



## ERCOT Finance & Audit Committee Meeting

7620 Metro Center Drive, Austin, Texas

Met Center, Conference Room 168

April 22, 2009; 7:30am – 10:00am\*

Item #	Agenda Item Type	Description/Purpose/Action Required	Presenter	Time
1.		Call to order Executive Session	C. Karnei	7:30am
2.	Decision required	2a. Approval of executive session minutes (Vote) (03/17/09)	C. Karnei	7:30am
	For discussion	2b. Review of Internal Audit department charter	B. Wullenjohn	7:32am
	For discussion	2c. Internal Audit status report	B. Wullenjohn	7:35am
	For discussion	2d. Adequacy of plan to address a Utilicast recommendation	B. Wullenjohn	7:40am
	Informative	2e. EthicsPoint update	B. Wullenjohn	7:45am
	For discussion	2f. Quarterly private discussion with Chief Audit Executive	B. Wullenjohn	7:50am
	Informative	2g. Contracts, personnel, litigation and security	Various	8:00am
	For discussion	2h. Financing update	C. Yager	8:05am
		Recess Executive Session		8:25am
		<b>Convene General Session</b>		
3.	Decision required	Approval of general session meeting minutes (Vote) (03/17/09)	C. Karnei	8:25am
4.	Decision required	Vote on items from Executive Session (Vote)	C. Karnei	8:27am
5.	Decision required	Market Credit Risk Standard (Vote)	C. Yager	8:30am
6.	Decision required	Update on annual financial audit (Vote)	M. Petterson	8:50am
7.	For discussion	Update on Nodal filing	S. Byone	9:10am
8.	Informative	Investment update (includes quarterly report)	C. Yager	9:15am
9.	For discussion	Annual review of the procedures for handling reporting violations	M. Petterson	9:25am
10.	Informative	2009 Financial forecast update	M. Petterson	9:30am
11.	Informative	Briefing on ERCOT Contract Administration	Various	9:35am
12.	Informative	Committee Briefs (Q&A only)	All	9:50am
13.	Informative	Future agenda items	S. Byone	9:52am
		Adjourn ISO meeting	C. Karnei	9:55am

\* Background material is enclosed or will be distributed prior to meeting. All times shown in the agenda are approximate.  
The next Finance & Audit Committee Meeting will be held Wednesday, May 20, 2009, at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, in Room 168.

Decision required
For discussion

### 3. Approval of General Session Minutes Clifton Karnei

- **Approval of General Session Minutes**
  - Vote 3/17/09

**DRAFT** ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.  
**MINUTES OF THE FINANCE & AUDIT COMMITTEE – GENERAL SESSION**  
**7620 Metro Center Drive – Austin, Texas 78744**  
**March 17, 2009**

Pursuant to notice duly given, the Finance & Audit Committee of the Electric Reliability Council of Texas, Inc. convened on the above-referenced date. Clifton Karnei confirmed that a quorum was present and called the meeting to order at approximately **7:30 a.m.** The Committee met in Executive Session from **7:30 a.m. to 8:21 a.m.**, at which time it recessed to General Session.

**General Session Attendance**

Committee members:

Ballard, Don	Office of Public Utility Counsel	Residential Consumer	Present
Cox, Brad	Tenaska Power Services	Independent Power Marketer	Present
Espinosa, Miguel (Vice Chair)	Unaffiliated Board Member	Unaffiliated Board Member	Present
Gent, Michehl	Unaffiliated Board Member	Unaffiliated Board Member	Present
Jenkins, Charles	Oncor	Investor Owned Utility	Not Present
Karnei, Clifton (Chair)	Brazos Electric Cooperative	Cooperative	Present
Thomas, Robert	Green Mountain Energy	Independent Retail Electric Provider	Not Present (however, Mr. Cox voted as his proxy)
Wilkerson, Dan	Bryan Texas Utilities	Municipal	Present

Other Board Members and Segment Alternates:

Bartley, Steve	CPS Energy	Municipal	Present
Crowder, Calvin	AEP Service Corporation	Investor Owned Utility	Present
Fehrenbach, Nick	City of Dallas	Commercial Consumer	Present
Helton, Bob	International Power America	Independent Generator	Present
Newton, Jan	Unaffiliated Board Member	Unaffiliated Board Member	Present
Patton, A.D.	Unaffiliated Board Member	Unaffiliated Board Member	Present
Smitherman, Barry	Public Utility Commission	PUC Chairman	Present

ERCOT staff and guests present:

Anderson, Troy	ERCOT – Manager, Program Administration & Analysis
Brenton, Jim	ERCOT – Director, Security
Byone, Steve	ERCOT – Vice President and Chief Financial Officer
Cleary, Mike	ERCOT – Senior Vice President and Chief Technology Officer
Day, Betty	ERCOT – Director, Markets
DiPastena, Phil	ERCOT – Enterprise Risk Manager
Doggett, Trip	ERCOT – Senior Vice President & Chief Operating Officer
Doolin, Estrellita	ERCOT – Assistant General Counsel
Goff, Eric	Reliant
Grable, Mike	ERCOT – Vice President and General Counsel

Headrick, Bridget	PUCT
Kahn, Bob	ERCOT – President and Chief Executive Officer
Leady, Vickie	ERCOT – Associate Corporate Counsel
Lester, Suzanne	ERCOT – Executive Assistant, Finance
Manning, Chuck	ERCOT – Vice President and Chief Compliance Officer
O'Desky, Amy	ERCOT – Supervisor, Internal Audit
Petterson, Mike	ERCOT – Controller
Roberts, Grady	ERCOT – Director, Contract Administration & Procurement
Stauffer, Tarra	ERCOT – Legal Assistant
Wullenjohn, Bill	ERCOT – Director, Internal Audit

### **Approval of Prior Meeting General Session Minutes**

Don Ballard requested that the February General Session minutes be revised to note that he had moved to recommend that the Board approve Option 3 ("Historical ERCOT Capex Revenue Funding Options - 40%") and that no Committee member had chosen to second his motion.

**Michehl Gent moved to approve the minutes for the General Session of the Finance & Audit Committee meeting held on February 17, 2009 with the revision requested by Mr. Ballard. Calvin Crowder seconded the motion. The motion passed by voice vote with no abstentions.**

### **Financial Update**

#### ***Update on Investment Balances***

Steve Byone referred the Committee to materials distributed prior to the meeting and provided an update on ERCOT's investment fund balances as of February 28, 2009. Mr. Byone informed the Committee that some improvements were being seen and that more details would be provided at the Committee's next meeting.

#### ***Update on ERCOT, Inc. Tax Status***

Steve Byone provided the Committee with an overview of ERCOT activities to date relating to gaining an ability to issue tax-exempt debt. Mr. Byone noted that ERCOT had chosen to pursue a staged approach by first converting from a 501(c)(6) entity to a 501(c)(4) entity. He referred to a timeline showing the steps toward tax-exempt status from 2005 to the present and added that the staged conversion to a 501(c)(4) entity had enabled ERCOT to benefit by over \$40 million in savings and tax refunds. Mr. Byone acknowledged PUC Chair Smitherman's interest in analyzing potential benefits of ERCOT converting to a 501(c)(3) entity. Mr. Byone then reviewed the results of a preliminary analysis of potential interest expense savings of a tax-exempt structure and responded to questions. Mike Grable added that ERCOT had consulted an outside law firm that has assisted other ISOs with similar tax matters. Mr. Karnei commented that an independent consultant had been engaged to assist with previous financial transactions and asked whether it was a good time to do so again. Mr. Byone responded that considering assistance from an outside consultant was an excellent idea. Mr. Smitherman added that there are firms that would provide assistance free of charge and encouraged Messrs. Kahn and Byone to reach out to those firms. Don Ballard asked for clarification on any governance or structural issues that might be related to converting to a 501(c)(3) entity. Mr. Grable responded that all the governance requirements the IRS may impose were unknown at this time and that pending state legislation, if passed, could change the structure of the Board. Mr. Smitherman asked about the description of the Boards of other ISOs that are 501(c)(3) entities. Mike Grable handed out a draft document listing comparative data.

#### ***Update on Debt Funding and Financing Plan***

Steve Byone provided an update on projected financing needs for 2009. He directed the Committee to previously distributed materials on ERCOT's debt funding and financing plan including projected borrowing, temporary financing and key assumptions around ERCOT's five-year debt profile. Mr. Byone answered questions and emphasized the need to lock down any additional financing by the middle of the summer.

### **Financial Standard**

In response to the PUCT's expressed strong desire for ERCOT to develop a more definitive policy on debt financing, Steve Byone presented staff's proposal to change the ERCOT Financial Corporate Standard to establish a minimum level of equity (revenue) funding when approving proposed Project Budgets. Clifton Karnei noted that the language would take away one of the three tools available for managing the budget, namely (1) increasing the System Admin fee, (2) changing the cut line on the prioritized project list ("PPL"), and (3) adjusting a portion of capital projects funded with debt. Brad Cox noted that the debt-to-equity metric has its limits when applied to ERCOT and cautioned against being too rigid with guidelines based on an application of the debt-to-equity metric to ERCOT. After extensive discussion, **Don Ballard moved to recommend that the Board approve the proposal to revise the ERCOT Financial Corporate Standard as presented in the board materials. Dan Wilkerson seconded the motion. Motion passed by voice vote with no abstentions.**

### **Reconsideration of Nodal Surcharge Rate**

Steve Byone commented that during the PUCT Open Meeting on February 26, 2009, PUC Chair Smitherman had requested that ERCOT develop a plan to address the equity contribution level for the Nodal Program. He then directed the Committee to materials provided prior to the meeting—specifically, the table setting forth several options for funding the Nodal Project. Committee members discussed the pros and cons of the options. **Don Ballard moved to recommend that the Board approve Option 3 ("Historical ERCOT Capex Revenue Funding Options – 40%"). Mr. Karnei clarified that the recommendation would be to approve Option 3a or 3b depending on PUC action. Miguel Espinosa seconded the motion. The motion passed by voice vote with no abstentions.**

### **Financial Audit Update**

Mike Petterson reported on the status of the independent, external audit of ERCOT's 2008 financial statements which PricewaterhouseCoopers (PwC) commenced on March 9, 2009. He mentioned that there were no material issues to report after the first week of audit fieldwork. He also mentioned that the audit included the review of TRE financial statements. Mr. Petterson and Mr. Byone confirmed that the audit report would be complete before the next Committee meeting and that Sean Barry with PwC would attend the meeting to review the report.

### **Financial Oversight for Nodal Program**

Steve Byone referenced the Internal Audit Department's findings from the audit of Nodal Budget to Actual management and Financial Organization and Control. He provided an outline of a plan for the CFO organization to assume direct oversight of Nodal budget control and reporting. Mr. Byone said that he would work with the Nodal team to finalize details of the plan and report to the Committee in April. Mr. Ballard asked that updates on Nodal Program finance be a standing item for the Committee. Mr. Espinosa added that time was of the essence with this issue and that the finalized plan needed to be acted upon as soon as possible.

### **Committee Briefs**

Materials for the following areas were distributed prior to the meeting:

1. Market Credit
2. Internal Control Management Program (ICMP)

3. Enterprise Risk Management (ERM)
4. Project Management Organization (PMO)

Clifton Karnei asked for an update on the Market Participant Guarantee Agreements. Chad Seely informed the Committee that ERCOT staff had begun the process of replacing the old agreement forms with the new forms and had not experienced significant pushback from any Market Participant. Mr. Seely added that he expected the new forms to be in place for all Market Participants by the end of April.

David Troxtell pointed out two large Projects scheduled to move into execution: PR80047\_01 TCC1 Data Center Expansion and PR80027\_01 Advanced Metering Interim Settlement Solution. Mr. Ballard commented that he believed the Advanced Metering Project was the second priority behind the Nodal Project.

### **Future Agenda Items**

Mr. Byone identified the following future agenda items:

1. Contract Administration briefing
2. Standing Internal Audit agenda items
3. Market Credit Risk Standard
4. Financial audit update
5. Update on Nodal filing
6. Insurance update (May 2009)
7. Financing update
8. Investment update
9. Annual review of the procedures for handling reporting violations
10. Committee briefs
11. Future agenda items

### **Adjournment**

Clifton Karnei adjourned the meeting at approximately 9:27 a.m.

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Estrellita J. Doolin  
Assistant General Counsel and  
Finance & Audit Committee Secretary

## 4. Vote on Items from Executive Session

Clifton Karnei

**<Vote>**

## 5. Market Credit Risk Standard <Vote> – Overview

Cheryl Yager

- **Background**
- **What is included in the draft Standard?**
- **What isn't included in the draft Standard?**
- **Major headings in the draft Standard**
- **Big picture goals / guiding principals**
- **CWG and TAC endorsements**
- **Market comments**
- **Next steps**



## 5. Market Credit Risk Standard – Background

Cheryl Yager

- **March 2007 – The F&A Committee held credit workshop and authorized ERCOT to contract with a vendor for a “best practice” credit review and to help quantify ERCOT market credit risk**
- **Fall 2007 – ERCOT worked with Oliver Wyman to develop a Potential Future Exposure (PFE) model, with input from the Credit Work Group (CWG) and other market participants**
- **Feb 2008 – Oliver Wyman presented the results of the “best practice” review and the PFE model to the F&A Committee and the Board**
  - One recommendation – develop a formal credit risk appetite statement against which the organization can compare measured credit risk and ensure that ERCOT stays within its risk tolerance
  - The F&A Committee asked ERCOT to develop a proposed Standard and to obtain input from the CWG and TAC
- **Since that time, ERCOT staff developed a proposed standard and has been working with various market groups seeking endorsement of the Market Credit Risk Standard**
- **The Market Credit Risk Standard presented today is the result of this collaboration process**

## 5. Market Credit Risk Standard – What is Included in the Standard?

Cheryl Yager

- **Big picture goals / guiding principals**
  - Credit objectives should be easily understood by all stakeholders
- **Nuts and bolts for achieving the goal**
  - Assigns responsibility for measuring and monitoring credit risk
  - Defines how the risk will be measured
- **The Market Credit Risk Standard is essentially a reporting standard at this time**
  - No specific limits, triggers or actions are required
  - Tool to begin active monitoring of market-wide credit risk levels

## 5. Market Credit Risk Standard – What is Not Included in the Standard?

- **The Market Credit Risk Standard doesn't attempt to manage credit risk at this time**
  - It does not define a risk tolerance or actions to be taken as levels of risk approach or exceed tolerances
- **ERCOT staff believes the Market Credit Risk Standard is a step forward for the market in credit risk management**
  - However, the Market Credit Risk Standard will likely not be fully effective until the missing elements described above are incorporated

