



# Monthly Financial Review

Steve Byone

## Current EAC Status Summary

- **Nodal will deliver on time and within the established \$643.8 million budget**
- **New, approved EACs effective through go-live with the exception of ERCOT/MP Readiness, System Cutover, and Operational Readiness; these schedules and EACs are under review and will be finalized in August**
- **EAC for all nodal projects to be presented at October 2009 Board meeting**
- **Continue to carry January-June 2009 under-runs of \$16.2 million for potential Board discretionary fund increase in October 2009 EAC cycle**
- **Must drive down program preliminary costs estimates across integration, end-to-end testing, market trials and infrastructure areas to realize discretionary fund increase**

- **Favorable financing terms have locked in lower interest rates through 2010; expect increase to Board discretionary fund in October 2009 EAC cycle**
- **ETC applications systems forecasts synchronized with April 1 baseline project schedules**
- **Substantial program control benefits utilizing June-September 2009 EACs for all projects – project manager ownership and accountability; linkage between financial performance and schedule performance**
- **Going forward–**
  - Drive forecast-to-actual accountability at the project level
  - Increased scrutiny of new spend/initiatives with top-down review and challenge
  - Resource differences with Base Ops must be resolved

<i>(all amounts in millions)</i>		<b>Estimate to Complete</b>					<b>Estimate at Completion</b>	<b>Change from 2/17/2009 Approved Budget</b>
<b>Version: 7/15/09</b>	<b>2/17/2009 Approved Budget</b>	<b>Actuals Through May 2009</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>			
<b>COST SUMMARY (\$)</b>								
Internal Labor	\$86.1	\$41.3	\$14.0	\$26.1	\$40.1	\$81.4	(\$4.7)	
Backfill	8.5	4.5	1.1	2.1	\$3.2	7.7	(0.8)	
Contingent Labor (External)	275.0	224.4	22.9	22.0	\$44.9	269.3	(5.7)	
Vendor Labor (External)	17.5	-	12.1	8.2	\$20.3	20.3	2.8	
Software	37.1	24.8	8.9	4.4	\$13.3	38.1	1.0	
Hardware	54.4	47.1	5.5	3.5	\$9.0	56.1	1.7	
Travel & Miscellaneous	3.2	1.8	1.1	1.9	\$3.0	4.8	1.6	
<b>Total Direct Project Costs</b>	<b>\$481.8</b>	<b>\$343.9</b>	<b>\$65.6</b>	<b>\$68.2</b>	<b>\$133.8</b>	<b>\$477.7</b>	<b>(\$4.1)</b>	

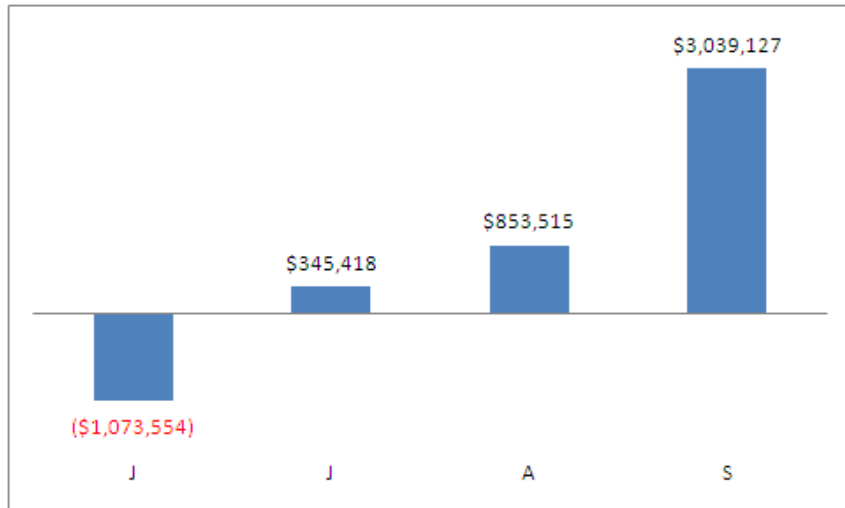
**Note 1: CTO/CFO estimates to complete approved only through September 2009**

**Note 2: Allocations and financing costs will be finalized once direct project costs through completion and timing thereof are finalized and approved**

# Examples of Major Changes Identified

- **Misses**
  - EMS requirements and maintenance/support through go-live
  - NMMS requirements and maintenance/support through go-live
  - EDW maintenance/support through go-live
  - Performance awards on successful completion
- **Delayed Work**
  - IMM/OTS hardware; P5 upgrade; Brocade capacity
- **New scope**
  - New program management structure (CTO, HR, key project directors)
  - Increase in use of 3<sup>rd</sup> party audits
  - 3<sup>rd</sup> party negotiator
  - Protocol traceability project
  - TCC data center expansion equipment

