,303
Total	—	17,691,303	—	17,691,303
International and emerging equities	3,606,768	—	—	3,606,768
Total	3,606,768	—	—	3,606,768
Cash and cash equivalents	(39,253)	—	—	(39,253)
	$ 7,416,084	17,691,303	—	25,107,387

The targeted allocation and actual investment mix of the VEBA Trust (postretirement) plan's assets are as follows at December 31:

	2022		2021	
	Target	Actual	Target	Actual
Domestic equities	50%	52%	50%	51%
Fixed income	35	34	35	35
International and emerging equities	15	14	15	14
	100%	100%	100%	100%

The actual rate of return for the VEBA Trust (postretirement) plan's assets as of December 31, 2022 and 2021 is as follows:

Asset category	Annual returns December 31 2022	2021
Domestic equities	(14.7)%	27.1 %
International and emerging equities	(21.4)	5.5
Fixed income	(14.8)	(1.1)
Total portfolio weighted average	(15.5)%	10.9 %

The fair values of VEBA Trust (postretirement) plan's assets at December 31, 2022 and 2021 are presented below:

	2022 Fair value				
		Level 1	Level 2	Level 3	Total
Domestic equities	$	2,955,854	—	—	2,955,854
Fixed income		1,914,458	—	—	1,914,458
International and emerging equities		774,887	—	—	774,887
Total		5,645,199	—	—	5,645,199
Cash and cash equivalents		38,476	—	—	38,476
	$	5,683,675	—	—	5,683,675

	2021 Fair value				
		Level 1	Level 2	Level 3	Total
Domestic equities	$	3,543,695	—	—	3,543,695
Fixed income		2,299,491	—	—	2,299,491
International and emerging equities		1,005,824	—	—	1,005,824
Total		6,849,010	—	—	6,849,010
Cash and cash equivalents		98,541	—	—	98,541
	$	6,947,551	—	—	6,947,551

(b) 401(k) Plan

NYISO has a 401(k) Retirement and Savings Plan open to all non-temporary employees. This plan provides for employee contributions up to specified limits. NYISO matches 100% of the first 3% of employee contributions, and 50% of the next 2% of employee contributions. Beginning December 1, 2009, NYISO also contributes funds to employee 401(k) plan accounts equivalent to defined benefit accruals formerly earned in the pension plan.

Employees are immediately vested in NYISO's matching contributions and become vested in other employer contributions after three years of credited service. The total NYISO contributions to the 401(k) plan were $7,541,564 and $6,899,082 for 2022 and 2021, respectively.

(c) Long-Term Incentive Plan

NYISO's Long Term Incentive Plan provides certain members of senior management with deferred compensation benefits. Benefits are based upon the achievement of three-year performance goals established by the Board of Directors, with participants becoming fully vested and distributions payable for these deferred amounts after the completion of the audited financial statements for the third year. Benefits are paid out in equal installments over three years following the end of the three-year cycle. Accrued Long Term Incentive Plan benefits included in Other Noncurrent Liabilities at December 31, 2022 and 2021 were $4,992,578 and $5,034,420, respectively. The short-term portion of such liability, included in Other Current Liabilities, at December 31, 2022 and 2021, was $2,517,210 and $3,136,302, respectively.

(d) 457(b) Plan – Eligible Deferred Compensation Plan

NYISO's 457(b) Plan provides for certain members of senior management to defer a portion of their current compensation and have it credited under a supplemental unfunded savings program. This Plan is intended to satisfy the requirements of an eligible deferred compensation plan maintained by NYISO as a nongovernment tax-exempt entity under Code section 457(1)(B). Plan participants have the ability to invest these funds in the same investments offered by the NYISO 401(k) plan at their discretion. The investment balance at December 31, 2022 and 2021 was $2,931,463 and $3,090,453, respectively, recorded as marketable securities, and the corresponding deferred compensation liability is recorded in Accounts Payable and Accrued Expenses in the accompanying Statements of Financial Position.