## 5. Market Credit Risk Standard – Major Headings in the Draft Standard

- **Purpose** – defines the purpose of the Standard
- **Definitions**
- **Standard**
  - Market credit risk objective – provides the objective
  - Delegation of authority – defines who is responsible
  - Internal control – requires procedures and controls be maintained over the process
  - Measurement – defines how to measure the credit risk
    - Potential Future Exposure or PFE model
  - Reporting – defines what, how and when credit risk will be reported
  - Market Credit Risk Standard Adoption – requires regular review and defines how the Standard will be modified/updated

## 5. Market Credit Risk Standard – Big Picture Goals / Guiding Principals

### **Purpose**

- This Market Credit Risk Standard provides a framework by which the ERCOT Board of Directors seeks to maintain the long-term financial integrity of the ERCOT market and to help ensure that overall market credit risk is maintained within acceptable limits

### **Market Credit Risk Objective**

- In seeking to fulfill BoD objectives to provide for a reliable Texas electricity market, ERCOT stakeholders will
  - directly consider the credit implications of operational or market decisions, and
  - seek to maintain a balance of identified key credit risk factors such that the combined impact of these factors yields a market-wide [ERCOT] credit risk profile consistent with an investment grade rating

## 5. Market Credit Risk Standard – CWG and TAC Endorsements

Cheryl Yager

- **The CWG endorsed the Market Credit Risk Standard on January 12, 2009**
- **TAC endorsed the Market Credit Risk Standard on April 9, 2009**
- **Both groups had comments, which are highlighted on the following page**

## 5. Market Credit Risk Standard – Market Comments

Cheryl Yager

- ERCOT will modify the MCRS to bifurcate all scenarios > 99% as a new bullet titled “large impact stress scenarios” to clearly delineate that these runs represent “black swan” events - **DONE**
- ERCOT will revise the MCRS to incorporate previous CWG recommendation to have an entity that is relying on a guarantor, to take on the rating of the guarantor, up to the amount of the guaranty **Not needed in MCRS but will be addressed in documentation**
  - previously the unrated entity would take the midpoint between the parent’s rating and CCC+
  - Presently the models engine will not allow for this, and Staff is investigating what is needed to run the model with the revised methodology
- ERCOT will run a simulation of the MCRS using the present methodology and the revised methodology for entities providing a guarantor, for the same period, to demonstrate the difference from applying the different methodologies – **Will be done**
- ERCOT will provide the MCWG with its plan to manage the MCRS, including plans for staffing of persons with the requisite skill set in financial engineering – **Will be done**
- ERCOT will report back to MCWG on the feasibility of running the MCRS on a frequency greater than quarterly **Will be done**
- ERCOT will publish the detail components of the MCRS engine as a procedure document for stakeholders **Appendix information will be incorporated into a procedure document**

## 5. Market Credit Risk Standard – Next Steps

Cheryl Yager

- ERCOT has a staff position established to run the PFE model and analyze the results
  - Suresh Pabbisetty is currently deeply involved in the Nodal project
  - Phil DiPastena has provided support to date
  - ERCOT is currently working to backfill this position with a contractor given the extended Nodal development timeframe
- ERCOT has an open position for a Credit Director
  - Expect a successful candidate to be able to provide guidance and support with the PFE model
- Expect to incorporate 2008 year-end QSE financial results and publish initial report in June or July 2009
  - Financials are due April 30<sup>th</sup> and will be reviewed in May and June



## **ERCOT CORPORATE STANDARD**

Document Name: Market Credit Risk Standard

Document ID: \_\_\_\_\_

Effective Date: Upon Approval

Owner: Board of Directors, F&A Committee

Approved:

### **1.0 PURPOSE**

This Market Credit Risk Standard provides a framework by which the ERCOT Board of Directors seeks to maintain the long-term financial integrity of the ERCOT market and to help ensure that overall market credit risk is maintained within acceptable limits.

Recognizing that a number of risk factors contribute to overall market credit risk and that it is beneficial to quantify and describe these risks, a model has been developed to help evaluate the combined impact of key market credit risk factors. The model objectives and parameters are outlined further in this Market Credit Risk Standard.

This Standard and the output of the potential credit risk model do not change collateral requirements or Market Participant obligations to comply with those collateral requirements under the ERCOT Protocols. Changes to collateral requirements require a change to ERCOT Protocols through Section 21, Process for Protocol Revision.

### **2.0 DEFINITIONS**

Base Case – the Potential Credit Risk Model scenario that considers only forms and amounts of collateral required by the ERCOT Protocols.

BOD – Board of Directors

Current Case – the Potential Credit Risk Model scenario that considers forms and amounts of collateral held as of a specific point in time. This scenario may include collateral amounts above those required by the ERCOT Protocols and which may be unilaterally withdrawn at the Counter-Party's direction.

CWG – Credit Work Group

Expected Loss – the average – although not the most common – outcome across all model outcomes. It represents the loss the ERCOT market as a whole should expect to incur over time under given market conditions as a result of its portfolio credit risk.

Loss Distribution – a range of potential losses under a specific set of parameters with a given probability of occurrence

Potential Credit Risk (PCR) Model – the financial model that ERCOT uses to measure potential credit risk. It is constructed using a standard Potential Future Exposure framework that produces a portfolio Loss Distribution of potential losses.

Potential Credit Risk (PCR) Report – a report that summarizes the results from the PCR Model together with ERCOT's analysis

Potential Future Exposure (PFE) – an estimate of potential credit risk resulting from existing counterparty relationships in light of possible future risk factors such as price volatility and volume escalation.

Probability of Default (PD) – a Counter-Party specific estimate of the likelihood that a specific Counter-Party will default over a specified time horizon

TAC – Technical Advisory Committee

## 3.0 STANDARD

### **Market Credit Risk Objective**

In seeking to fulfill BOD objectives to provide for a reliable Texas electricity market, ERCOT stakeholders will

- directly consider the credit implications of operational or market decisions, and
- seek to maintain a balance of identified key credit risk factors such that the combined impact of these factors yields a market-wide credit risk profile consistent with an investment grade rating

### **Delegation of Authority**

Responsibility for monitoring and reporting on credit risk for the market consistent with this Standard is hereby delegated to the Chief Executive Officer, the Chief Financial Officer and the Treasurer. These individuals will ensure the BOD is advised of credit risk as measured by the PCR Model.

This delegation does not mean that the results of any particular model analysis will be the final determination of credit risk in the ERCOT market. Such determination rests with the BOD.

## **Internal Control**

The Treasurer will ensure that written procedures and internal controls are established over the portfolio credit risk analysis process to ensure that results are consistent with the approved process reflected in this Standard.

The Treasurer will ensure that these controls are reviewed periodically by ERCOT's Internal Audit staff to monitor compliance with control procedures. The results of Internal Audit reviews as well as underlying controls may be reviewed by the Finance and Audit Committee of the BOD upon request.

In addition, the Treasurer, in cooperation with the BOD, will seek an independent review of the PCR Model prior to incorporating the PCR Model into any determination of collateral requirements or within one year of Nodal market implementation and at least biennially thereafter.

## **Measurement**

ERCOT will use a standard Potential Future Exposure framework for measuring credit risk. The PCR Model, which was built on this framework, will be maintained within this framework.

At a minimum, ERCOT's portfolio credit risk analysis will include the following risk factors:

- Probability of Default for each QSE (resulting from credit score or rating),
- Forward price analysis,
- Price volatility analysis,
- Volume escalation behavior analysis, and
- Simplified collateral calculations.

ERCOT will recommend updates of these and other risk factors if key risk factors change.

ERCOT will update model assumptions periodically with CWG input. The BOD will be informed of all model parameter changes.

ERCOT will run stress scenarios in addition to the Base Case and Current Case to quantify extreme credit risk (incorporating such things as market price events, high correlations of default, impacts of specific types of market activities and high concentration of exposures to Counter-Parties or types of Counter-Parties).

While recognizing that it is impractical to model all possible loss scenarios within the PCR Model, the PCR Model is a valuable tool to more effectively monitor credit risk within the ERCOT market. The model considers identified risk factors and provides an indication of potential losses; however, actual losses may be more or less than those indicated by the model.

## **Reporting**

ERCOT will maintain and run the PCR Model and will prepare a summary analysis of results:

1. at least quarterly,
2. whenever ERCOT determines there have been significant changes in underlying credit risk factors which warrant a model run, and
3. upon request of TAC or CWG when contemplating market rule changes for which significant credit implications are being evaluated.

The PCR Report will, at a minimum, include:

1. the Base Case and Current Case scenarios,
2. Expected Loss, median loss and Loss Distribution at the 90, 95, 99 + percentile for required and ad hoc scenarios,
3. Large impact stress scenarios at or above the 99<sup>th</sup> percentiles and other stress scenarios
4. a listing of inputs used and assumptions made (specific, where possible; general when inputs are Counter-Party specific), and
5. ERCOT's summary analysis of the reasons for significant changes in the measurement of credit risk from the prior PCR Report.

A summary of the PCR Report will be provided to the Finance and Audit Committee of the BOD, TAC and the CWG at least quarterly.

## **Market Credit Risk Standard Adoption.**

ERCOT's Market Credit Risk Standard will be adopted by resolution of the BOD. The standard will be reviewed at least annually by the Finance and Audit Committee and any modifications made thereto must be approved by the BOD.

**<Vote>**

**Recommendation to Board to adopt proposed Market Credit Risk Standard**

## 6. Update on Annual Financial Audit (Vote)

Mike Petterson

- **Presentation by Sean Barry; PricewaterhouseCoopers discussion points will be available at the meeting**
- **Preliminary audited financials to be distributed 04/16/09**
- **Please see Board agenda item #10a for decision template**

**For discussion**

## 8. Investment Update – Overview

Cheryl Yager

- **Quarterly compliance**
- **Investment considerations**
- **Key questions**
- **Funds being considered**



# 8. Investment Update – Quarterly Compliance

## Cheryl Yager

### 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%
<b>Sub-Total</b>	<b>207,807</b>	<b>244,281</b>	<b>96</b>		<b>100%</b>
Other cash net of outstanding checks (Note 2)	(176)				
<b>Total cash and cash equivalents (est)</b>	<b>207,630</b>	<b>244,281</b>	<b>96</b>		<b>100%</b>
The Reserve Primary Fund (Note 3)	2,926	-	-	0.00%	100.0%
The Reserve US Government Fund (Note 4)	-	-	-	0.00%	0.0%
<b>Sub-Total Other Current Assets (est)</b>	<b>2,926</b>	<b>-</b>	<b>-</b>		<b>100.0%</b>

**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

# 8. Investment Update – Quarterly Compliance

## Cheryl Yager

### Electric Reliability Council of Texas, Inc. Summary of Investment Results Balance as of March 31, 2009 (in 000's)

	<u>Operating</u>		<u>Market</u>		<u>Total</u>	<u>Comments</u>
	<u>ISO</u>	<u>TRE</u>	<u>Collateral/ Restricted Cash</u>	<u>TCR Revenue/ Prepaid Settlements</u>		
Federated Fund 068 Treasury Obligations Fund	155	2,460	33,230	17,175	53,020	For detail of fund holdings as of March 31, 2009, please see "Attachment A"
Federated Fund 0125 US Treasury Cash Reserves Fund			49,731	24,200	73,931	For detail of fund holdings as of March 31, 2009, please see "Attachment B"
JP Morgan Chase US Treasury Plus MM Fund	97		54,692	26,067	80,856	For detail of fund holdings as of March 31, 2009, please see "Attachment C"
<b>Sub Total Investments</b>	<b><u>252</u></b>	<b><u>2,460</u></b>	<b><u>137,653</u></b>	<b><u>67,442</u></b>	<b><u>207,807</u></b>	
Other cash net of outstanding checks					(176)	
<b>Total cash and cash equivalents (est)</b>	<b><u>252</u></b>	<b><u>2,460</u></b>	<b><u>137,653</u></b>	<b><u>67,442</u></b>	<b><u>207,630</u></b>	
The Reserve Primary Fund	560	201		2,165	2,926	For detail of fund holdings as of March 31, 2009, please see "Attachment D"
The Reserve US Government Fund			-		-	
<b>Total cash and cash equivalents (est)</b>	<b><u>560</u></b>	<b><u>201</u></b>	<b><u>-</u></b>	<b><u>2,165</u></b>	<b><u>2,926</u></b>	

- **In considering a new investment fund, ERCOT staff reviews the Prospectus and other relevant information to ensure the prospective fund:**
  - Meets all requirements of the revised Investment Corporate Standard
  - Provides controls that meet ERCOT requirements
  - Meets ERCOT liquidity requirements
    - Transaction deadlines are reasonable
    - Frequency for processing transactions is reasonable

- **Prospectus**

- Investment restrictions: Does the fund invest only in securities allowed by the ERCOT Investment Standard?

- **Holdings List**

- How frequently is a holdings list published?
- What type of information is on the list?
  - Security name and amount
  - Percentage and investment levels by category
  - Security purchases and/or maturity dates
- Do we understand the nature and risk associated with the current holdings? If not, can the fund manager provide acceptable explanations?

- **Other**

- Liquidity: How does the fund address potential liquidity issues (is there a back-up facility to provide liquidity)?
  - How much and how does it work?
  - Did the fund have any issues in the fall of 2008, and how were they addressed?
- Administrators: Any recent changes? If so, why?
- General: Does a review of recent news articles give comfort or raise concern?

- **Market Participant**

- Is the fund related to a Market Participant? (do we need a Non-Disclosure Agreement (NDA))

### **ERCOT is actively monitoring:**

- **Black Rock Liquidity Funds**
  - 100% Treasury
  - Treasury Plus
- **Columbia Funds (Bank of America)**
- **Evergreen Investments (Wachovia)**
  - 100% Treasury MMF
  - Treasury Plus MMF
- **Fidelity Funds**
  - 100% Treasury MMF
- **Goldman Sachs Funds**
  - 100% Treasury
- **Wells Fargo Advantage Funds**
  - 100% Treasury MMF
  - Treasury Plus MMF

### **Other funds:**

- **Morgan Stanley Funds**
- **BGI Funds**
- **UBS Funds**

Note: All known funds that meet ERCOT requirements continue to be closed to new investments. ERCOT continues to monitor the situation and will open new accounts as the opportunity arises.