## Direct Program Costs only



- **June 2009 actual financial and schedule performance very tight against forecast**
- **Infrastructure hardware and software represents \$108,000, \$518,000, and \$3,098,000 of the July-September increases; purchases delayed from 2008 is primary driver of September change**
- **CTO and CIO will strictly review, challenge and gate all Infrastructure investments until new, fully-approved EAC is presented in October 2009 Board meeting**

# Monthly Financial Review - June 2009 Performance

## Nodal Program

### Approved Forecast to Actual Comparison

#### Month of June 2009

Line	Cost Summary	Forecast	Actual	Forecast Variance	Forecast Cumulative Variance <i>(Pending Contingency Mgmt Disposition)</i>
1	Internal Labor Costs	\$2.0	\$1.8	\$0.2	\$3.6
2	Backfill Labor Costs	0.1	0.1	0.0	-0.2
3	External Resource Costs	5.5	5.2	0.3	8.8
4	Software & Software Maintenance	0.9	0.9	0.0	-0.6
5	Hardware & Hardware Maintenance	0.3	0.4	-0.1	1.7
6	Other	0.2	0.1	0.1	0.4
7	<b>Sub-total Direct Project Costs</b>	<b>\$9.0</b>	<b>\$8.5</b>	<b>\$0.5</b>	<b>\$13.7</b>
8	<b>Contingency Costs</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
9	Allocations	\$0.3	\$0.5	-\$0.2	\$1.5
10	Finance Charges	0.9	0.9	0.0	1.0
11	<b>Sub-total Indirect Project Costs</b>	<b>\$1.2</b>	<b>\$1.4</b>	<b>-\$0.2</b>	<b>\$2.5</b>
12					
13	<b>Total</b>	<b>\$10.2</b>	<b>\$9.9</b>	<b>\$0.3</b>	<b>\$16.2</b>

*Amounts in millions*

# Monthly Financial Review

## LTD Performance through June 2009

### Nodal Program

#### Approved Forecast to Actual Comparison

Life-to-Date through June 2009

Line	Cost Summary	Forecast	Actual	June09	January-May09	Forecast	Forecast
				Forecast	Budget	Cumulative	Forecast
				Variance	Variance	Variance	Remaining
1	Internal Labor Costs	\$43.3	\$43.1	\$0.2	\$3.4	\$3.6	\$38.3
2	Backfill Labor Costs	4.7	4.6	0.0	-0.2	-\$0.2	\$3.1
3	External Resource Costs	229.9	229.6	0.3	8.5	\$8.8	\$60.0
4	Software & Software Maintenance	25.7	25.7	0.0	-0.6	-\$0.6	\$12.4
5	Hardware & Hardware Maintenance	47.4	47.5	-0.1	1.8	\$1.7	\$8.6
6	Other	1.9	1.9	0.1	0.3	\$0.4	\$2.9
7	<b>Sub-total Direct Project Costs</b>	<b>\$352.9</b>	<b>\$352.4</b>	<b>\$0.5</b>	<b>\$13.2</b>	<b>\$13.7</b>	<b>\$125.3</b>
8	<b>Contingency Costs</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$58.6</b>
9	Allocations	\$17.8	\$18.0	-\$0.2	\$1.7	\$1.5	
10	Finance Charges	18.7	18.7	0.0	1.0	1.0	
11	<b>Sub-total Indirect Project Costs</b>	<b>\$36.5</b>	<b>\$36.7</b>	<b>-\$0.2</b>	<b>\$2.7</b>	<b>\$2.5</b>	
12							
13	<b>Total</b>	<b>\$389.4</b>	<b>\$389.1</b>	<b>\$0.3</b>	<b>\$15.9</b>	<b>\$16.2</b>	

