



Financial Summary Report

Steve Byone

Vice President and Chief Financial Officer

Board of Directors Meeting

April 22, 2009

Financial Report

- **The 2008 Financial audit is nearing completion; audit results will be discussed with F&A and audited statements are expected to be recommended for acceptance by the Board during the April meeting**
- **The Application For Approval of A Revised Nodal Market Implementation Surcharge was filed with the Public Utility Commission of Texas on March 31st**
 - Total budget of \$643.8 million
 - Rate requested designed to achieve a minimum of 40 percent equity by go-live
- **The creation and initial staffing of the Nodal Financial Management Office under the CFO has been completed**
 - Significant on-going effort necessary to standardize processes and reporting practices
- **Operating revenues through March are 4% below budget; operating expenses continue to reflect lower labor charges to Nodal and zonal projects and thus increased Base Operating cost**
 - Updated Nodal Estimate To Complete expected in May
 - Base operations financial re-forecast for 2009 to follow
 - Due to receipt of non-operating revenue associated with Texas Sales and Use tax refunds, no change in the System Administration fee is anticipated for 2009
- **Monthly Financial Summary Report and 2009 preliminary audited financial statements to be provided in supplemental email distribution**

Investment Update – Quarterly Compliance

Electric Reliability Council of Texas, Inc.
Summary of Investment Results
First Quarter 2009
(in 000's)

Investment Funds	Balance at Mar 31	Average Bal for Qtr	Interest 1st Qtr	Yield 1st Qtr	% of portfolio at Mar 31
Federated Fund 068 Treasury Obligations Fund (Note 1)	53,020	76,318	40	0.21%	25.5%
Federated Fund 0125 US Treasury Cash Reserves Fund (Note 1)	73,931	87,201	8	0.04%	35.6%
JP Morgan Chase US Treasury Plus MM Fund (Note 1)	80,856	80,762	48	0.24%	38.9%
Sub-Total	207,807	244,281	96		100%
Other cash net of outstanding checks (Note 2)	(176)				
Total cash and cash equivalents (est)	207,630	244,281	96		100%
The Reserve Primary Fund (Note 3)	2,926	-	-	0.00%	100.0%
The Reserve US Government Fund (Note 4)	-	-	-	0.00%	0.0%
Sub-Total Other Current Assets (est)	2,926	-	-		100.0%

Benchmark data (Note 5)

Not Available

Notes

Note 1: In January 2009, the BOD adopted changes to the Investment Corporate Standard that limit investments to securities of or guaranteed by the US Government, which has resulted in ERCOT investing in money market funds that invest solely in Treasury or Treasury-backed securities. Given high demand for these funds in an uncertain market, ERCOT has only been able to open Investment Accounts with Federated and JP Morgan Chase to date.

Note 2: All other cash, net of outstanding checks, held by ERCOT in bank accounts as of March 31, 2009. The balance is negative due to outstanding checks that have not yet been funded.

Note 3: Investments in The Reserve Primary Fund have been reclassified from Cash and Cash Equivalents to Other Current Assets as of December 31, 2008. The Reserve is liquidating this fund. The investment balance of \$6.9 mill is reduced by a loss provision of \$3.9 million for estimated losses based on information provided by The Reserve.

Note 4: The Reserve liquidated this fund in January, 2009. ERCOT received their final distribution with interest earned (through mid-November 2008) for this fund on January 16. The final distribution was \$86.4 million in principal and \$478 thousand of interest earned.

Note 5: Given current market conditions, all investments are held in money market funds invested in Treasury or Treasury-backed securities. Yields are currently near zero. iMoneyNet.com does not provide benchmark data on Treasury funds. ERCOT will look for another benchmark as markets normalize.

Note: No individual securities held at March 31, 2009.

Statement of Compliance

Upon a review of the investment activity for the 3 month period ended March 31, 2009, I have no knowledge of any ERCOT action that does not comply with that required by the Investment Standard. However, investments in The Reserve Primary Fund do not comply with the objectives in the ERCOT Investment Standard for the period from September 16, 2008 to March 31, 2009. ERCOT has issued valid redemption requests for all investments held in these funds but has not yet received the full proceeds. This out of compliance condition is expected to continue until final distributions are received from the The Reserve Primary Fund.

Signature on File

Cheryl Yager, Treasurer

Signature on File

Steve Byone, Chief Financial Officer