# Backup

Attachments for Quarterly Investment  
Update

## TREASURY OBLIGATIONS FUND

**Federated**WORLD-CLASS INVESTMENT MANAGER<sup>®</sup>

**PORTFOLIO AS OF MARCH 31, 2009**  
**CURRENT NET ASSETS – \$ 27,145,296,896**

Principal Amount or Shares		Value
<b>REPURCHASE AGREEMENTS--75.5%</b>		
\$ 2,290,000,000	BNP Paribas Securities Corp., 0.160%, dated 3/31/2009, due 4/1/2009	\$ 2,290,000,000
873,000,000	(1) Banc of America Securities LLC, 0.260%, dated 3/12/2009, due 4/13/2009	873,000,000
3,208,000,000	Barclays Capital, Inc., 0.180%, dated 3/31/2009, due 4/1/2009	3,208,000,000
100,000,000	CIBC World Markets Corp., 0.170%, dated 3/31/2009, due 4/1/2009	100,000,000
1,708,000,000	Calyon Securities (USA), Inc., 0.180%, dated 3/31/2009, due 4/1/2009	1,708,000,000
1,208,000,000	Citigroup Global Markets, Inc., 0.150%, dated 3/31/2009, due 4/1/2009	1,208,000,000
1,177,000,000	(1) Citigroup Global Markets, Inc., 0.200%, dated 3/25/2009, due 4/1/2009	1,177,000,000
100,000,000	Citigroup Global Markets, Inc., 0.200%, dated 3/31/2009, due 4/1/2009	100,000,000
950,000,000	(1) Credit Suisse First Boston LLC, 0.130%, dated 3/26/2009, due 4/2/2009	950,000,000
1,208,000,000	Credit Suisse First Boston LLC, 0.150%, dated 3/31/2009, due 4/1/2009	1,208,000,000
893,000,000	(1) Deutsche Bank Securities, Inc., 0.260%, dated 3/12/2009, due 4/13/2009	893,000,000
708,000,000	Greenwich Capital Markets, Inc., 0.180%, dated 3/31/2009, due 4/1/2009	708,000,000
500,000,000	HSBC Securities (USA), Inc., 0.130%, dated 3/31/2009, due 4/1/2009	500,000,000
500,000,000	ING Financial Markets LLC, 0.120%, dated 3/31/2009, due 4/1/2009	500,000,000
4,208,000,000	J.P. Morgan Securities, Inc., 0.180%, dated 3/31/2009, due 4/1/2009	4,208,000,000
300,000,000	Mizuho Securities USA, Inc., 0.170%, dated 3/31/2009, due 4/1/2009	300,000,000
550,000,000	Mizuho Securities USA, Inc., 0.180%, dated 3/31/2009, due 4/1/2009	550,000,000
	<b>TOTAL REPURCHASE AGREEMENTS</b>	<b>20,481,000,000</b>
<b>U.S. TREASURY--24.8%</b>		
1,058,000,000	(2) United States Treasury Bills, 0.250% - 2.295%, 7/2/2009	1,055,044,180
425,000,000	(2) United States Treasury Bills, 0.420%, 8/13/2009	424,335,583
398,700,000	(2) United States Treasury Bills, 0.450% - 1.000%, 10/22/2009	396,765,314
318,875,000	(2) United States Treasury Bills, 0.495%, 8/27/2009	318,226,089
213,000,000	(2) United States Treasury Bills, 0.665%, 11/19/2009	212,087,177
300,000,000	(2) United States Treasury Bills, 0.990%, 5/15/2009	299,637,000
1,275,000,000	(2) United States Treasury Bills, 1.100%, 4/16/2009	1,274,415,624
653,000,000	(2) United States Treasury Bills, 1.600% - 2.425%, 6/4/2009	650,808,178
431,425,000	United States Treasury Notes, 2.125%, 1/31/2010	436,265,589
237,500,000	United States Treasury Notes, 4.000%, 8/31/2009	240,070,607
62,000,000	United States Treasury Notes, 4.625%, 7/31/2009	62,888,954
382,500,000	United States Treasury Notes, 4.750% - 6.500%, 2/15/2010	398,236,359
91,500,000	United States Treasury Notes, 4.875%, 5/15/2009	91,778,346
137,500,000	United States Treasury Notes, 4.875%, 5/31/2009	138,094,495
723,800,000	United States Treasury Notes, 4.875%, 8/15/2009	735,851,101
	<b>TOTAL U.S. TREASURY</b>	<b>6,734,504,596</b>
	<b>TOTAL INVESTMENTS</b>	<b>\$ 27,215,504,596</b>



- (1) Although the repurchase date is more than seven days after the date of purchase, the Fund has the right to terminate the repurchase agreement at any time with seven-days' notice.
- (2) Discount rate at time of purchase.

Note: The categories of investments are shown as a percentage of net assets (\$27,145,296,896) at the close of business on March 31, 2009, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

The following acronym is used throughout this portfolio:

LLC --Limited Liability Corporation

Note: An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Portfolio holdings are shown as of the date indicated and are unaudited. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

*For more complete information on the fund, visit [www.FederatedInvestors.com](http://www.FederatedInvestors.com) for a prospectus. You should consider the fund's investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.*

**NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE**

Federated Securities Corp., Distributor  
3/09

68-TOF

## US Treasury Cash Reserves

# Federated

WORLD-CLASS INVESTMENT MANAGER

**PORTFOLIO AS OF MARCH 31, 2009**  
**CURRENT NET ASSETS — \$34,243,739,911**

Principal Amount or Shares		Value
	<b>U.S. TREASURY — 109.5%</b>	
\$ 1,296,000,000	(1) United States Treasury Bills, 0.010% - 0.220%, 5/14/2009	\$ 1,295,782,169
1,920,000,000	(1) United States Treasury Bills, 0.010% - 0.530%, 5/15/2009	1,919,403,067
1,613,000,000	(1) United States Treasury Bills, 0.070% - 0.200%, 6/4/2009	1,612,500,699
7,682,000,000	(1) United States Treasury Bills, 0.100% - 0.830%, 4/2/2009	7,681,976,588
1,030,000,000	(1) United States Treasury Bills, 0.120% - 0.180%, 4/9/2009	1,029,967,533
2,760,000,000	(1) United States Treasury Bills, 0.150% - 0.205%, 6/11/2009	2,758,994,068
2,514,000,000	(1) United States Treasury Bills, 0.170%, 4/30/2009	2,513,667,578
3,650,000,000	(1) United States Treasury Bills, 0.180% - 0.230%, 5/7/2009	3,649,220,750
2,500,000,000	(1) United States Treasury Bills, 0.180% - 0.250%, 6/18/2009	2,498,715,162
3,650,000,000	(1) United States Treasury Bills, 0.190% - 0.215%, 5/21/2009	3,648,943,335
855,000,000	(1) United States Treasury Bills, 0.190% - 0.525%, 5/28/2009	854,421,885
3,885,100,000	(1) United States Treasury Bills, 0.195% - 0.325%, 7/2/2009	3,882,779,106
100,000,000	(1) United States Treasury Bills, 0.200%, 7/16/2009	99,941,111
250,000,000	(1) United States Treasury Bills, 0.210% - 0.220%, 7/9/2009	249,850,125
190,045,000	(1) United States Treasury Bills, 0.230% - 1.050%, 7/30/2009	189,584,842
390,000,000	(1) United States Treasury Bills, 0.255% - 0.330%, 8/6/2009	389,598,892
225,000,000	(1) United States Treasury Bills, 0.370%, 4/29/2009	224,935,250
53,648,000	United States Treasury Bonds, 13.250%, 5/15/2009	54,491,838
90,000,000	United States Treasury Notes, 3.125%, 4/15/2009	90,095,989
1,490,650,000	United States Treasury Notes, 3.875% - 5.500%, 5/15/2009	1,498,404,363
350,000,000	United States Treasury Notes, 4.500%, 4/30/2009	351,061,539
340,948,000	United States Treasury Notes, 4.625%, 7/31/2009	345,857,667
659,000,000	United States Treasury Notes, 4.875%, 5/31/2009	664,043,006
	<b>TOTAL U.S. TREASURY</b>	<b>37,504,236,562</b>

**TOTAL INVESTMENTS****\$ 37,504,236,562**

(1) Discount rate at time of purchase.

Note: The categories of investments are shown as a percentage of net assets (\$34,243,739,911) at the close of business on March 31, 2009, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Note: An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.

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**NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE**

Federated Securities Corp., Distributor

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## JPM U.S. Treasury Plus MM Fund - 148020

Data as at

31-Mar-2009

Security ID	Instrument Name	Coupon	Effective Maturity Date	Moody's Quality	S&P Quality	Instrument Type	Par	Currency	% of fund	
USD	US DOLLAR	0.00	2009-04-01			Cash	631.22	USD	0.0	0.0
0BOA11FU	BANK OF AMERICA REPO 0.0500	0.05	2009-04-01	P-1	A-1+	Repo	62,541,000.00	USD	0.3	
0BAR10AR	BARCLAYS CAPITA REPO 0.1550	0.16	2009-04-01	P-1	A-1+	Repo	500,000,000.00	USD	2.0	
0BAR10AS	BARCLAYS CAPITA REPO 0.1550	0.16	2009-04-01	P-1	A-1+	Repo	479,278,000.00	USD	2.0	
0CSF08PE	CREDIT SUISSE F REPO 0.1500	0.15	2009-04-01	P-1	A-1	Repo	750,000,000.00	USD	3.1	
0CSF08P0	CREDIT SUISSE F REPO 0.2000	0.20	2009-04-01	P-1	A-1	Repo	1,000,000,000.00	USD	4.1	
0GOL16J1	GOLDMAN SACHS & REPO 0.0200	0.02	2009-04-01	P-1	A-1+	Repo	20,000,000.00	USD	0.1	
0GCM09HQ	GREENWICH CAPIT REPO 0.1800	0.18	2009-04-01	P-1	A-1+	Repo	700,000,000.00	USD	2.9	
0HSB06PG	HSBC SECURITIES REPO 0.1300	0.13	2009-04-01	P-1	A-1	Repo	1,500,000,000.00	USD	6.1	
0UBS14Q4	UBS WARBURG LLC REPO 0.1300	0.13	2009-04-01	P-1	A-1+	Repo	300,000,000.00	USD	1.2	
0UBS14Q5	UBS WARBURG LLC REPO 0.1300	0.13	2009-04-01	P-1	A-1+	Repo	200,000,000.00	USD	0.8	22.8
US912795T926	CASH MGMT BILL	0.00	2009-04-29	P-1	A-1+	Treasury Bills	1,475,000,000.00	USD	6.0	
US912795V328	CASH MGMT BILL	0.00	2009-05-15	P-1	A-1+	Treasury Bills	872,000,000.00	USD	3.6	
US912795U254	CASH MGMT BILL	0.00	2009-06-24	P-1	A-1+	Treasury Bills	250,000,000.00	USD	1.0	
US912795M400	TREASURY BILL	0.00	2009-06-11	P-1	A-1+	Treasury Bills	2,300,000,000.00	USD	9.4	
US912795L584	TREASURY BILL	0.00	2009-04-23	P-1	A-1+	Treasury Bills	1,950,000,000.00	USD	8.0	
US912795L410	TREASURY BILL	0.00	2009-04-16	P-1	A-1+	Treasury Bills	1,914,000,000.00	USD	7.8	
US912795L253	TREASURY BILL	0.00	2009-04-02	P-1	A-1+	Treasury Bills	1,500,000,000.00	USD	6.1	
US912795Q799	TREASURY BILL	0.00	2009-08-04	P-1	A-1+	Treasury Bills	1,375,000,000.00	USD	5.6	
US912795L667	TREASURY BILL	0.00	2009-04-30	P-1	A-1+	Treasury Bills	1,150,000,000.00	USD	4.7	
US912795L337	TREASURY BILL	0.00	2009-04-09	P-1	A-1+	Treasury Bills	950,000,000.00	USD	3.9	
US912795L824	TREASURY BILL	0.00	2009-05-14	P-1	A-1+	Treasury Bills	650,000,000.00	USD	2.7	
US912795S449	TREASURY BILL	0.00	2009-10-22	P-1	A-1+	Treasury Bills	650,000,000.00	USD	2.7	
US912795M657	TREASURY BILL	0.00	2009-06-25	P-1	A-1+	Treasury Bills	500,000,000.00	USD	2.0	
US912795Q955	TREASURY BILL	0.00	2009-07-30	P-1	A-1+	Treasury Bills	500,000,000.00	USD	2.0	
US912795L741	TREASURY BILL	0.00	2009-05-07	P-1	A-1+	Treasury Bills	350,000,000.00	USD	1.4	
US912795S696	TREASURY BILL	0.00	2009-12-17	P-1	A-1+	Treasury Bills	345,000,000.00	USD	1.4	
US912795L907	TREASURY BILL	0.00	2009-05-21	P-1	A-1+	Treasury Bills	300,000,000.00	USD	1.2	
US912795S514	TREASURY BILL	0.00	2009-11-19	P-1	A-1+	Treasury Bills	300,000,000.00	USD	1.2	
US912795S282	TREASURY BILL	0.00	2009-08-27	P-1	A-1+	Treasury Bills	270,000,000.00	USD	1.1	
US912795S365	TREASURY BILL	0.00	2009-09-24	P-1	A-1+	Treasury Bills	250,000,000.00	USD	1.0	
US912795Q872	TREASURY BILL	0.00	2009-07-02	P-1	A-1+	Treasury Bills	200,000,000.00	USD	0.8	
US912795P213	TREASURY BILL	0.00	2009-09-10	P-1	A-1+	Treasury Bills	200,000,000.00	USD	0.8	
US912795N986	TREASURY BILL	0.00	2009-09-03	P-1	A-1+	Treasury Bills	50,000,000.00	USD	0.2	
US912795P395	TREASURY BILL	0.00	2009-09-17	P-1	A-1+	Treasury Bills	4,936,000.00	USD	0.0	
US912795T686	TREASURY SEC	0.00	2010-03-11	P-1	A-1+	Treasury Bills	100,000,000.00	USD	0.4	75.3
US912828HB97	US TREASURY N/B	4.00	2009-08-31	Aaa	AAA	Treasury Notes	250,000,000.00	USD	1.0	
US912827SG32	US TREASURY N/B	5.50	2009-05-15	Aaa	AAA	Treasury Notes	125,000,000.00	USD	0.5	
US912828GY00	US TREASURY N/B	4.63	2009-07-31	Aaa	AAA	Treasury Notes	75,000,000.00	USD	0.3	
US912828CL25	US TREASURY N/B	4.00	2009-06-15	NR	NR	Treasury Notes	50,000,000.00	USD	0.2	2.1

24,417,755,631.22

This unofficial report of the above fund is based on information available as at the date indicated in the report. We make no representations as to the accuracy of any of the information contained in this unofficial report. Therefore, the information in this unofficial report should not be relied upon for investment decisions, or used to evaluate the fund's performance in lieu of information provided in your official fund statements or other reports on the fund. JPMorgan Asset Management (Europe) S.à.r.l. nor any of its affiliates accept any liability for any losses, costs, liabilities or expenses (including, without limitation, loss of profits) which may arise from any inaccuracies in this unofficial report. Any discrepancies in this information provided in this unofficial report should be discussed with your relationship manager prior to any actions regarding your fund shares. Please note that fund investments are subject to change at any time.