(9) Other Commitments and Contingencies

On July 8, 2005, NYISO purchased an office building to relocate NYISO's alternate control center and to consolidate employees located in leased facilities. In connection with the purchase, management entered into a Payment in Lieu of Taxes (PILOT) Agreement with the Rensselaer County Industrial Development Agency (RCIDA) to achieve certain benefits. Under the terms of this agreement, NYISO was required to make annual payments of approximately $195,000 for the first 10 years. Effective January 1, 2016, this PILOT Agreement was amended to add three additional parcels of land purchased in 2014 and 2015, and to extend the term of the PILOT an additional 10 years. Under the terms of the amendment, NYISO is required to make annual payments of approximately $309,000, over the next 3 years through 2025. The agreement is cancelable at the discretion of NYISO.

NYISO is routinely involved in regulatory actions. In the opinion of management, none of these matters will have a material adverse effect on the financial position, results of operations, or liquidity of NYISO.

(10) Deferred Revenue

Deferred revenue at December 31, 2022 and 2021 consisted of the following:

		2022	2021
Advance payments received on planning studies	$	45,521,591	41,533,816
Governance participation fees and other		481,505	488,983
Total	$	46,003,096	42,022,799

(11) Liquidity and Working Capital Reserve

At December 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditures, including operating expenses, scheduled principal payments on borrowings, and capital expenditures not financed with debt, include the cash and cash equivalents, accounts receivable and a revolving line of credit.

At December 31, 2022 and 2021, the liquidity consisted of the following:

		2022	2021
Cash	$	49,956,914	52,428,301
Restricted cash		686,855,825	435,540,925
Accounts receivable - net		8,583,243	5,064,098
Total	$	745,395,982	493,033,324

NYISO's cash flows have variations during the year attributable to fluctuation in Rate Schedule 1 recoveries. To manage liquidity, NYISO operates with a balanced budget on a cash flow basis in accordance with policies approved by the Board of Directors. In addition to the liquidity resources stated above, NYISO also has a Working Capital Reserve available to offset temporary imbalances in cash flows and to ensure liquidity and stability of the markets administered by the NYISO.

At December 31, 2022 and 2021, the working capital reserve consisted of the following:

		2022	2021
Market participant contributions through Rate Schedule 1	$	33,000,000	33,000,000
Interest on market participant contributions		2,512,840	34,551
Total	$	35,512,840	33,034,551

(12) Functional Classification of Expenses

NYISO's primary mission is serve the public interest and provide benefits to consumers by maintaining and enhancing regional reliability; operating open, fair, and competitive wholesale electric markets; planning the power system for the future; and providing factual information to policy makers, stakeholders, and investors in the power system. NYISO's departments are specifically designed to support these functions. Those departmental costs are deemed directly identifiable to program services as summarized in the tables below. Other departments that are solely for supporting NYISO, such as administrative and support, are categorized as management and general as summarized in the tables below. For any department that is providing both program services and management and general services, an analysis was performed to allocate the costs based on estimates of the time spent supporting program services or supporting management and general activities and are categorized accordingly.

Operating expenses presented by both natural and functional classifications are as follows for the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022		
	Program Services	**Management & General**	**Total**
Compensation and related benefits	$ 58,382,001	41,325,954	99,707,955
Professional fees and consultants	30,693,155	1,044,263	31,737,418
Depreciation	25,580,943	—	25,580,943
Maintenance, software licenses and facility costs	23,792,734	2,549,734	26,342,468
Federal Energy Regulation Commission fees	15,120,369	—	15,120,369
Administrative and other expenses	882,282	7,475,573	8,357,855
Total	$ 154,451,484	52,395,524	206,847,008

	Year ended December 31, 2021		
	Program Services	**Management & General**	**Total**
Compensation and related benefits	$ 55,544,707	38,714,050	94,258,757
Professional fees and consultants	23,118,564	1,039,373	24,157,937
Depreciation	25,249,731	—	25,249,731
Maintenance, software licenses and facility costs	20,799,598	2,024,516	22,824,114
Federal Energy Regulation Commission fees	15,361,866	—	15,361,866
Administrative and other expenses	3,140,982	7,104,313	10,245,295
Total	$ 143,215,448	48,882,252	192,097,700

(Continued)

(13) Subsequent Events

NYISO considers events and transactions that occur after the balance sheet date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure.

