



To: Sam Jones  
From: Steve Byone  
Date: 12/05/2006  
Re: November Finance Executive Summary

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**Financial Statistics – YTD November 2006**

- Due to the accelerated meeting dates for the December Board meeting, financial statistics and trends will not be mailed with Board presentation materials. We will provide updates including the November financial information at the meeting.
- Current projections continue to show completion of base operations within the approved budget of \$0.4171.

**Trends**

- Not yet available; see note on capital projects below.

**Audits & Controls**

- The 2006 SAS 70 audit has been completed; as expected, the report is qualified due to exceptions related to the Logical Security control objective. The remaining 17 control objectives contained no exceptions. The final report is expected to be issued in the next few days. Management action plans to address findings relating to the Logical Security control objective are progressing as planned; F&A will receive an update on remediation efforts at the December meeting.
- The Deloitte and Touche (D&T) report on their review of ERCOT's internal controls is undergoing final review; the report should be issued by the end of the week. D&T will present an overview of the findings to the Board in January.

**Other**

- Total year capital project efforts are expected to be slightly ahead of budget. We anticipate total spending of \$25 to \$27 million (excluding projects reassigned from nodal). We will provide a brief status report during the Board meeting.
- Nodal spending is accelerating as planned; we continue to project overall short-term borrowings of \$30 - \$40 million by year-end.