We are providing this unofficial list of the fund investments as a service to the fund shareholders for your information only. We, therefore, request that you do not share this unofficial report with anyone else.

**Schedule of Investments**

(March 31, 2009 Unaudited)

**Fund Name: PRIMARY**

DESCRIPTION	MATURITY DATE*	COUPON RATE (%)	UNITS (US\$)	PCT OF PORTFOLIO
<b>Federal Home Loan Bank</b>				
FEDERAL HOME LN BK CONS DSC NT	04/01/2009	0.0100	327,000,000	4.36%
<b>Total Federal Home Loan Bank</b>			<b>327,000,000</b>	<b>4.36%</b>
<b>Floating Rate Note</b>				
AMERICAN EXPRESS BK FSB MED	05/11/2009	1.2462	250,000,000	3.33%
ANZ NATNL INT LMTD	08/28/2009	1.6462	120,000,000	1.60%
ASB FINANCE LTD.	08/25/2009	1.6588	500,000,000	6.66%
BARCLAYS BANK PLC	09/16/2009	1.7700	200,000,000	2.66%
CITIGROUP FDG INC	05/08/2009	2.1162	250,000,000	3.33%
DEUTSCHE BANK AG NY	10/21/2009	1.4569	250,000,000	3.33%
GENERAL ELEC CAP CORP	09/24/2009	0.5619	200,000,000	2.66%
HSBC USA INC	10/15/2009	1.5600	275,000,000	3.66%
LEHMAN BROS HLDGS INC	03/20/2009	0.0000	250,000,000	3.33%
LEHMAN BRTHRS HLDG INC	10/29/2008	3.7100	185,000,000	2.46%
LEHMAN BRTHRS HLDG INC	10/27/2008	3.2900	200,000,000	2.66%
LEHMAN BRTHRS HLDG INC	10/10/2008	3.0000	150,000,000	2.00%
LLOYDS TSB GROUP PLC	08/07/2009	1.5412	275,000,000	3.66%
NATIONAL AUSTRALIA BK LTD	10/06/2009	1.5066	100,000,000	1.33%
NORDEA BK EXTENDIBLE SHORT	09/24/2009	1.5094	275,000,000	3.66%
ROYAL BK SCOTLAND PLC	10/09/2009	1.7200	390,000,000	5.19%
SOCIETE GENERALE EXTENDIBLE	09/04/2009	1.6762	150,000,000	2.00%
<b>Total Floating Rate Note</b>			<b>4,020,000,000</b>	<b>53.55%</b>
<b>Repurchase Agreement</b>				
MORGAN STANLEY TRI PARTY REPO	09/15/2009	0.6500	1,300,000,000	17.32%
<b>Total Repurchase Agreement</b>			<b>1,300,000,000</b>	<b>17.32%</b>
<b>Time Deposit</b>				
KBC BANK	04/01/2009	0.1800	700,000,000	9.32%
RABOBANK	04/01/2009	0.1250	650,000,000	8.66%
TIME DEPOSIT BNP PARIBAS PARIS	04/01/2009	0.2400	500,000,000	6.66%
<b>Total Time Deposit</b>			<b>1,850,000,000</b>	<b>24.64%</b>
<b>Investment Total</b>			<b>7,497,000,000</b>	<b>99.86%</b>
<b>Cash Held at Custodian Bank*</b>			<b>10,319,623</b>	<b>0.14%</b>
<b>Portfolio Total</b>			<b>7,507,319,623</b>	<b>100.00%</b>
<b>Average Weighted Maturity</b>				<b>21 Days</b>

\*To determine the cash that is available for eventual distribution, add time deposits and securities maturing in one day to cash held at custodian bank. A negative cash number represents an overdrawn balance.

Cash does not include receivables for securities sold until the trade settles.





\*The maturities of the securities shown are the earliest date that the Fund would be able to realize the value of the investment, which could be the instrument's stated maturity, the date on which the Fund has the right to put the securities to the issuer, the date which the issue has been called or the date on which the security is scheduled to be pre-refunded.

Portfolio composition is subject to change at any time. If securities are sold with a delayed settlement date, the above portfolio listing will not reflect those securities. However, the securities are still assets of the fund and will continue to earn interest until the trade settles.

On September 16, 2008, the Lehman Brothers securities in the fund were valued at zero, where they remain. These securities are included in the line item "Portfolio Total" at their face value.

This data is unaudited and provided for informational purposes only and is not intended for trading purposes.

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*This information is for the use of U.S. residents only. The investment products and services referred to should not be considered a solicitation to buy products or an offering of any investment products to investors residing outside the United States or to any person in any jurisdiction in which such offers, solicitations, purchases or sales would be unlawful under the securities or other applicable laws of such jurisdiction.*

Resrv Partners, Inc., Distributor. Member FINRA. 03/09

## 9. Review Procedures for Handling Reporting Violations

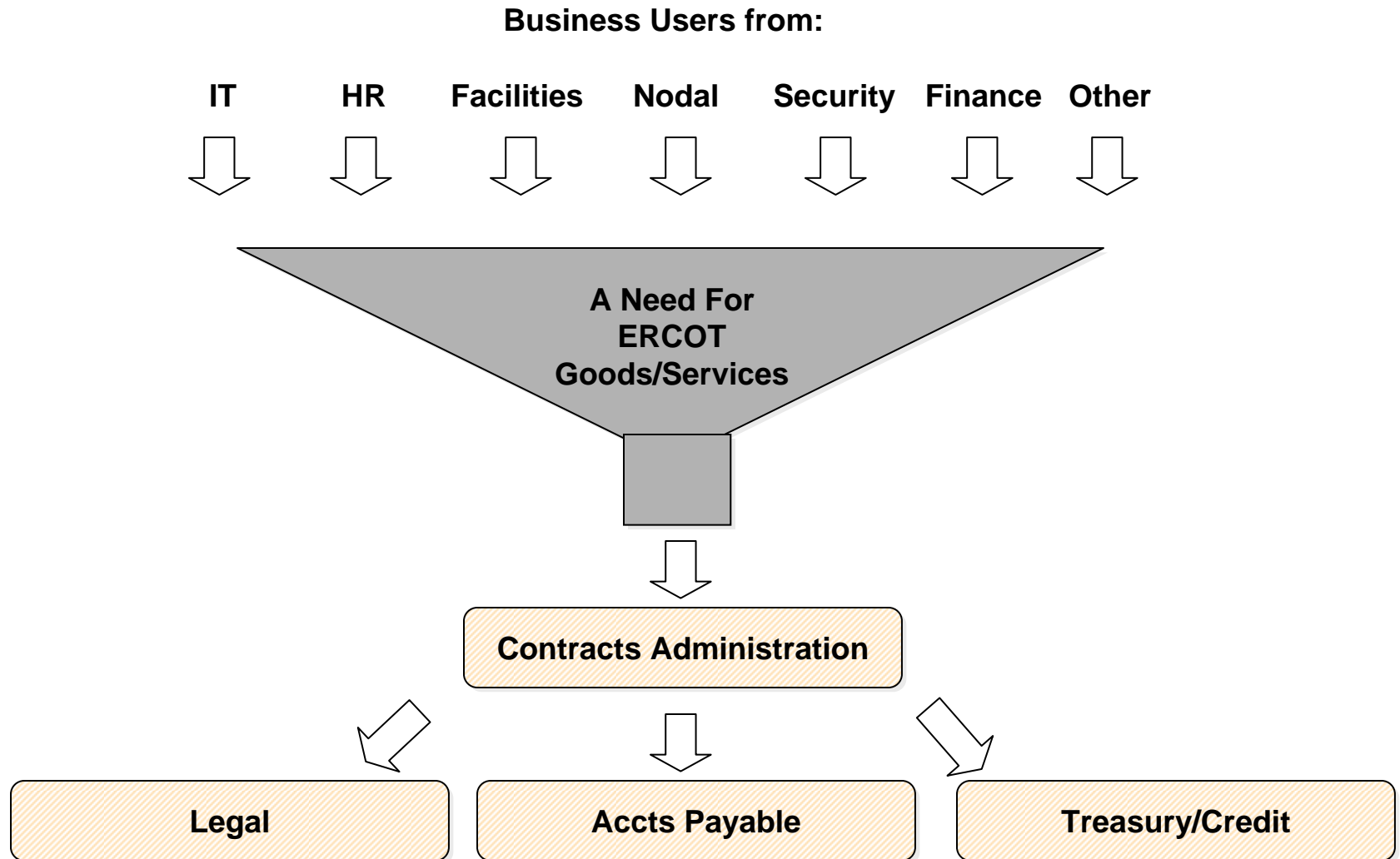
Mike Petterson

- Employees may report their concerns via a number of sources, including:
  - **Manager or Director**
  - **Human Resources**
  - **Legal**
  - **Internal Audit**
  - **EthicsPoint** (anonymous)
  - **PUCT**
  - **Board Members**
- Employees receive training to ensure they are aware of these options
- Reiterated during annual Ethics Reaffirmation process

- **YTD – Cost running above budget for Base Operations**
  - Primarily internal labor devoting less time than budgeted to Nodal Program (and a lesser extent to Zonal projects)
- **Total Year re-forecast delayed**
  - Nodal Program presently re-planning key deliverables
  - New Nodal schedule & budget expected in May
- **Updated Base Operations forecast expected following completion of Nodal replanning**
- **A comprehensive load forecast is expected to be completed in May**
- **ERCOT anticipates a net favorable budget variance for 2009 due to the receipt of prior year sales tax refunds**



# 11. Briefing on ERCOT Contract Administration: Overview for ERCOT Contract Coordination



## 11. Extensive Policies, Procedures & Processes Govern ERCOT Contracts/Purchase Orders

- **Contract Initiation**

- Purchase Request Form (PRF)
- Contract Approval Form (CAF)
- Management Exception (ME)

- **Contract Governance**

- Contract Approval Corp Std – CS1.2
  - Vendor Contract Approval – OP1.2.1
- Procurement Corp Std - CS2.1
  - Vendor Qualification – OP2.1.1
  - Vendor Performance – OP2.1.2
  - Purchase Order Operation – OP2.1.3
  - Competitive Process – OP2.1.5
  - Procurement Receiving Process – OP2.1.6
  - Payment Issue Resolution – OP2.1.7
- Management Exception – CS1.11

### **Operating Procedure**

**Vendor Contract Approval Operating Procedure OP1.2.1 identifies processes that the Business Users, Contract Administration, Procurement, Legal and other ERCOT personnel are required to follow to request, approve and execute contracts**

**Contract Administration, as defined within ERCOT, is considered the Facilitator for vendor contract activity**

## 11. Briefing on ERCOT Contract Administration: Cross-Functional Participation/Involvement/Ownership

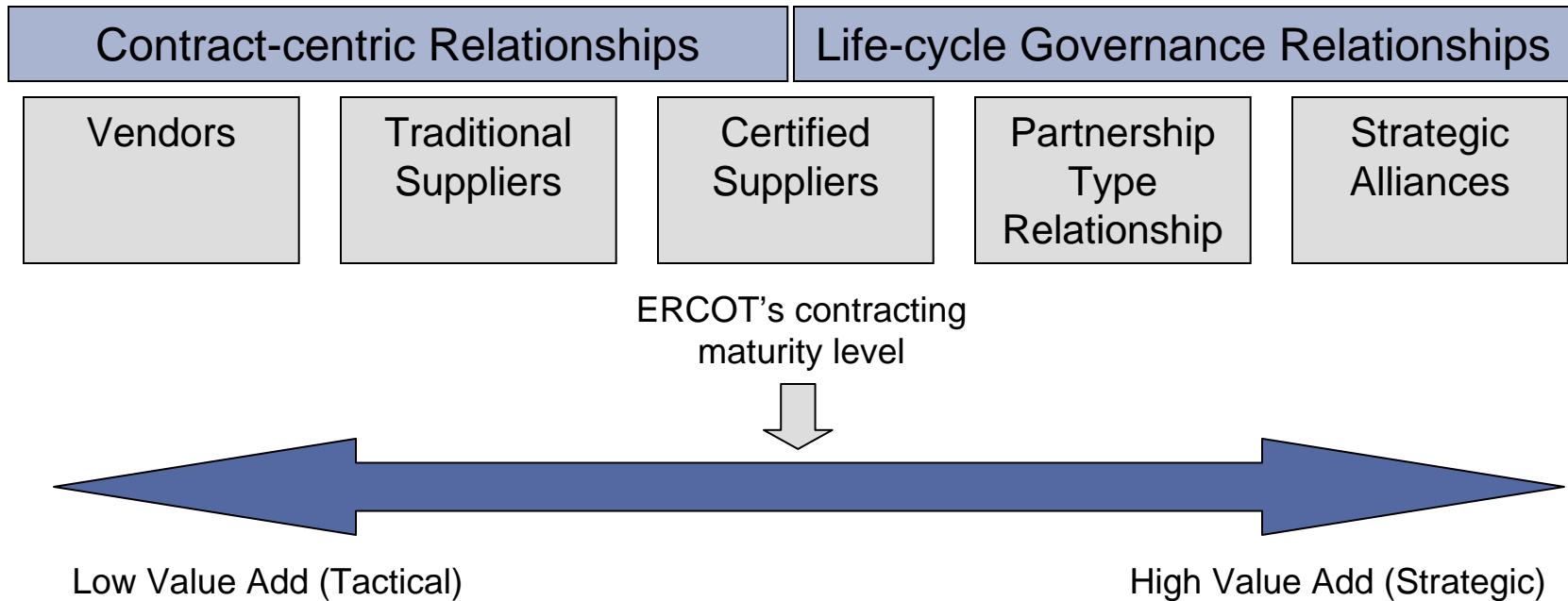
- **The Nodal and Zonal PMOs for projects & Business Users for normal activities manage the day-to-day vendor performance under contracts, by establishing controls over cost, risk, schedule, change and quality**
- **This model emphasizes the Business User/Subject Matter Expert (SME) as the primary party responsible for specific contract deliverables**
  - Support organizations including Procurement, Legal & Contract Administration rely heavily on Business User/SME involvement and input to ensure technical requirements are properly documented and receipt of goods and services are in accordance with our contracts