These financial statements were available to be issued on March 15, 2023 and subsequent events have been evaluated through that date.

Attachment IV
Copies of the NYISO's Most Recent Unaudited Financial Statements

STATEMENT OF FINANCIAL POSITION
AS OF APRIL 30, 2023 AND 2022
UNAUDITED

		04/30/23	04/30/22
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$	44,366,406	52,782,945
Restricted Cash		543,315,850	547,439,025
Marketable Securities		3,362,256	2,938,366
Accounts Receivable, net		9,622,073	5,164,790
Prepaid Expenses		12,245,511	10,064,644
Regulatory Assets - current portion		10,873,402	6,384,737
		623,785,498	624,774,507
Long-Term Assets:			
Regulatory Assets - noncurrent portion		20,331,468	21,474,660
Property and Equipment, net		94,042,149	95,654,331
Other Noncurrent Assets		3,735,214	560,737
TOTAL ASSETS:	$	741,894,329	742,464,235
LIABILITIES AND NET ASSETS:			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$	34,647,107	27,506,511
Market Participant Settlements		62,162,641	112,343,268
Market Participant Security Deposits		371,551,507	354,856,503
Working Capital Reserve		34,621,841	33,029,351
Market Participant Prepayments		7,264,929	22,015,756
Long-Term Debt - current portion		24,921,731	23,275,223
Regulatory Liabilities - current portion		11,335,131	15,627,139
Deferred Revenue - current portion		85,470,664	43,536,736
Short-Term Debt		11,300,000	10,000,000
Other Current Liabilities		3,107,967	2,884,499
Total Current Liabilities:		646,383,518	645,074,986
Long-Term Liabilities:			
Pension and Postretirement Benefit Liabilities		6,397,837	13,051,870
Regulatory Liabilities - noncurrent portion		36,172,920	26,500,273
Other Noncurrent Liabilities		3,553,764	3,940,196
Long-Term Debt		49,386,290	53,896,910
TOTAL LIABILITIES:		741,894,329	742,464,235
UNRESTRICTED NET ASSETS:		-	-
TOTAL LIABILITIES AND NET ASSETS:	$	741,894,329	742,464,235

YTD STATEMENT OF ACTIVITIES

FOR PERIODS ENDING APRIL 30, 2023 AND 2022

UNAUDITED

	For the period 04/30/23	For the period 04/30/22
REVENUES:		
Rate Schedule 1 tariff charge	$ 62,750,323	59,018,751
Federal Energy Regulatory Commission fee recovery	5,333,333	5,433,333
Planning studies revenue	6,527,218	3,095,984
Fees and services	437,267	386,433
Interest income	1,517,280	22,835
TOTAL REVENUES	76,565,421	67,957,336
OPERATING EXPENSES:		
Compensation and related benefits	38,736,522	33,564,074
Professional fees and consultants	11,388,655	10,149,586
Maintenance, software licenses and facility costs	9,113,861	8,624,231
Depreciation	6,363,918	8,475,093
Federal Energy Regulatory Commission fees	5,333,333	5,433,333
Administrative and other expenses	1,546,016	1,475,152
Interest expense	1,029,956	879,837
Telecommunication expenses	951,121	879,515
Insurance expense	1,216,564	1,046,684
Training, travel, and meeting expenses	350,920	126,143
Northeast Power Coordinating Council fees	65,611	52,636
Change in fair value of marketable securities (gains) losses	(193,168)	389,250
Change in fair value of interest rate swaps	662,112	(3,138,198)
TOTAL OPERATING EXPENSES	76,565,421	67,957,336
Change in unrestricted net assets	-	-
Unrestricted net assets, beginning of year	-	-
Unrestricted net assets, end of year	$ -	-