Amounts in millions

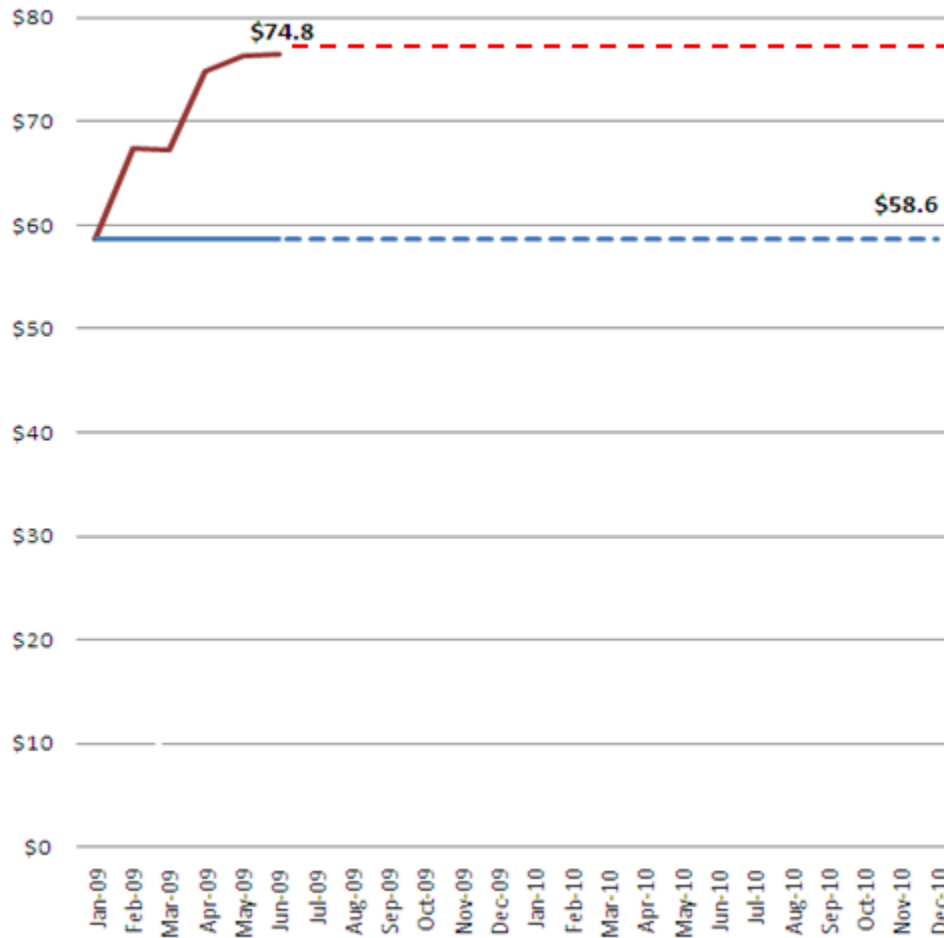
Note 1: "Forecast Remaining" allocations and finance charges will be determined upon final program EAC.

Note 2: For June 2009 forward, 'Other' project costs are reclassified to above-the-line Direct Project Costs.