# 11. Briefing on ERCOT Contract Administration

## Example of Team Approach to conceptualize & execute an agreement for Services

STEP/ACTIONS	LEAD GROUP	SUPPORT/ASSISTING GROUP
Develop description of services or goods needed (i.e. scope of work, deliverable criteria, milestones/timing, acceptance criteria)	Business User	Procurement/Contract Administration, Legal
Identify vendors if not already pre-defined (sourcing)	Procurement/Contract Administration	Business User
Establish budget for services or goods required	Business User/Finance	Procurement/Contract Administration
Obtain industry benchmarks and market value for services or goods required	Procurement/Contract Administration	Business User, Finance
Develop Negotiation Strategy	Procurement/Contract Administration and Business User	Finance, Legal
Negotiate Contract	Procurement/Contract Administration, Legal & Business User	
Draft Contract and obtain final approval/execution from Vendor	Legal	Procurement/Contract Administration, Business User
Evaluate Vendor Performance	Business User, Procurement/Contract Administration	Legal, Finance

## 11. Briefing on ERCOT Contract Administration: ERCOT in the Maturity Model, Next Steps



### **Next Steps**

- Upgrading skill set to manage Complex Procurements/Negotiations
- Broaden Vendor Management ability to focus on Vendor issues/concerns after contract execution
- Move from contract-centric thinking to life-cycle governance thinking
- Augment internal skill set with external expertise as warranted

## 11. Briefing on ERCOT Contract Administration: Nodal Contract Negotiations

**The Nodal Program will spend over \$130M with third party vendors in the next 2 years**

- **Third-Party Negotiator**

- Nodal Program has engaged EquaTerra to provide contract negotiation support for key vendors
- They provide expertise in contract analysis, contract development and negotiation strategies
- Objectives are to reduce Nodal Program expenses and increase ERCOT's contractual leverage over delivery of quality products on time and on budget

- **Current Status**

- Prioritized contracts of five key vendors, based on contract spend and program criticality
- Completed assessment and negotiation strategy for critical path vendor
- Renegotiation of critical path vendor is in progress and expected to be completed by May 15<sup>th</sup>
- Assess agreements for two additional key vendors by May 15<sup>th</sup>
- On target to complete all assessments and renegotiate key vendor contracts by June 30<sup>th</sup>
- Status to be provided to the ERCOT Board of Directors in closed session

## 11. Briefing on ERCOT Contract Administration: Nodal Contract Renegotiations

**The Nodal Program is currently renegotiating contracts with its key vendors. The methodology and approach is as follows:**

- Nodal Program leadership select and prioritize vendor contracts for review based on contract value and criticality to the Program
- EquaTerra conducts a preliminary review of the contract terms and conditions
- EquaTerra interviews project teams, leadership, legal and procurement to assess
  - ERCOT requirements,
  - vendor performance against those requirements
  - how well the terms and conditions of the contract support those needs
- EquaTerra presents findings, recommendations and a negotiation strategy to the Nodal leadership
- EquaTerra supports ERCOT in implementing the strategy to renegotiate existing contracts or negotiate new contracts consistent with ERCOT requirements



## 11. Briefing on ERCOT Contract Administration: Monitoring Nodal Vendor Progress

- **All vendors provide:**
  - Project schedule for deliverables and milestones
  - Weekly status reports
- **ERCOT reviews all vendor deliverables prior to acceptance**
- **ERCOT/vendors track project risks and issues**
- **Risks and issues are escalated to the Nodal PMO for items requiring program attention**
- **Vendors are kept informed about the critical/near critical path and their potential impact**
- **ERCOT puts people on the vendor site to monitor progress and to participate in pre-FAT testing**
- **Nodal PMO has regular phone calls with vendors for progress and concerns for ERCOT to address**

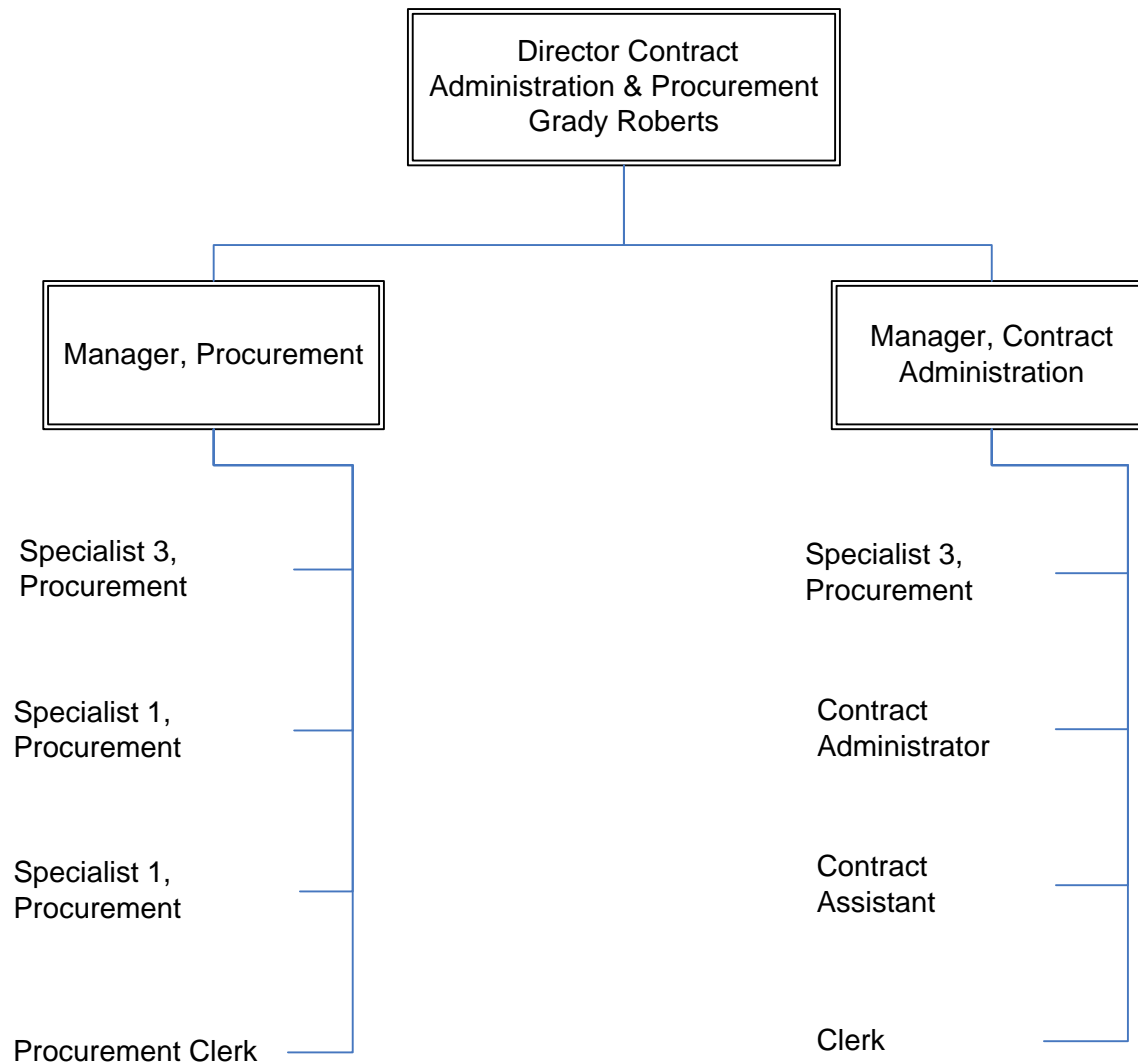
## 11. Briefing on ERCOT Contract Administration



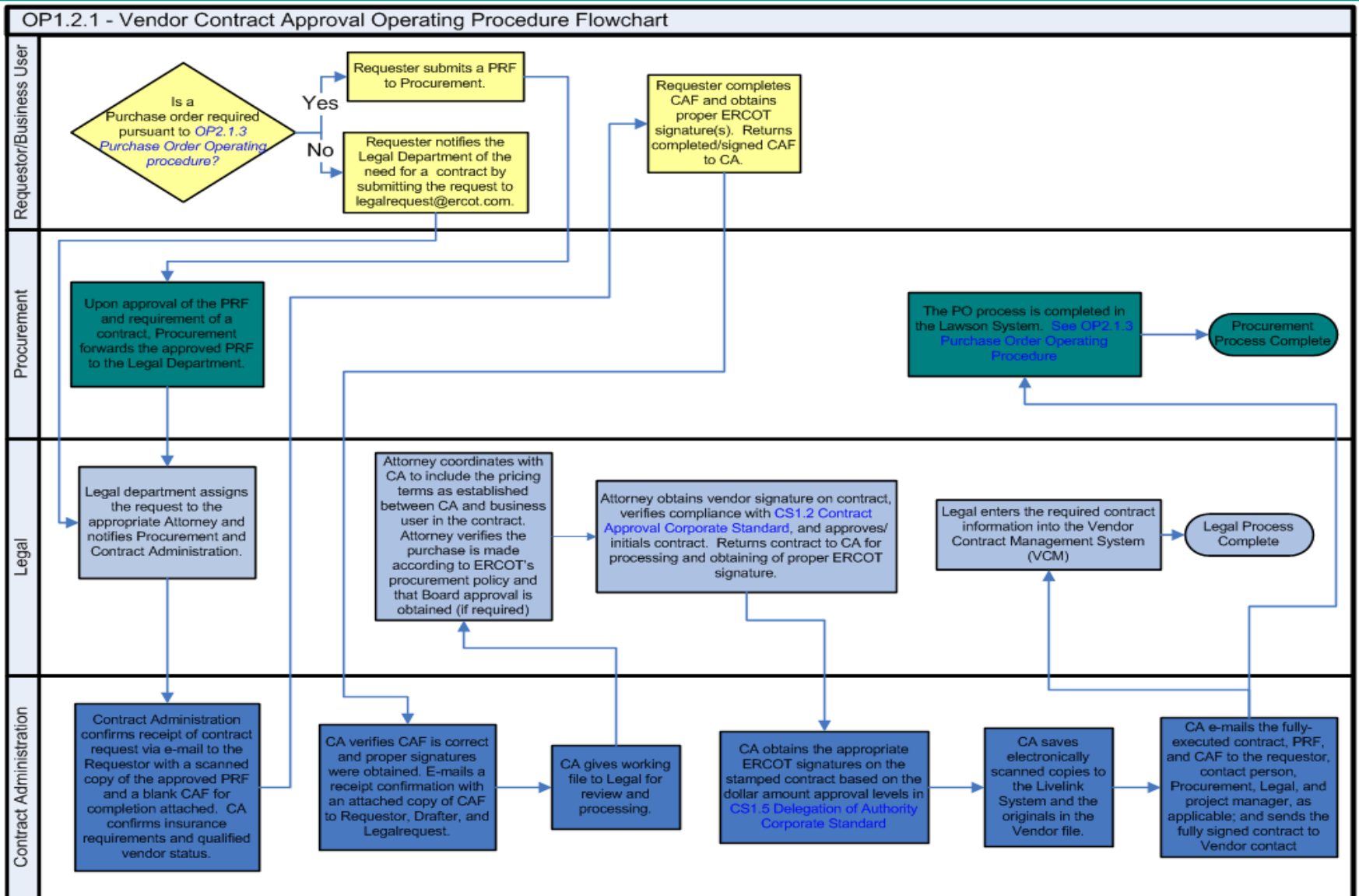
# Backup Slides/Appendix

- Organization chart (Procurement/Contract Administration)
- Contract Administration Approval Flowchart (OP 1.2.1)
- Vendor Qualification Flowchart (OP 2.1.1) (e.g. cross-functional coordination)
- Vendor Performance Scorecard (OP 2.1.2) (e.g. cross-functional coordination)
- Chart of Contracts/Amendments Processed (rolling 4 qtrs.)

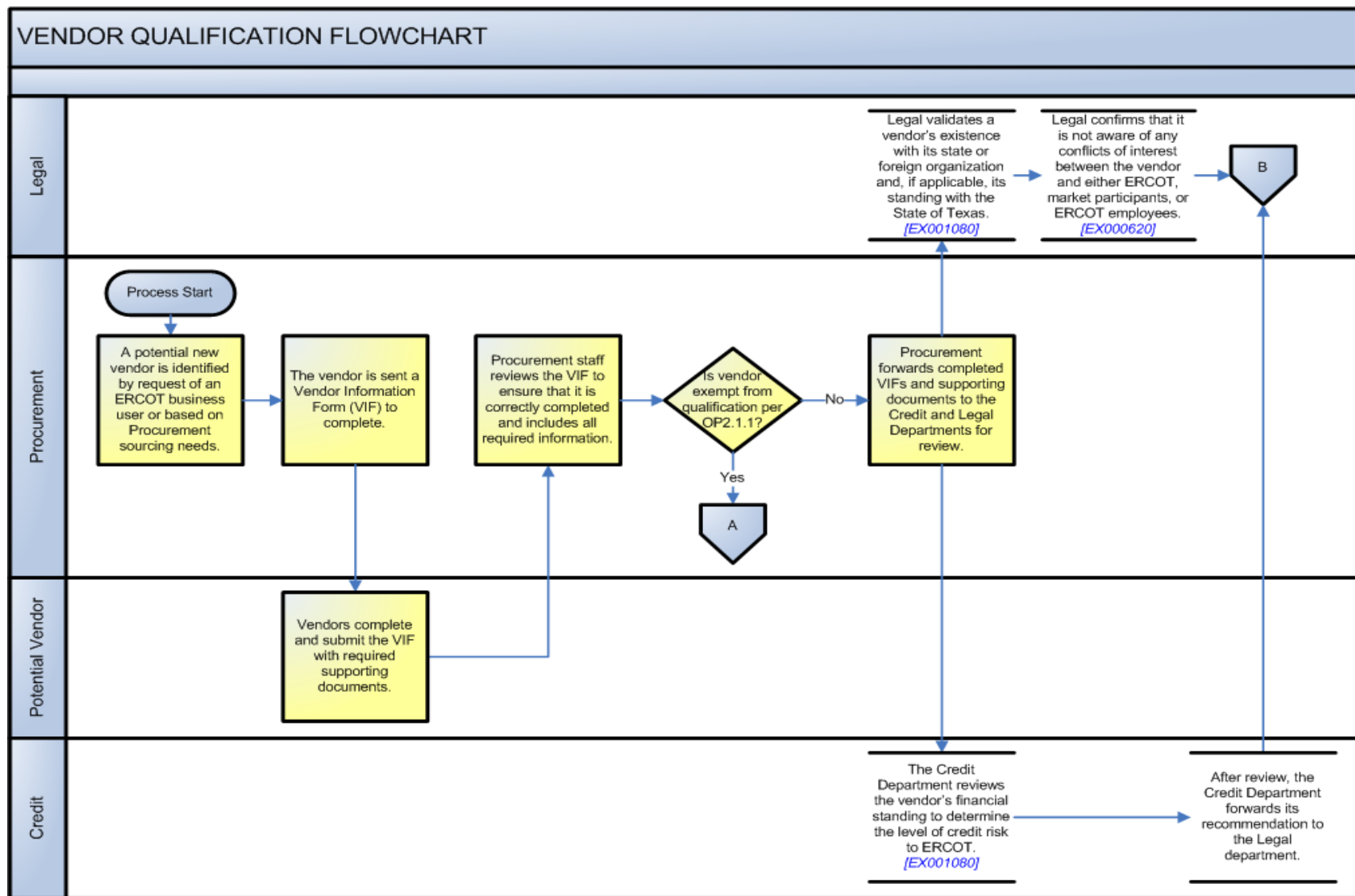
## 11. Briefing on ERCOT Contract Administration: Contract Administration and Procurement Current Org Chart