STATEMENT OF CASH FLOWS

FOR PERIODS ENDING APRIL 30, 2023 AND 2022

UNAUDITED

CASH FLOWS FROM OPERATING ACTIVITIES:	For the period 4/30/2023	For the period 4/30/2022
Change in net assets	$ -	-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,363,918	8,475,093
Amortization of debt issuances cost	10,418	10,418
Unrealized (gain) loss on interest rate swaps	662,112	(3,138,198)
Unrealized (gain) loss on marketable securities	(193,168)	389,250
Change in operating assets and liabilities:		
Accounts receivable	(1,038,830)	(100,692)
Marketable Securities	(237,625)	(237,163)
Regulatory Assets	(10,778,902)	(3,528,870)
Prepaid Expenses and Other Assets	(2,890,900)	(1,606,249)
Accounts payable and accrued expenses	3,367,411	2,125,984
Market participant settlements	(162,148,475)	(12,345,959)
Market participant prepayments	(15,533,805)	1,231,522
Market participant security deposits	(4,519,487)	116,775,236
Working capital reserve	(890,999)	(5,200)
Regulatory Liabilities	3,371,333	435,886
Pension and Postretirement Liabilities	7,167	454,332
Deferred Revenue and Other liabilities	37,218,347	(134,321)
Net cash (used in) provided by operating activities	(147,231,485)	108,801,069
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(5,085,241)	(5,022,414)
Net cash used in investing activities	(5,085,241)	(5,022,414)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	11,300,000	10,000,000
Net proceeds from 2023 budget facility	3,000,000	-
Net proceeds from 2022 budget facility	-	6,000,000
Repayment of 2022 budget facility	(3,555,556)	-
Repayment of 2021 budget facility	(3,155,556)	(3,155,556)
Repayment of 2020 budget facility	(2,955,556)	(2,955,556)
Repayment of 2011 Infrastructure Loan	(882,105)	(882,105)
Repayment of Mortgage & renovation loans	(564,984)	(532,694)
Net cash provided by (used in) financing activities	3,186,243	8,474,089
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(149,130,483)	112,252,744
Cash, Cash Equivalents, and Restricted Cash beginning of period	736,812,739	487,969,226
Cash, Cash Equivalents, and Restricted Cash end of period	$ 587,682,256	600,221,970

Attachment V
Verification Statement and Affidavit of Cheryl L. Hussey, Vice President and Chief Financial Officer

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Petition of the New York Independent System Operator, Inc. for Authority to Incur Indebtedness for a Term in Excess of Twelve Months Pursuant to Section 69 of the Public Service Law	**Case 23-E-____**

VERIFICATION STATEMENT AND AFFIDAVIT

STATE OF NEW YORK)
)
COUNTY OF RENSSELAER)

Cheryl L. Hussey, being duly sworn, deposes and says:

1. I am the Vice President and Chief Financial Officer of The New York Independent System Operator, Inc. ("NYISO").

2. The accounts of the NYISO have been kept strictly in accordance with the accounting orders of the New York State Public Service Commission applicable thereto. Since the effective date of such orders there have been no charges to asset accounts not in accordance therewith. All required credits to such asset accounts have been made for the amount and in the manner prescribed in such accounting orders.

3. I have read the foregoing Petition and know the contents thereof. All of the facts asserted in the Petition are true and accurate to the best of my knowledge.

Cheryl L. Hussey
Cheryl L. Hussey
Vice President and Chief Financial Officer

Subscribed and sworn to before me this 31st day of May, 2023:

Diane L. Egan
Notary Public

DIANE L. EGAN
Notary Public, State of New York
Qualified in Schenectady County
No. 4924890
Commission Expires March 21, 20 26