

186 FERC ¶ 62,024
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England, Inc.

Docket No. ES24-18-000

ORDER AUTHORIZING ISSUANCES OF SECURITIES

(Issued January 22, 2024)

ISO New England (Applicant) was previously granted authorization to issue unsecured promissory notes evidencing borrowings under: (1) a revolving line of credit of up to \$20 million; and (2) a \$4 million line of credit supporting its Payment Default Shortfall Fund.¹

On November 13, 2023, Applicant filed an application pursuant to section 204 of the Federal Power Act² requesting authorization to issue unsecured promissory notes evidencing borrowings under: (1) a \$40 million Revolving Credit Line (Revolving Credit Line) and (2) a \$4 million line of credit supporting its Payment Default Shortfall Fund (PDSF Line), each with a term of four years ending March 1, 2028. Applicant states that it is a regional transmission organization that recovers its operating and debt service costs through its tariff.

Applicant also requests waiver from the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. § 34.2(a) (2022).

The filing was noticed on November 14, 2023, with comments, protests, or interventions due on or before December 4, 2023. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2022)).

On February 21, 2003, the Commission issued an order announcing four restrictions on all future public utility issuances of secured and unsecured debt.³ First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt

¹ *ISO New England, Inc.*, 183 FERC ¶ 62,112 (2023) (Prior Order).

² 16 U.S.C. § 824c.

³ *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

issuances are divested, the debt must follow the asset and also be divested. Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested, then a proportionate share of the debt must follow the divested non-utility asset. Finally, if utility assets financed by unsecured debt are divested to another entity, then a proportionate share of the debt must also be divested.

Applicant is authorized to issue the securities subject to the interest rates as stated in the application. Although Applicant does not meet the two times interest coverage ratio, the Commission has stated that recovery of financing costs through a regional transmission organization (RTO)'s tariff provides an alternative basis to conclude that the RTO may reasonably be expected to service its debt and interest expenses without impairing its ability to provide service as a public utility.⁴

This authorization is based upon the terms and conditions and for the purposes specified in the application subject to the following conditions:

- (1) This authorization is effective from February 1, 2024 through January 31, 2026 and supersedes the Prior Order in its entirety;
- (2) The securities are subject to the Commission's restrictions on secured and unsecured debt as outlined above and in *Westar*;
- (3) The requested waiver for the securities from the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. § 34.2 (2022) is granted;
- (4) Applicant must file a Report of Securities Issued, under 18 C.F.R. §§ 34.9, 131.43, and 131.50 (2022), no later than 30 days after the sale or placement of long-term debt securities or equity securities, or the entry into guarantees or assumption of liabilities;
- (5) This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission; and
- (6) Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

⁴ *Midcontinent Independent System Operator, Inc.*, 151 FERC ¶ 61,143 (2015).

This action is taken pursuant to the authority delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307 (2022). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2022).

Amery Pore, Director
Division of Electric Power
Regulation - West