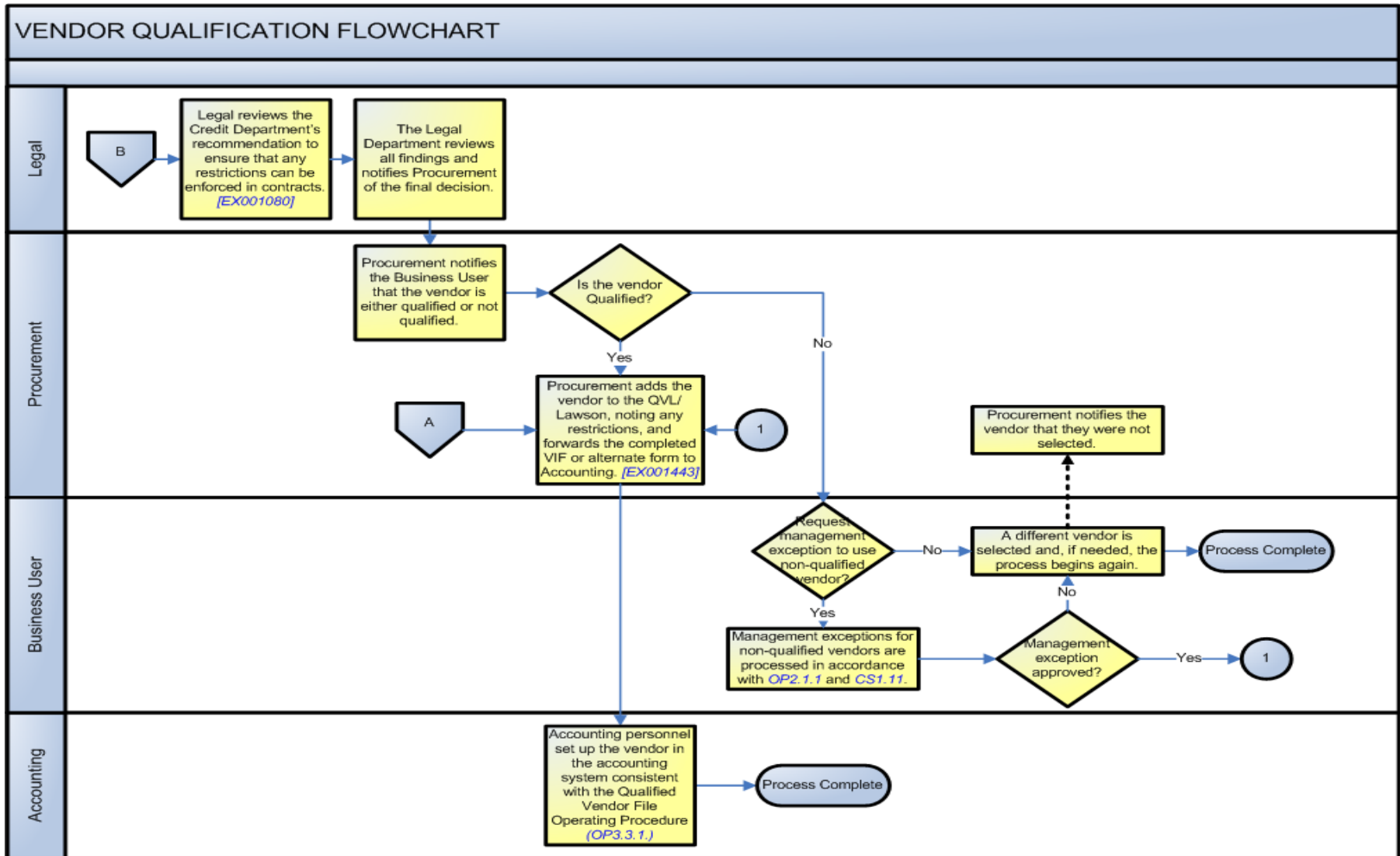
# 11. Briefing on ERCOT Contract Administration: Contract Administration Flow Chart/Process (example)



# 11. Briefing on ERCOT Contract Administration: Vendor Qualification Flow Chart (Example)



# 11. Briefing on ERCOT Contract Administration: Vendor Qualification Flow Chart, *cont.*



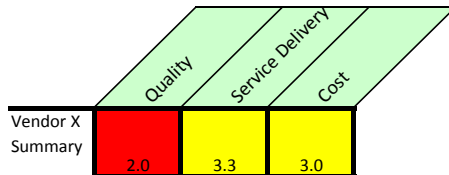
# 11. Briefing on ERCOT Contract Administration: Vendor Performance Report Card (example)

## Vendor Scorecard

Vendor X, Project Y

Performance Period: February 2009

Reported: March 2009

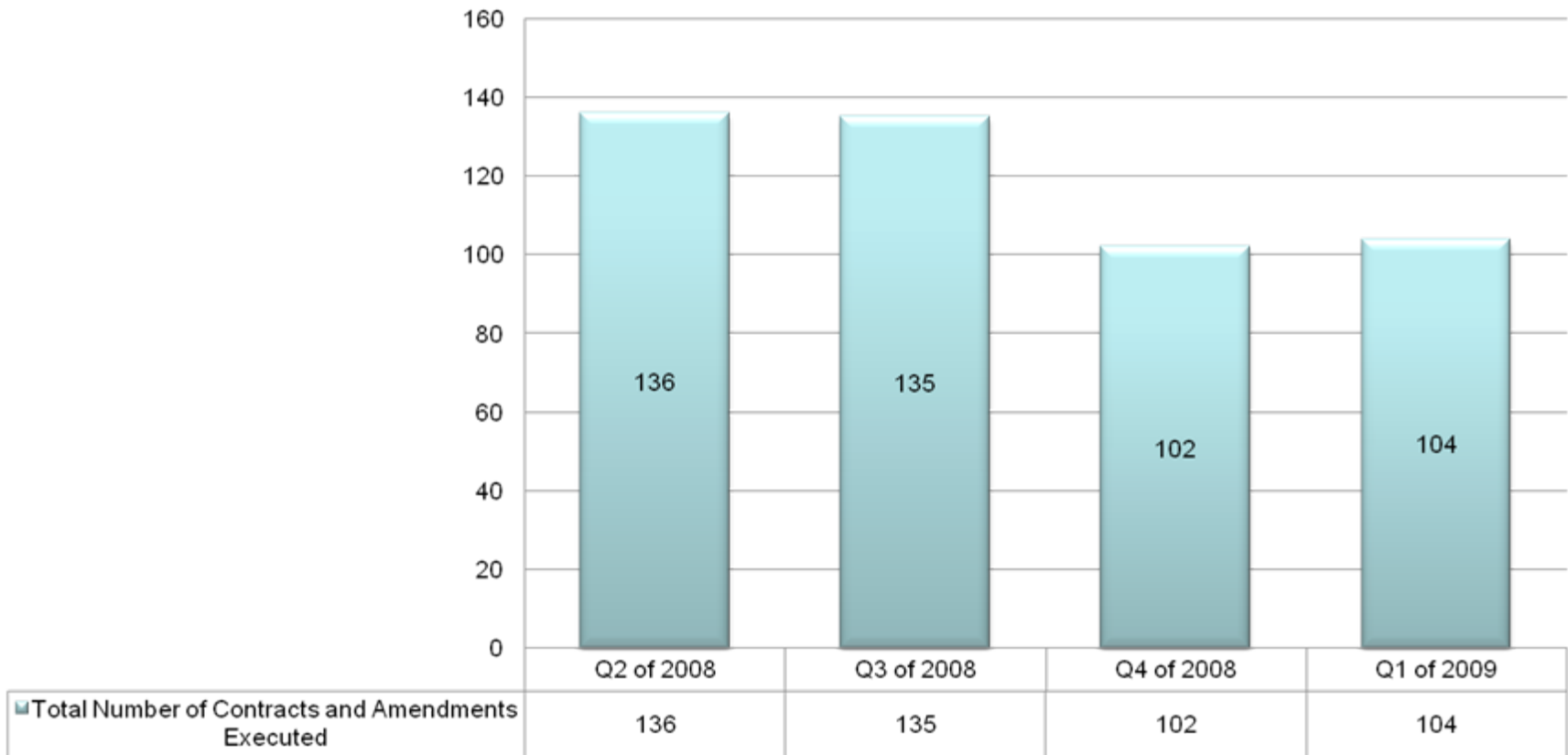


Quality:	This metric is a measurement of the quality of product developed by the vendor.		Scoring:																											
	Red, yellow, or green is determined by least common denominator, if any of the three criteria are yellow or red the entire quality metric is rated yellow or red also		<table><tr><th>Assessment</th><th>green</th><th>amber</th><th>red</th></tr><tr><td>Severity 1 and Severity 2 defects</td><td>0</td><td>1 to 5</td><td>&gt; 5</td></tr><tr><td>Avg. days to close defects (sev 1,2, and 3)</td><td>&lt;45</td><td>45 to 90</td><td>&gt; 90</td></tr><tr><td>Defect reopen rate</td><td>&lt;15</td><td>15 to 24</td><td>&gt; 24</td></tr><tr><td>Above average delivery/performance</td><td>4 to 5</td><td></td><td></td></tr><tr><td>Average delivery/performance</td><td></td><td>3</td><td></td></tr><tr><td>Poor/deficient delivery/performance</td><td></td><td></td><td>1 to 2</td></tr></table>	Assessment	green	amber	red	Severity 1 and Severity 2 defects	0	1 to 5	> 5	Avg. days to close defects (sev 1,2, and 3)	<45	45 to 90	> 90	Defect reopen rate	<15	15 to 24	> 24	Above average delivery/performance	4 to 5			Average delivery/performance		3		Poor/deficient delivery/performance		
Assessment	green	amber	red																											
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Above average delivery/performance	4 to 5																													
Average delivery/performance		3																												
Poor/deficient delivery/performance			1 to 2																											
	Criteria: 1) Number of severity 1 and severity 2 defects encountered during testing 2) Average number of days to close severity one, two and three defects 3) Percentage of the number of defects that needed to be reopened after initial remediation		Comments: (Feb): Vendor X released a defect patch to fix patch issue and Sev 2 defects, which was caused testing impact on patch testing. Vendor X will release patch to fix sev 3 priority 1 defects and will start to work on interfaces.																											
Cost:	Scope of work delivered at or below agreed upon cost Scope of work delivered within x% over the agreed upon cost Scope of work delivered at greater than x% of the agreed upon cost	<table><tr><td></td></tr><tr><td>3.0</td></tr><tr><td></td></tr></table>		3.0		Comments: (Feb) No comments reported																								
3.0																														
Service Delivery:	Red, green, or yellow is determined by least common denominator, if either of the criterion are red the project management metric is rated red also																													
(Milestone/schedule)	Scope of work delivered on or before agreed upon timeline Scope of work delivered within x weeks of agreed upon timeline Scope of work delivered later than x weeks of agreed upon timeline	<table><tr><td>4.0</td></tr><tr><td></td></tr><tr><td></td></tr></table>	4.0			Comments: (Feb) The project has been within the negotiated schedule and budget on all deliveries.																								
4.0																														
(PM/Deliverables)	Delivers weekly status reports and detailed (40hr) deliverable project schedule	<table><tr><td>3.0</td></tr><tr><td></td></tr><tr><td></td></tr></table>	3.0			Comments: (Feb) Vendor X delivers a weekly status report. They aren't very effective with updating a project schedule on a weekly basis, their preference is more in line with monthly updates.																								
3.0																														
(Staffing)	Staffing competent, qualified, and adequate for project delivery	<table><tr><td>3.0</td></tr><tr><td></td></tr><tr><td></td></tr></table>	3.0			Comments: (Feb) No comments reported																								
3.0																														



## 11. Briefing on ERCOT Contract Administration: Quarterly Contract Administration Volumes

### Contract Administration Quarterly Productivity Report (Rolling 4 QTR's) Contracts and Amendments



*(477 Contracts Processed in the past rolling 4 qtrs.)*

**Q&A only**

# ERCOT Market Credit Status

as of 2/28/2009

as of 3/31/2009

## Exposure in the ERCOT Market (owed to ERCOT)

### QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

### QSEs that do not meet ERCOT Creditworthiness Standards

Ratings below BBB- or not rated

Cash & Letters of Credit

Guarantee Agreements

**Total Exposure**

## Other QSEs in the ERCOT Market (ERCOT owes)

### QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

### QSEs that do not meet ERCOT Creditworthiness Standards

Ratings below BBB- or not rated

Cash & Letters of Credit

Guarantee Agreements

**Total**

*Total*

# of QSEs*	Estimated Aggregate Liability (\$)	% of EAL	Total Unsec Credit Limit / Security Posted	
13	28,918,584	8%	181,793,916	U
55	186,855,178	54%	313,886,912	S
21	131,705,963	38%	417,000,171	S
<b>89</b>	<b>347,479,725</b>	<b>100%</b>		
4	(5,836,479)	-17%	35,347,047	U
54	(16,627,336)	-49%	29,947,855	S
6	(11,178,137)	-34%	127,061,174	S
<b>64</b>	<b>(33,641,952)</b>	<b>-100%</b>		

