

ISO New England Inc.

Unaudited Financial Statements

For the Three Months Ended March 31, 2008 and 2007

ISO New England Inc.
Unaudited Financial Statements
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ISO New England Inc.
Unaudited Statements of Financial Position
As of March 31, 2008 and December 31, 2007

	Mar 2008 (unaudited)	Dec 2007 (audited)
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,964	\$ 49,318
Security deposits	262,987	290,437
Unbilled receivable, net	21,515	18,671
Prepaid expenses and other assets	1,645	547
Regulatory assets – current	2,025	2,135
Restricted cash on deposit	3,835	8,934
Noncurrent assets:		
Property and equipment in-service, net	86,138	88,533
Deferred charges	132	136
Regulatory assets, net of current portion	13,422	10,887
	<u> </u>	<u> </u>
Total assets	<u>\$ 425,663</u>	<u>\$ 469,598</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable:		
Settlement, net	\$ 27,300	\$ 40,567
Administration	5,576	8,890
Deposits payable	270,232	296,674
Interest payable	401	1,068
Revolving credit	10,500	6,500
Accrued compensation	7,601	11,588
Deferred income – current	-	-
Restricted cash on deposit payable	3,688	8,592
Long-term debt-current portion	1,820	1,820
Long-term liabilities:		
Deferred income, net of current portion	4,263	1,697
Pension benefit liability	13,422	10,887
Long-term debt	80,860	81,315
	<u> </u>	<u> </u>
Total liabilities	425,663	469,598
Unrestricted net assets	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 425,663</u>	<u>\$ 469,598</u>

ISO New England Inc.
Unaudited Statements of Activities
For the Three Months Ended March 31, 2008 and 2007

	2008	2007
	(In thousands)	
Changes in unrestricted net assets:		
Revenues:		
ISO tariff revenues	\$ 29,009	\$ 28,824
Interest income	597	780
Fees and services	30	72
	<hr/>	<hr/>
Total unrestricted revenues	29,636	29,676
	<hr/>	<hr/>
Expenses:		
General and administrative:		
Salaries and benefits	14,551	13,735
Professional and consultants	2,981	3,975
Rents and leases	68	269
Computer services	827	934
Depreciation and amortization expense	6,832	6,177
Communication expense	388	362
Insurance expense	421	440
NPCC Dues	1,321	1,296
Interest expense	805	999
Other	1,442	1,489
	<hr/>	<hr/>
Total expenses	29,636	29,676
	<hr/>	<hr/>
Change in unrestricted net assets		
Unrestricted net assets, beginning of year	<hr/>	<hr/>
	-	-
Unrestricted net assets, end of period	<hr/>	<hr/>
	\$ -	\$ -

ISO New England Inc.
Unaudited Statements of Cash Flows
For the Three Months Ended March 31, 2008 and 2007

	2008	2007
	(In thousands)	
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ -	\$ -
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization expense	6,832	6,177
(Increase) in unbilled receivable, net	(2,844)	(1,638)
(Increase) in prepaid expense	(1,098)	(625)
(Increase) in regulatory assets	(2,425)	
(Decrease) in accounts payable:		
Settlement	(13,267)	(1,589)
Administration	(2,366)	(1,287)
Increase in pension benefit liability	2,535	-
(Decrease) in accrued compensation	(3,987)	(3,701)
(Decrease) in interest payable	(667)	(597)
Increase/(decrease) in deferred income	2,566	(1,826)
Net cash used in operating activities	<u>(14,721)</u>	<u>(5,086)</u>
Cash flows from investing activities:		
Capital expenditures	<u>(5,381)</u>	<u>(8,483)</u>
Net cash used in investing activities	<u>(5,381)</u>	<u>(8,483)</u>
Cash flows from financing activities:		
Decrease in security deposits	27,450	24,757
Decrease in restricted cash on deposit	5,099	21,934
(Decrease) in restricted cash on deposit payable	(4,904)	(18,726)
(Decrease) in deposits payable	(26,442)	(21,079)
Repayment on long-term debt	(455)	(2,623)
Increase in net borrowings on working capital line	4,000	5,777
Net cash provided by financing activities	<u>4,748</u>	<u>10,040</u>
Net decrease in cash and cash equivalents	(15,354)	(3,529)
Cash and cash equivalents, beginning of year	<u>49,318</u>	<u>6,705</u>
Cash and cash equivalents, end of period	<u>\$ 33,964</u>	<u>\$ 3,176</u>
Supplemental data:		
Amounts included in Accounts Payable - Administration related to work in process	<u>\$ 1,610</u>	<u>\$ 3,230</u>
Cash paid during the year for interest, net of interest capitalized	<u>\$ 1,566</u>	<u>\$ 1,937</u>