

## Attachment I

## **26.2 Reporting Requirements**

### **26.2.1 All Customers shall be required to comply with the reporting requirements in this Section 26.2.1**

#### **26.2.1.1 References**

The ISO may require a Customer to provide references from one (1) bank and up to three (3) utilities. A Customer that does not have utility references, may substitute trade payable vendor references.

#### **26.2.1.2 Prior Bankruptcy or Default**

A Customer shall inform the ISO of any prior bankruptcy declarations or material defaults by the Customer or its predecessors, subsidiaries, or Affiliates occurring within the previous five (5) years.

#### **26.2.1.3 Investigations**

A Customer shall inform the ISO of the existence of any ongoing investigations of which the Customer is aware by the Securities and Exchange Commission, the Department of Justice, the Federal Energy Regulatory Commission, or the New York Public Service Commission which could have a material impact on the Customer's financial condition.

#### **26.2.1.4 Material Change in Financial Status**

A Customer shall inform the ISO of any material change in its financial status within five (5) business days, including but not limited to: (a) a downgrade of a long- or short-term debt rating by any ISO-approved rating agency; (b) placement on a negative credit watch by any ISO-approved rating agency; (c) a bankruptcy filing, insolvency, or a default under any financing agreement; (d) resignation or termination of a key officer; (e) initiation of a lawsuit that could materially and adversely impact current or future financial performance; or (f) restatement of

prior financial statements.

#### **26.2.1.5 Change in Peak Load**

A Load Serving Entity shall inform the ISO as soon as practicable if it expects its peak Load to increase by fifteen percent (15%) or more above its peak Load during the Prior Equivalent Capability Period.

#### **26.2.1.6 Financial Statements**

Customer shall keep on file with the ISO its most recent annual financial statements (including, but not limited to, balance sheet and income statement), which shall be submitted to the ISO annually within ten (10) days of such statements becoming available and within ninety (90) days of the end of the fiscal year of such Customer. If such financial statements are not audited, Customer shall submit with the financial statements a certification from an officer of the Customer, in a form acceptable to the ISO, certifying the accuracy of the financial statements.

If a Customer does not routinely prepare financial statements, Customer shall submit equivalent financial information annually, as required in the paragraph above, with a certification from an officer of the Customer certifying the accuracy of the financial information submitted, in forms acceptable to the ISO.

The ISO may grant an extension for the provision of the required financial information under this Section 26.2.1.6 upon a showing of good cause.

#### **26.2.2 Customers Requesting Unsecured Credit**

In addition to the reporting requirements in Section 26.2.1., above, a Customer requesting Unsecured Credit, including a request for an Equivalency Rating, shall be required to comply with the reporting requirements of this Section 26.2.2.

#### **26.2.2.1 Financial Statements**

A Customer requesting Unsecured Credit shall provide to the ISO audited annual financial statements from the most recent three (3) years and its recent quarterly financial statement. Thereafter, the Customer shall provide audited annual financial statements to the ISO within ten (10) days of such statements becoming available and within ninety (90) days of the end of each fiscal year and shall provide quarterly financial statements to the ISO within sixty (60) days of the end of each quarter. The ISO may grant an extension for the provision of quarterly and annual financial statements upon a showing of good cause.

#### **26.2.2.2 Publicly-Traded Customer**

A publicly-traded Customer shall provide financial statements on Form 10-K and 10-Q, respectively. A publicly-traded Customer shall also provide Form 8-K reports within five (5) business days of their issuance. Information available on EDGAR shall be deemed provided by a Customer that directs the ISO to obtain it there.

#### **26.2.2.3 Privately-Held Customer**

A Customer that is not publicly-traded shall provide financial statements that include a balance sheet including a statement of stockholders' equity, an income statement, a statement of cash flow, notes to the financial statement, and an unqualified auditor's opinion.

#### **26.2.2.4 Government Entities**

Notwithstanding Section 26.2.2.1 of this Attachment K, government entities that do not normally prepare quarterly financial statements shall not be required to provide them to qualify for Unsecured Credit.

## **26.14 Material Adverse Change**

The amount of Unsecured Credit granted to a Customer, if any, and the amount of the Customer's Operating Requirement shall be subject to change, at the discretion of the ISO, in the event that there is a material adverse change affecting the risk of nonpayment by the Customer, which includes, but is not limited to: (a) a material change in financial status pursuant to Section 26.2.1.4 of this Attachment K, (b) Customer's failure to timely cure its default under the ISO Tariffs or the tariffs of another independent system operator or regional transmission organization, (c) the issuance of a notice of alleged violation or show cause order, imposition of a sanction or other administrative order by the Federal Energy Regulatory Commission, the Commodity Futures Trading Commission, Environmental Protection Agency, New York State Public Service Commission, New York State Department of Environmental Conservation or any other regulatory body, independent system operator, or regional transmission organization, including the ISO, which could have a material adverse effect on the Customer's financial condition, (d) a downgrade of an Equivalency Rating, (e) a significant change in the Customer's "Expected Default Frequency (EDF)" as determined by Moody's KMV CreditEdge, (f) a significant variation in the Customer's credit evaluation, (g) a significant increase in a Customer's credit default swap (CDS) spreads, or (h) a significant decline in a Customer's market capitalization. In the event the ISO invokes its rights pursuant to this Section 26.14, the ISO will provide the affected Customer with a written explanation of the reasons the ISO declared a material adverse change.

**Table K-1 Tangible Net Worth Credit Matrix**

<b>Customer Rating</b>	<b>Starting Point for Determining Unsecured Credit</b>
----------------------------	--

Senior Long-term Unsecured Debt Rating		Issuer Rating or Equivalency Rating		(% of Tangible Net Worth)
S&P, Fitch, and Dominion	Moody's	S&P, Fitch, Dominion, and NYISO	Moody's	
A+ or higher	A1 or higher	AA- or higher	Aa3 or higher	7.5%
A	A2	A+	A1	6.5%
A-	A3	A	A2	5.0%
BBB+	Baa1	A-	A3	4.0%
BBB	Baa2	BBB+	Baa1	2.5%
BBB-	Baa3	BBB	Baa2	1.5%
BB+ or lower	Ba1 or lower	BBB- or lower	Baa3 or lower	0%