153

# of QSEs*	Estimated Aggregate Liability (\$)	% of EAL	Total Unsec Credit Limit / Security Posted	
12	27,178,150	10%	171,927,975	U
53	147,587,719	53%	242,474,264	S
20	101,269,947	37%	460,521,345	S
<b>85</b>	<b>276,035,816</b>	<b>100%</b>		
5	(3,818,286)	-9%	45,288,702	U
58	(31,469,939)	-74%	48,206,541	S
7	(7,144,424)	-17%	83,602,000	S
<b>70</b>	<b>(42,432,649)</b>	<b>-100%</b>		

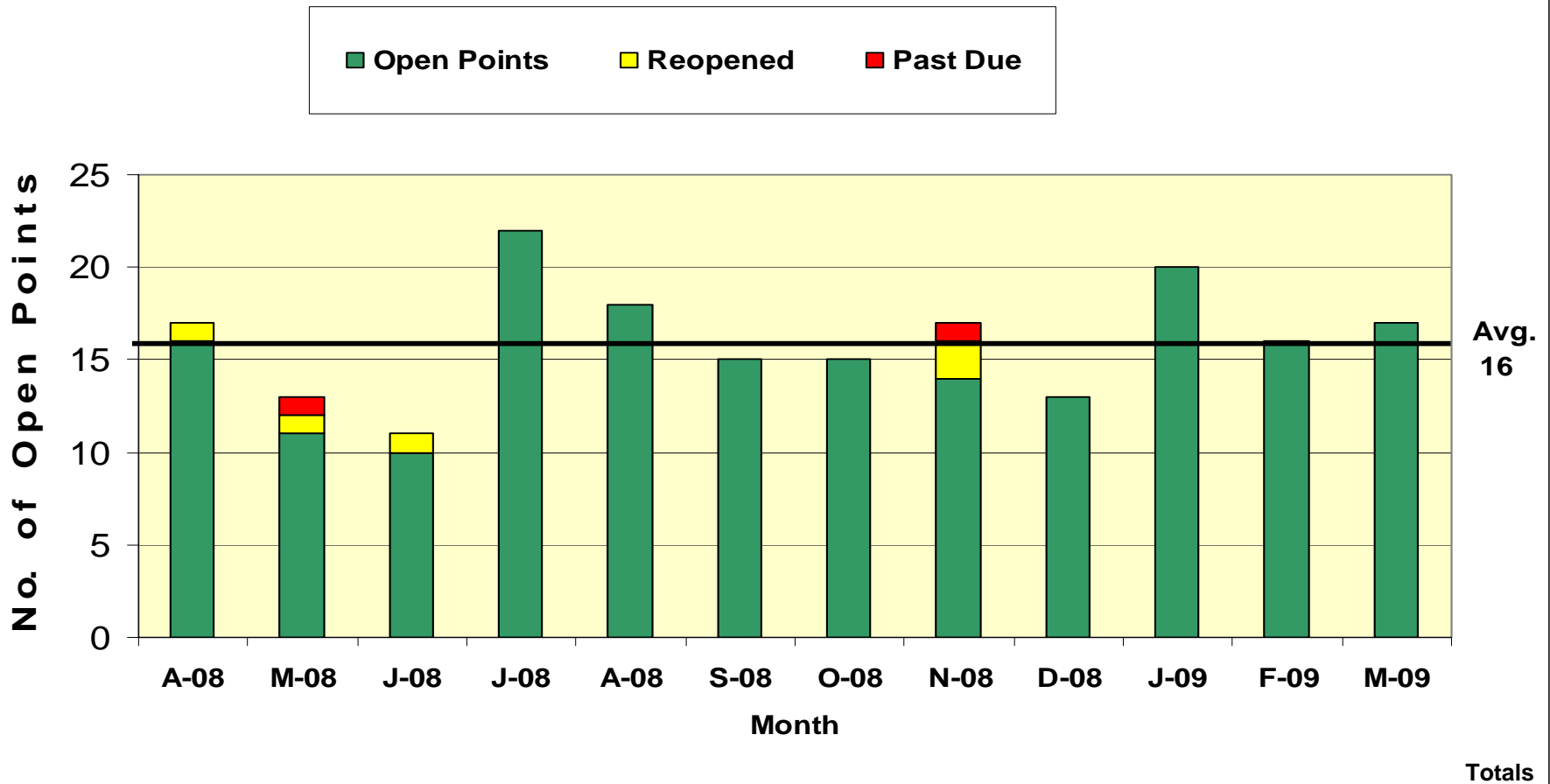
155

U: Unsecured since these QSEs meet the creditworthiness standards

S: Secured i.e. required to post collateral since these QSEs do not meet the creditworthiness standards

# 12. Committee Brief: ICMP – Status of Open Audit Points

## Cheryl Moseley



Totals													
Audits Completed	3	3	3	3	2	4	1	3	5	1	1	6	35
Points Added	3	0	6	11	2	0	0	4	11	12	9	24	82
Points Completed	6	4	8	0	6	3	0	2	15	5	13	23	85

All but one open audit point projected to be complete by September 30, 2009.

### Audits Completed

(last 3 months)

#### Internal Audits

- PC Remediation Plan (Special Request-Part 2 of 2)
- FY2008 Fraud Auditing
- NERC CIP Standards – Auditable Compliance (Special request – Part 2 of 2)
- Nodal “Budget to Actual” Management Review (Special Request)
- 2008 Year End Accruals Review
- Credit Process
- Protocol 1.4 Required Audit – Confidentiality Compliance

#### External Audits\*

- Nodal Program Review – Integration (Report #9; Utilicast, LLC)

### Open Audits

#### Internal Audits

- Change Control/Release Management
- Business Continuity and Disaster Recovery Plan
- Q1 2009 Fraud Auditing
- System Operators’ Compliance with Operating Procedures

#### External Audits\*

- 2008 Financial Audit (PricewaterhouseCoopers)
- Nodal Program Review – Infrastructure and Integration Readiness (Report #10; Utilicast, LLC)

### Planned Audits

(next 3 months)

#### Internal Audits

- Employee & Contract Worker Onboarding, Transfer, Offboarding and Employee Termination Processes
- IT System Availability & Performance
- Long-Term Technology Strategy
- Enterprise Risk Management Process

#### External Audits\*

- 2009 SAS70 Audit (PricewaterhouseCoopers)

## 12. Committee Brief: Audit Cheryl Moseley

**Consultation/  
Analysis Reports  
Completed**  
(last 3 months)

External Assessments

































**Open Consultation/  
Analysis Reviews**

External Assessments

**Planned Consultation/  
Analysis Reviews**  
(next 3 months)

External Assessments  
1 security assessment  
planned

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**RISK MANAGEMENT EVENT PROFILE MATRIX (as of April 1st, 2009)**

 <b>Strategic</b>	 <b>Operational Excellence</b>	 <b>Market Facilitation</b>	 <b>Grid Reliability</b>	 <b>Reporting</b>	 <b>Legal and Regulatory Compliance</b>
 <b>Strategy Development</b> <i>Corporate objective setting adequately incorporates informed stakeholder input, market realities and management expertise.</i>	 <b>Performance Monitoring</b> <i>Clearly defined and actively monitored performance metrics linked to mission and goals. Performance status communicated and corrective action taken.</i>	 <b>Customer Choice</b> <i>Market design promotes efficient choice by customers of energy providers with effective mechanisms to change incumbent market participants as desired.</i>	 <b>Grid Operations</b> <i>Information required to operate the grid is efficiently gathered. Appropriate tools are prudently configured to efficiently operate the system.</i>	 <b>Review Practices</b> <i>Prudent measures are taken to insure that company disclosures are properly vetted and not misleading.</i>	 <b>Legal &amp; Legislative</b> <i>Operations are conducted in compliance with all laws and regulations. Impacts of current and proposed legislation are understood and communicated.</i>
		Working with PUC on 35769 POLR Rule changes  Working with PUC on 36536 Expedited Switch timeline changes			
 <b>Mission and Goals</b> <i>Corporate objectives and performance standards are understood and followed.</i>	 <b>Business Practices</b> <i>Business planning, processes and management standards are effective and efficient.</i>	 <b>Nodal Implementation Project</b>  <i>Nodal Implementation on budget on schedule, and within defined scope.</i>	 <b>Planning</b> <i>Long-range planning methods enable efficient responses to system changes that are necessary to maintain reliability standards.</i>	 <b>Disclosure</b> <i>Reporting and other disclosures to intended parties is timely, accurate and effective.</i>	 <b>Internal Control Compliance</b> <i>Internal Control Compliance, processes and management standards are effective and efficient.</i>
New Strategic Plan needs to be integrated into the latest business planning cycle.		Program "YELLOW" based on risks for meeting expectations of market participants; plans underway for mitigating those risks. Still in the process of staffing for key positions for late phases of the project. We now have a revised schedule and budget, approved by the Board of Directors and carefully managed and monitored. Management Action Plans have been developed for recommendations from external audits, as well as internally detected risks and issues.  Key risks include data center capacity; potential conflict over personnel and testing environments needed at the same time by Nodal and Zonal projects; options for mitigating those risks and future resource needs are being carefully studied to identify any other contention.	System Planning department staffing has reorganized/improved and a plan is in place to increase staff to meet stakeholder desire for more "study horsepower". A list of studies desired by ERCOT and ERCOT Stakeholders is being prepared and will be prioritized.		ERCOT is developing processes to institutionalize the ongoing training on current policies and procedures for all ERCOT staff and contract workers.
 <b>Reputation</b> <i>Positive perceptions by stakeholders lead to less cost and greater flexibility resulting in enhanced enterprise value.</i>	 <b>Workforce</b> <i>Organization design, managerial and technical skills, bench strength and reward systems aligned with corporate goals.</i>	 <b>Counterparty Credit</b> <i>Maintain credit risk exposure for overall market within acceptable limits.</i>	 <b>Bulk System Resources</b> <i>Market Participants construct and make available adequate bulk electric grid resources.</i>	 <b>Communication</b> <i>Internal &amp; external communications are timely and effective.</i>	 <b>Industry Standards</b> <i>Business practices provide stakeholders with required assurances of quality.</i>
Increased publicity associated with the delay of the Nodal market and the associated cost increases, new fee filings for the nodal surcharge and System Administration fee, high congestion, high price volatility and credit defaults during 2008 have negatively impact ERCOT's reputation.	The rolling 12-month turnover has dropped to 5.9%. There are 10 new contractor positions required in various segments of the project team reflecting a new focus on the structure project team. ERCOT readiness continues to be an on-going issue with the delay in Nodal. There continues to be a strong demand for certain subject matter experts who will be needed for the Nodal project, on-going base projects and operations. As of the end of March ERCOT had 37 open full-time positions.	A draft Credit Risk standard has been circulated and is being reviewed with stakeholders. A proposal is expected to be submitted to F&A in April.			Compliance activities and staff have been centralized under the management of the Chief Compliance Officer. Preparation of compliance documentation is underway for the 2009 NERC reliability audit.
 <b>Fiscal Management</b>  <i>ISO design requires competent, prudent and cost effective provision of services.</i>	 <b>Technology Infrastructure</b> <i>Information systems, supporting facilities and data are effectively managed and are reliable.</i>	 <b>Administration, Settlement &amp; Billing</b> <i>Market rules fairly applied to all participants. Accounting is timely and accurately reflects electricity production and delivery.</i>	 <b>Operational Responsibility</b> <i>Market participant conduct their operations in a manner which facilitates consistent grid reliability.</i>	 <b>Adequacy and Integrity</b> <i>Robust processes exist to support management assertions embodied within financial reports.</i>	 <b>Regulatory Filings</b> <i>Evidence, testimony and other supporting materials are compelling and successful.</i>
2009 load is trending below budget resulting in reduced revenues while labor devoted to the Nodal program (and to a lesser extent, Zonal projects) is trending below budget. An updated 2009 forecast is expected in May.	Systems remain stable in all areas. The TCC1 data center expansion is planned for completion September 2009. Enough capacity for Nodal go-live and for the start of advanced metering will be available with the completion of the TCC1 expansion. The south side data center plan calls for full production operations by February 2011 and the new TCC3 facility to be ready by May 2011.		Response of generators and LaaRs to grid operation events has been improving. Enhanced enforcement of NERC standards and ERCOT Protocols and Operating Guides will exist through the ERO / TRE and IMM which will provide additional incentive for improved performance. Increased wind generation will present additional operational challenges that a study indicated can be met. A joint ERCOT Staff and TAC Renewable Technologies Task Force is addressing a number of outstanding operational and planning issues regarding wind generation and is making recommendations on changes to more reliably integrate wind generation.		

# 12. Committee Brief: PMO David Troxtell

## Year to Date Project Activity by Division

	Phase	Not Started	Initiation	Planning	Execution	Closing	Closed	Totals Excluding Non-Active	Cancelled	On Hold	Deferred	Totals by CART	Go-Live* (To Date)	Current Projected Go-Live (by Y.E.)	Original Projected Go-Live (by Y.E.)
CART	Corporate Operations	3	0	3	14	1	2	23	0	0	2	25	5	10	10
	IT Operations	1	0	3	2	1	0	7	0	0	0	7	1	6	6
	Market/Retail Operations	2	2	3	3	2	1	13	2	0	0	15	1	5	5
	System Operations	1	3	1	3	0	0	8	0	0	0	8	0	7	4
Totals by Phase		7	5	10	22	4	3	51	2	0	2	55	7	28	25
Total Non-Active									4						

\* Note: Some projects in Closing and Closed Status went live in 2008

\* Projects Gone Live in March 2009

(CO) PR-70046\_01 SEM Enhancement

(IO) PR-80026 Enterprise Visibility















# 12. Committee Brief: PMO David Troxtell

## Year to Date Project Priority List (PPL) Status

PPL Iterations	Origination	Project Phases								Deferred Projects	Subtotal	Grand Total
		Not Started	Initiation	Planning	Execution	Closing	Closed	On Hold	Cancelled			
Original 2009 (October) PPL												45
	PUCT				2						2	
	Market					1	1				2	
	ERCOT	6	2	10	16	2	1		2	2	41	
Unexpected Carry Over From 2008												6
	PUCT										0	
	Market										0	
	ERCOT				4	1	1				6	
New Projects Added (Since PPL Approval in January 2009)												4
	PUCT										0	
	Market		2								2	
	ERCOT	1	1								2	
2009 PPL Totals to Date												55
	PUCT	0	0	0	2	0	0	0	0	0	2	
	Market	0	2	0	0	1	1	0	0	0	4	
	ERCOT	7	3	10	20	3	2	0	2	2	49	
Totals by Project Phase		7	5	10	22	4	3	0	2	2	55	

