



CEO UPDATE

APRIL 19, 2011

Trip Doggett
President & CEO

FINANCIAL PERFORMANCE (UPDATED THROUGH MARCH)

YTD BUDGET VS. ACTUAL PERFORMANCE: \$4.8 MILLION FAVORABLE

REVENUE

\$3.4 Million favorable for 2010 Carry Forward
\$1.3 Million favorable System Administration Fee
\$0.1 Million unfavorable Grant Funding from
Department of Energy

EXPENSES

\$0.5 Million unfavorable Salary & Benefits
\$0.5 Million favorable in Facilities & Equipment Cost
\$0.3 Million favorable in Revenue-Funded Project
Expenditures

FINANCIAL PERFORMANCE (UPDATED THROUGH MARCH)

YEAR-END PERFORMANCE FORECAST : \$7.6 MILLION FAVORABLE

REVENUE \$3.4 Million favorable 2010 Carry Forward
(Excess Revenue over Expenses)

EXPENSES \$3.5 Million favorable Revenue Funded Projects
\$1.1 Million favorable Protocol Services

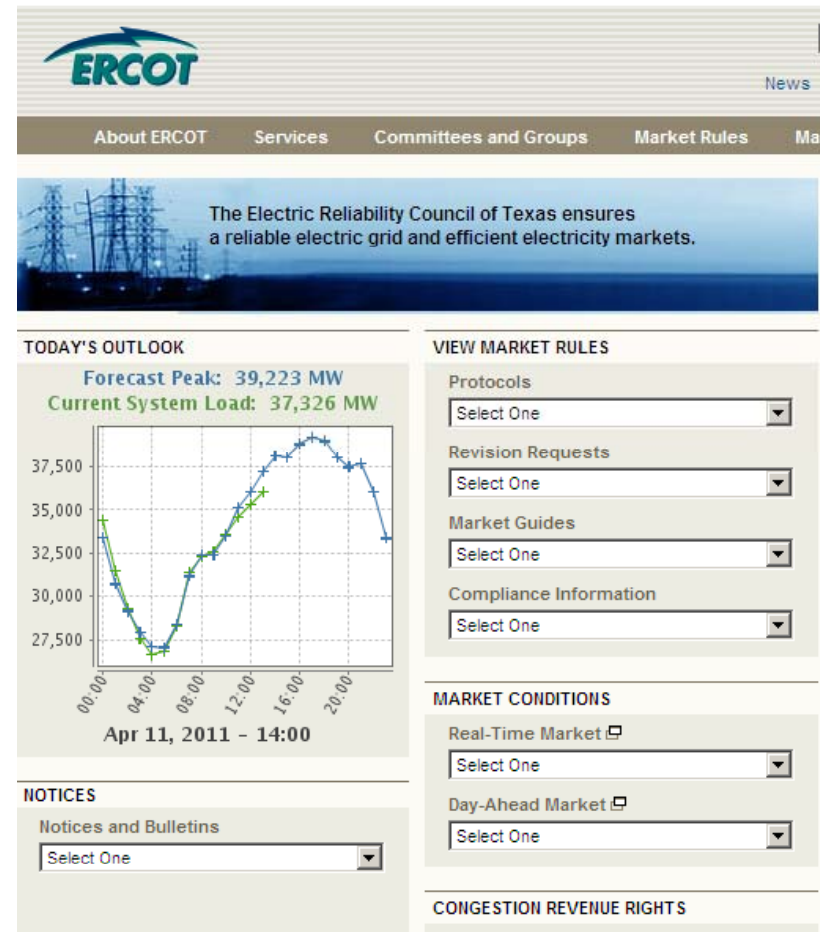
DEPARTMENTAL UPDATES

OPERATIONS

- Brief EEA Level 1 event on March 23 when 1,000 MW of generation was lost. Deployed non-spinning reserves and got back to normal operation within an hour. New emergency communicating procedures appear to have worked well.

COMMERCIAL OPERATIONS

- Volume of disputes remains low but complexity of disputes has increased
 - Expect some denied disputes will go to ADR (weather event related)
- Progress continues on TX Set 4.0 project – possible target of go-live in Q2 of 2012
- Finalized “Today’s Outlook” dashboard requirements. Implementation was 04/07/2011



DEPARTMENTAL UPDATES (CONT.)

COMPLIANCE / SECURITY / HR

- **Compliance**

- Staff facilitated three data submittals to FERC as a result of the February 2, 2011 event. Also facilitated a conference with FERC staff as a follow up.
- Staff participated in NERC/DHS/DOE/FBI tabletop workshop to address emerging cross-sector cyber security threats.

- **Physical Security**

- Implemented computer based visitor tracking system

- **Human Resources**

- Rating calibration meetings completed
- All ratings complete January 15, 2011
- All increases complete April 4, 2011
- Increases effective April 1, 2011 to appear on April 15th paycheck

FINANCE & TREASURY

- Procurement correspondence will migrate from a primary paper storage retention program to an electronic storage retention program
- Held Quarterly Business Review with:
 - Allegis Group Services
 - Nexant
 - ABB
- Completed draft Financial Statement report for the 2010 Financial Statement audit

DEPARTMENTAL UPDATES (CONT.)

IT / FACILITIES

- **Data Center Migration**

- Delays caused by resources and failed Storage Area Network equipment resolved
- We are now successfully replicating data from Austin to Bastrop
- Two week delay expected to be closed by mid May
- Server migrations for Wave 1 in progress (Infrastructure and Corporate systems)
- Added \$400k to contingency budget primarily on purchase savings for network equipment being under budget.

- **Applications Services and Operations**

- Retail Systems – 100% availability for third consecutive month
- Completed on-cycle release of approximately 182 changes

- **Japan Exposure**

- Strategic infrastructure vendors were contacted to determine any potential support issues relative to product or engineering support sourced in Japan
- Only one vendor disclosed engineering or manufacturing sole sourced in Japan. That vendor has advised:
 - All Japan based engineering and manufacturing are operational
 - Existing support facilities not impacted by the electrical system issues
- IT will continue to monitor the situation and any potential vendor supply chain problems

82ND LEGISLATIVE SESSION

SUNSET LEGISLATION:

- HB 2134 – The House PUC/OPC/ERCOT Sunset legislation – is pending in the House State Affairs Committee
- The Senate Government Organization Committee voted out SB 661 – the Senate PUC/OPC/ERCOT Sunset legislation – on April 4th
 - Next Step: The bill is expected to be heard by the full Senate

OTHER LEGISLATION/HEARINGS:

- The full Senate passed out SB 1133 – Chairman Hegar's weatherization bill – on April 4th
- House State Affairs Committee voted out HB 2133 – Chairman Solomons' disgorgement bill – on April 5th
- ERCOT met with State Auditor John Keel to discuss HB 593 – legislation that would place ERCOT under the State Auditor's Office purview