



## INTERNAL MEMO

To: **Sam Jones**

From: **Steve Byone**

CC: **BoD**

Title: **VP & CFO**

Re: **October Finance Exec. Summary**

Date: **11/07/2006**

*Sensitivity:*      **Public** ☒    **ERCOT Internal** ☐

*Importance:*    **High** ☐    **Medium** ☒    **Low** ☐

**Protected Information** ☐    **Confidential** ☐

### **Financial Statistics – YTD September 2006**

- Due to the accelerated meeting dates for the November and December 2006 Board of Director meetings, financial statistics and trends will not be available by the required mailing dates for presentation materials. Therefore, for November's Board meeting we will complete a supplemental mailing including the October financial information on Friday, November 10<sup>th</sup>.

### **Trends**

- Not yet available.

### **Audits & Controls**

- D&T completed their fieldwork with ERCOT regarding their review of Internal Controls. A preliminary report will be provided to the Finance and Audit committee at the November meeting. We remain on schedule to receive the final report by month-end.
- Testing in connection with the 2006 SAS 70 audit has been completed; while there are improvements relative to previous years, preliminary results indicate one of 18 control objectives has not been satisfactorily addressed and will result in a qualified audit opinion. PwC will brief the Finance and Audit committee during the November meeting. Management action plans to address findings relating to the Logical Security control objective are under development.
- The annual Benefit plan audits are complete and have been scheduled for Board acceptance; no significant issues have been identified.

### **2007 Budget**

- We are on track for final Board approval of the 2007 budget during the November meeting.

### **Other**

- We increased our revolving credit facility from \$50 million to \$125 million in anticipation of higher funding requirements due to increased development projects.