## Year to Date Projects Over \$1 Million

(CART) Project Number and Description	Total Budget	Total Committed	Metrics	
(Duration) Phase (Sponsor)	Scheduled Completion		Schedule	Budget
<b>(CO) PR-60075_01: Identity Access Management</b> <i>Schedule stoplight red due to time taken to re-schedule around Nodal 168 hour test.</i>	\$2.66M	\$2.45M		
<i>(2006-2009) Currently in Execution (B. Kahn)</i>	<i>Expected Completion 4<sup>th</sup> Qtr 2009</i>			
<b>(CO) PR-80001_01: MET Center Disposition</b>	\$70M	\$1.67M		
<i>(2008 - 2011) Currently in Planning (B. Kahn)</i>	<i>Expected Completion 1<sup>st</sup> Qtr 2011</i>			
<b>(MO/RO) PR-70007_01: MarkeTrak Enhancements</b>	\$1.71M	\$1.69M		
<i>(2007-2009) Currently in Closing (T. Doggett)</i>	<i>Expected Completion 1<sup>st</sup> Qtr 2009</i>			
<b>(CO) PR-80047_01: TCC1 Data Center Expansion</b>	\$6.75M	\$754M		
<i>(2009-2009) Currently in Execution (B. Kahn)</i>	<i>Expected Completion 4<sup>th</sup> Qtr 2009</i>			
<b>(IO) PR-90004_01: Data Storage</b>	\$1.76M	\$3K		
<i>(2009-2009) Currently in Planning ( David Forfia)</i>	<i>Expected Completion 4<sup>th</sup> Qtr 2009</i>			
<b>(MO/RO) PR-80027_01: Advanced Metering MKT Changes for PUCT</b>	\$1.54M	\$326M		
<i>(2009-2009) Currently in Execution (T. Doggett)</i>	<i>Expected Completion 4<sup>th</sup> Qtr 2009</i>			

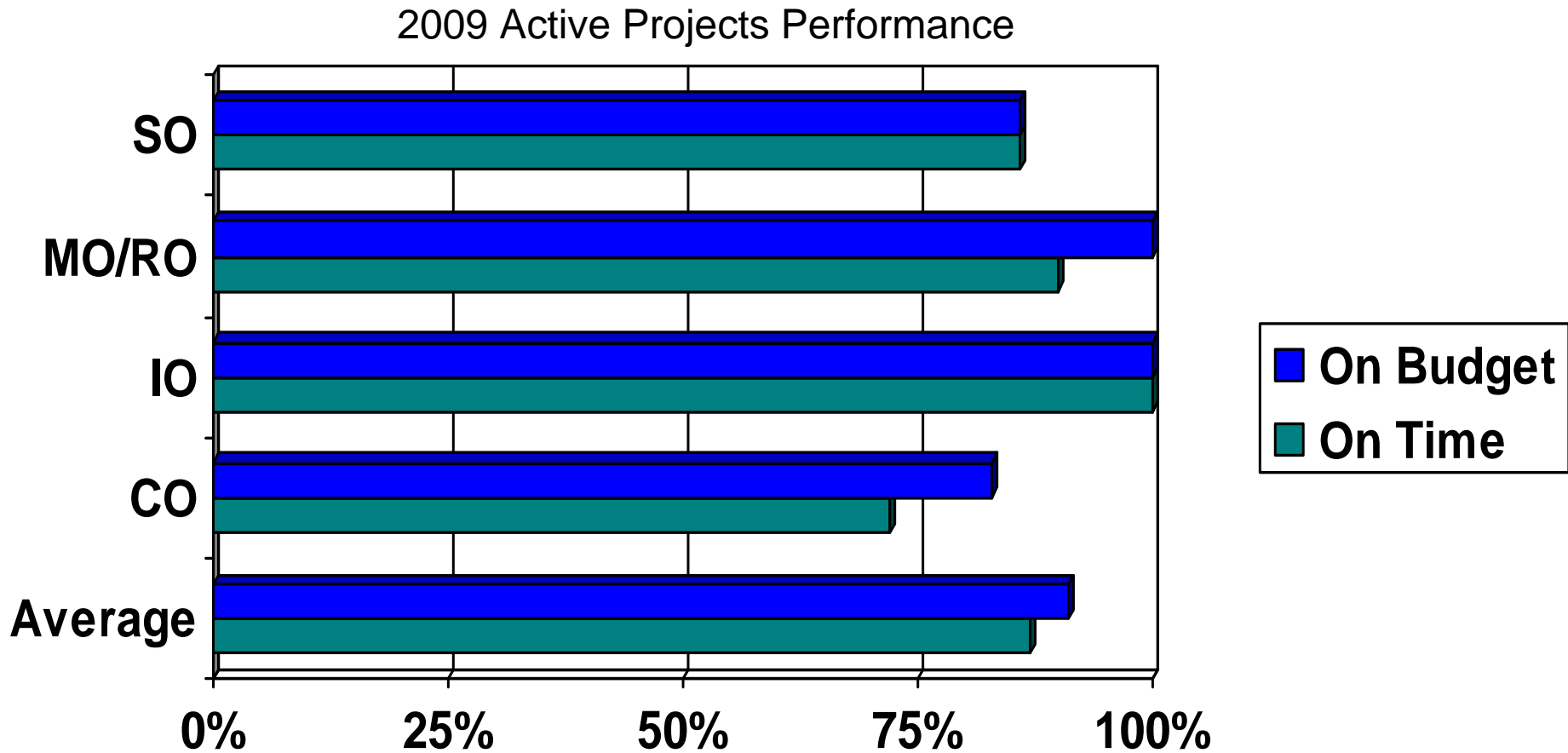
# 12. Committee Brief: PMO David Troxtell

## Baseline Budget vs. Actuals for Projects Closed in Lawson for 2009

Project	Description	Year Implemented	Baseline Budget	Actuals	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	Explanation
60020_02	Lawson 9.0 Upgrade Phase II	2008	\$ 663,700	\$ 584,530	\$ 79,170	12%	Based on multiple failed attempts of upgrading the application in the test environment, the project team planned and budgeted for a failed migration to the production environment; fortunately, the migration was successful on the first attempt.
50070_02	Unit Testing Automation and Electronic Submittal via Web	2008	48,100	43,037	5,063	11%	Less internal development and testing labor required than projected.
70054_02	Blade Refresh Phase II	2008	275,200	257,438	17,762	6%	
80038_01	ACL Audit Exchange	2009	77,300	73,694	3,606	5%	
60094_01	Physical Access Control Software and Hardware Upgrade	2008	666,500	646,726	19,774	3%	
60015_01	Registration Data Model Enhancement	2008	101,000	100,138	862	1%	
40066_04	Lodestar 4.7 Upgrade	2008	410,500	638,305	(227,805)	(55)%	<ul style="list-style-type: none"> <li>• iTest schedule was extended due to system instability (CR#5)</li> <li>• Additional scope added (CR#6)</li> <li>• No rebaselines for the above change requests</li> </ul>
		Count = 7	\$ 2,242,300	\$ 2,343,867	\$ (101,567)	(5)%	

### NOTES:

1. Baseline budget does not include change controls that were approved without granting a new baseline budget.
2. List and totals include projects delivered and reported in previous years Project Management reports but closed in Lawson in 2009.
3. Favorable is when a project is delivered under budget. (UnFav)orable is when a project is delivered over budget.
4. Explanations are not required for variance + or - 10%



Note: Includes projects started in previous years.  
Projects that change to inactive states will impact results.

## Go Live Projects for March 2009

- **PR-70046\_01 SEM Enhancement**
  - **Scope:** Upgrade the current Security Event Management (SEM) system to expand the data gathering capabilities and upgrade the software to improve its correlation and reporting abilities.
  - **Deliverables:** Purchase and deploy the Security Event Management (SEM) application, console software and SEM databases.
  - **Timeline:** September 2007 – March 2009

## Go Live Projects for March 2009

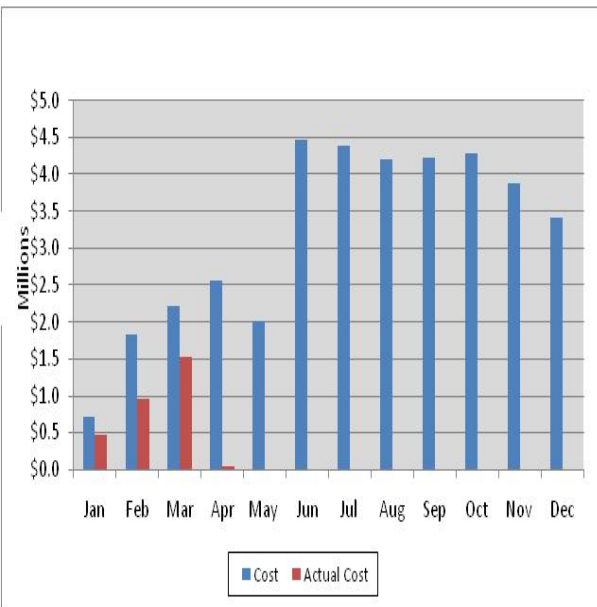
- **PR-80026\_01 Enterprise Visibility**

- **Scope:** Provide IT and business with a highly robust, scalable and powerful enterprise monitoring and alerting environment.
- **Deliverables:**
  - Populate Atrium Configuration Management Database (CMDB) with key data from IBM Director, Aperture and the Virtual Machine Database (VMDB). Federate to these sources for additional data.
  - Integrate OpenView and Remedy Incident Manager. Install TelAlert application to remove OpenView dependency on Exchange for alert communication.
  - Create a problem management team and document problem management processes.
- **Timeline:** January 2008 – March 2009

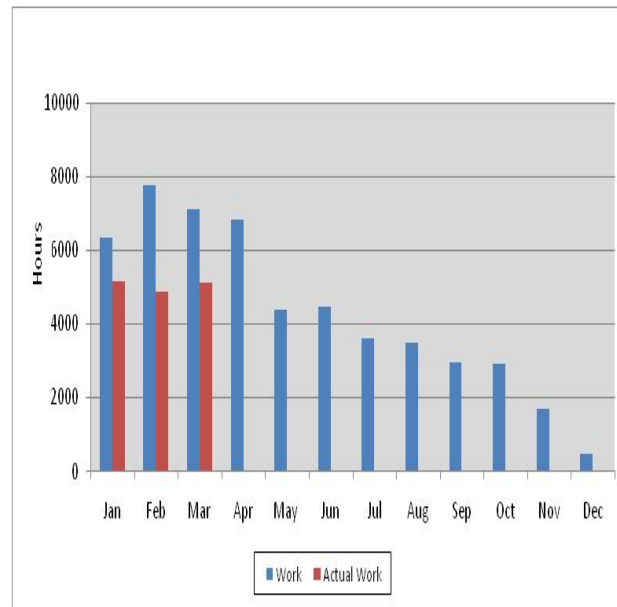
## ERCOT Enterprise Projects Summary Report

ERCOT	Overall Projects Report					Reporting Period:	3/31/2009	
	Projects in Ercot's Portfolio					Portfolio Performance		
	Deferred	Initiation	Planning	Execution	Closing	Schedule	Budget	
	2	5	10	22	4			
	Closed	3	Total Active		41			
	Cancelled	2	Projects Not Started		7	**Current Year Funded Budget:		\$38,150,000

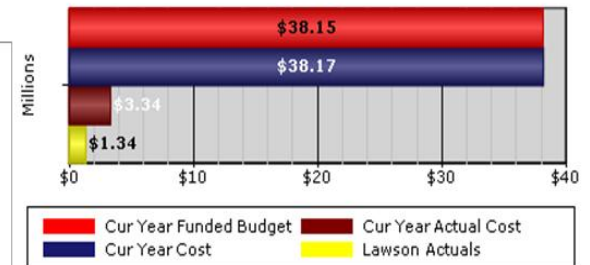
ERCOT Projects  
Current Year - Cost



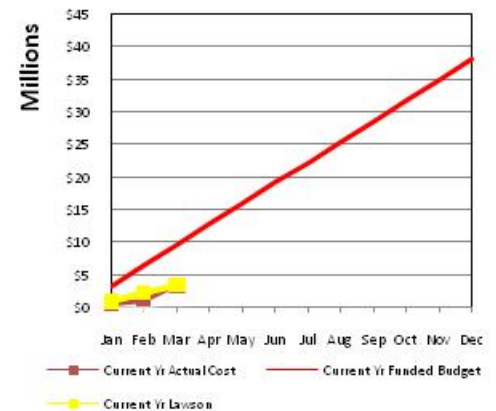
ERCOT Projects  
Current Year - Work



ERCOT Projects  
Current Year to Date Financials



\*\* The Current Year Funded Budget \$38,150,000 includes \$20.0M budget for the MET Center Disposition project and \$6.75M budget for the TCC1 Taylor Data Center Expansion project.



### **Future Agenda Items – May 2009**

- **Standing Internal Audit agenda items**
- **Standing Investment update**
- **2010 budget assumptions and planning**
- **Insurance update**
- **Update on financing plan**
- **External audit draft request for proposal**
- **Committee briefs**
- **Future agenda items**



# F&A 2009 Yearly Schedule

## Quarter 1

- √ •Elect officers and confirm financial qualifications
- √ •Vote on CWG Chair/Vice Chair

## Quarter 2

- Report results of annual independent audit to the Board
- Review the procedures for handling Reporting violations
- Review results of annual audit, together with significant accounting policies (including required communications)
- Review ERCOT Annual Report
- Review operating plan and budget assumptions
- Review and approve Internal Audit Department Charter
- Conduct annual review of insurance coverage(s)
- Review the Company's dealings with any financial institutions that are also market participants

## Quarter 3

- Appoint the independent auditors for upcoming year
- Approval of independent auditor fees for upcoming year
- Review of committee charter
- Approve the Guidelines for Engagements of External auditors for Other Services (pre-approval policy)
- Assessment of compliance, the internal control environment and systems of internal controls
- Review and approval of annual operating budget
- Report by CWG Chair on ERCOT credit policy
- Review updated year-end forecast

## Quarter 4

- Approve audit committee meeting planner for the upcoming year, confirm mutual expectations with management and the auditors
- Review and approval of Financial & Investment policies
- Approve scope of internal auditing plan for upcoming year
- Assessment of the adequacy and effectiveness of the Internal Audit staff
- Perform Finance & Audit committee Self Assessment
- Review requirements for membership in CWG
- Review and approve CWG charter
- Review updated year-end forecast
- Review the Company's dealings with any financial institutions that are also market participants
- Review scope of annual financial audit
- Review of external auditor quality control procedures and independence

## Recurring Items

- Review minutes of previous meeting
- Report monthly matters to the Board (chair)
- Review EthicsPoint activity
- Review significant audit findings and status relative to annual audit plan
- Review investment results quarterly