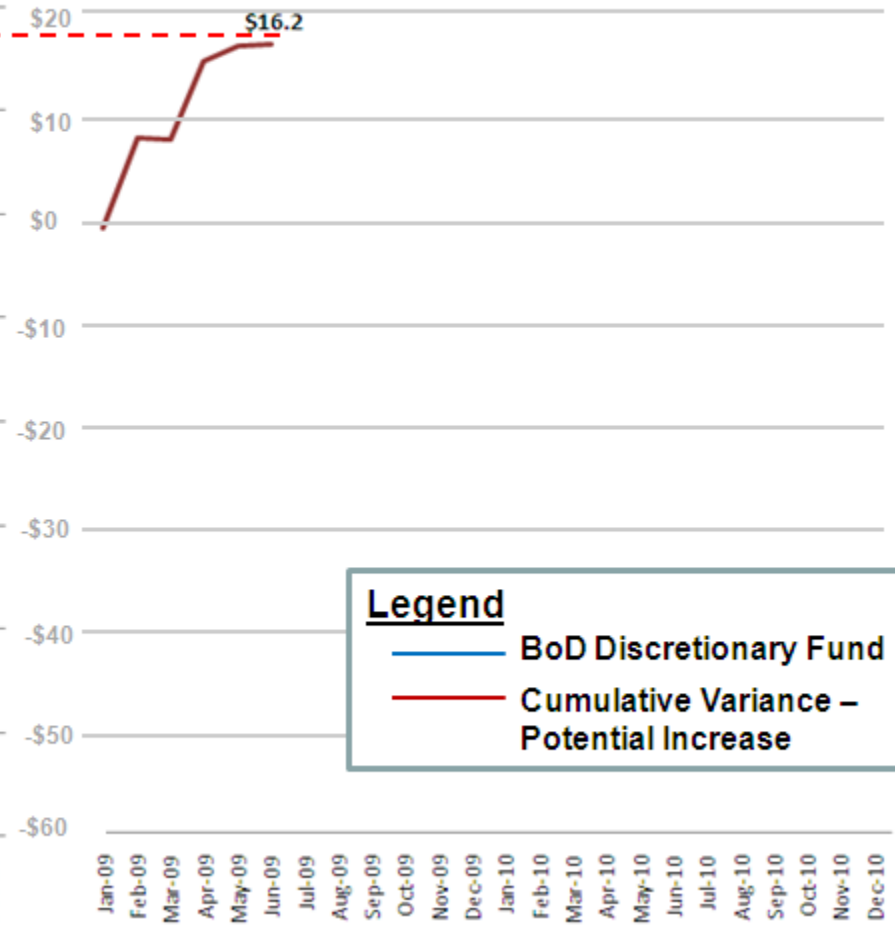


# Board Discretionary Fund

## Current View



## Detail of Cumulative Variance (Pending Contingency Mmgt Disposition)

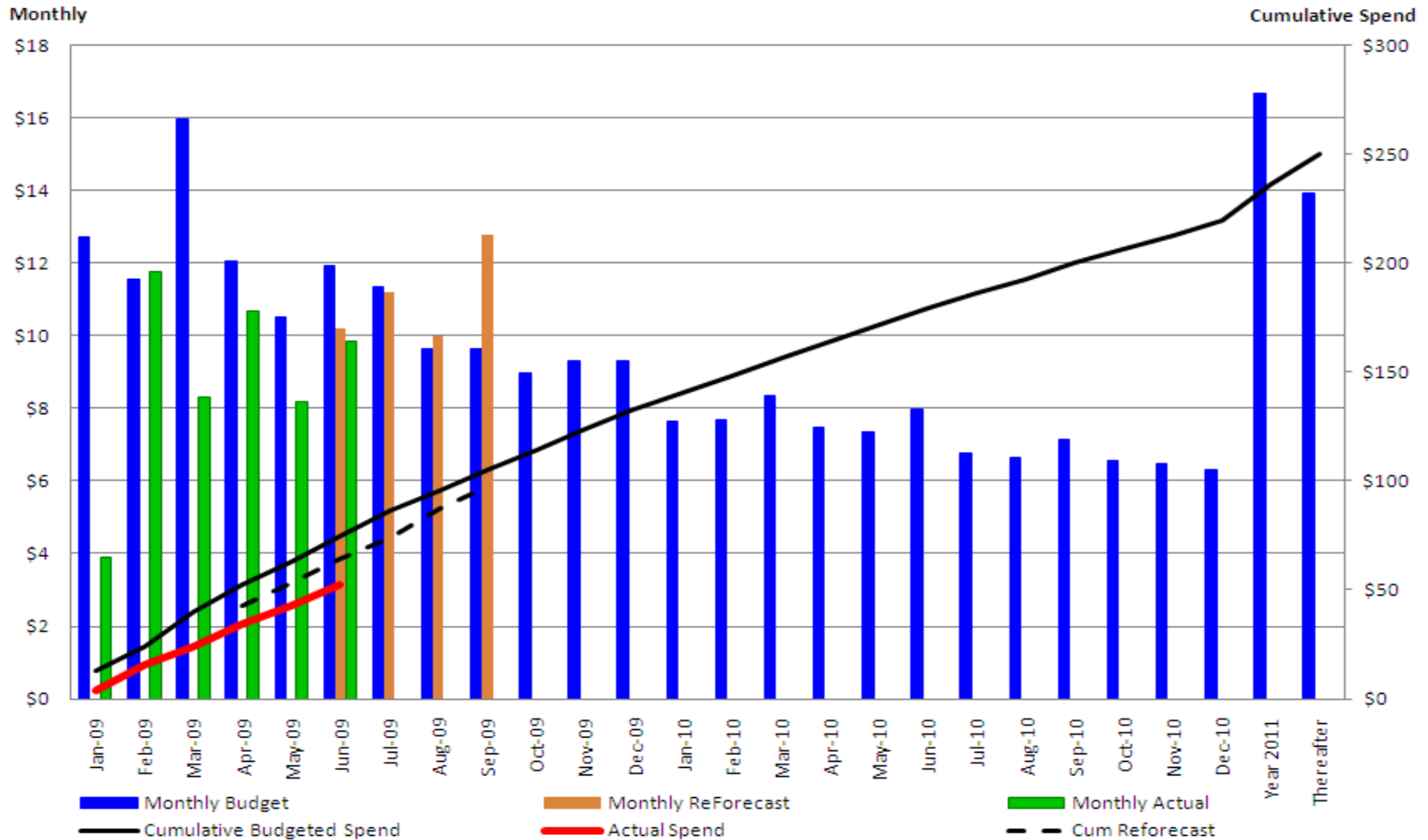


**Legend**

- BoD Discretionary Fund
- Cumulative Variance - Potential Increase

# Program Cost Management

## Monthly Budget, Forecast and Actual Analysis (Amounts in millions)



Note: Post-2010 amounts are primarily additional debt service costs

Questions ?