



Financial Summary

ERCOT Board of Directors
April 19, 2011

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VP, Finance and Treasury

Financial Summary - Month of March

(\$ in Millions)

	Period to Date			
	Budget	Actual	Variance	
			\$	%
Revenue				
System Administration Fee	\$ 9.1	\$ 9.4	\$ 0.3	3.3
NERC Electric Reliability Organization Fee	1.0	1.0	-	-
Wide-area Network Fees	0.2	0.2	-	-
Grant Funding from Department of Energy	0.1	0.1	-	-
Generation Interconnection Study Fees	-	-	-	n/a
Other Revenue	-	-	-	n/a
Sales Tax Refund - Facility Construction Funding	0.4	0.4	-	-
2010 Carry Forward	-	-	-	n/a
Subtotal - Revenue	10.8	11.1	0.3	2.8
Expense				
Salary & Benefits	5.7	6.0	(0.3)	(5.3)
Facility & Equipment Costs	1.1	1.1	-	-
Hardware/Software Maintenance & Licenses	0.8	0.7	0.1	12.5
Outside Services	0.6	0.8	(0.2)	(33.3)
Other	1.3	1.4	(0.1)	(7.7)
Principal Repayment	2.2	2.2	-	-
Revenue-Funded Project Expenditures (40%)	0.1	(0.1)	0.2	200.0
Interest Payments	0.4	0.4	-	-
Subtotal - Expense	12.2	12.5	(0.3)	(2.5)
Excess/(Deficit) of Revenue Over Expense	\$ (1.4)	\$ (1.4)	\$ -	-

Financial Summary - Year to Date

(\$ in Millions)

	Year to Date			
	Budget	Actual	Variance	
			\$	%
Revenue				
System Administration Fee	\$ 28.8	\$ 30.1	\$ 1.3	4.5
NERC Electric Reliability Organization Fee	3.0	3.0	-	-
Wide-area Network Fees	0.6	0.6	-	-
Grant Funding from Department of Energy	0.3	0.2	(0.1)	(33.3)
Generation Interconnection Study Fees	0.1	0.1	-	-
Other Revenue	0.1	0.1	-	-
Sales Tax Refund - Facility Construction Funding	1.3	1.3	-	-
2010 Carry Forward	14.4	17.8	3.4	23.6
Subtotal - Revenue	48.6	53.2	4.6	9.5
Expense				
Salary & Benefits	17.2	17.7	(0.5)	(2.9)
Facility & Equipment Costs	3.4	2.9	0.5	14.7
Hardware/Software Maintenance & Licenses	2.2	2.3	(0.1)	(4.5)
Outside Services	2.0	2.1	(0.1)	(5.0)
Other	4.1	4.0	0.1	2.4
Principal Repayment	6.6	6.6	-	-
Revenue-Funded Project Expenditures (40%)	6.1	5.8	0.3	4.9
Interest Payments	1.1	1.1	-	-
Subtotal - Expense	42.7	42.5	0.2	0.5
Excess/(Deficit) of Revenue Over Expense	\$ 5.9	\$ 10.7	\$ 4.8	(81.4)

Financial Summary - Year End Forecast

(\$ in Millions)

	End of Year		Variance	
	Budget	Forecast	\$	%
Revenue				
System Administration Fee	\$ 129.5	\$ 129.5	\$ -	-
NERC Electric Reliability Organization Fee	12.0	12.0	-	-
Wide-area Network Fees	2.2	2.2	-	-
Grant Funding from Department of Energy	1.2	1.2	-	-
Generation Interconnection Study Fees	0.3	0.3	-	-
Other Revenue	0.4	0.4	-	-
Sales Tax Refund - Facility Construction Funding	5.0	5.0	-	-
2010 Carry forward	14.4	17.8	3.4	23.6
Subtotal - Revenue	165.0	168.4	3.4	2.1
Expense				
Salary & Benefits	70.3	70.3	-	-
Facility & Equipment Costs	13.5	13.6	(0.1)	(0.7)
Hardware/Software Maintenance & Licenses	9.9	10.0	(0.1)	(0.7)
Outside Services	8.2	7.1	1.1	13.4
Other	16.6	16.8	(0.2)	(1.2)
Principal Repayment	26.2	26.2	-	-
Revenue-Funded Project Expenditures (40%)	16.8	13.3	3.5	20.8
Interest Payments	3.5	3.5	-	-
Subtotal - Expense	165.0	160.8	4.2	2.5
Excess/(Deficit) of Revenue Over Expense	\$ -	\$ 7.6	\$ 7.6	100.0

Project Expenditures - Life To Date

(\$ in Millions)

	Budget	Actual	Variance	
			\$	%
Nodal Post Go-Live	\$ 9.2	\$ 7.7	\$ 1.5	16.3
Data Center	31.1	29.7	1.4	4.5
Settlement System Upgrade	0.4	0.3	0.1	25.0
Data Research & Reporting	3.4	2.9	0.5	14.7
MarkeTrak Enhancements	-	-	-	n/a
Texas Standard Electronic Transaction (SET) 4.0	-	-	-	n/a
Information Lifecycle Management	0.9	0.4	0.5	55.6
Minor Capital	0.4	-	0.4	100.0
Other Portfolio Projects	2.3	2.4	(0.1)	(4.3)
Total - Project Expenditures	\$ 47.7	\$ 43.4	\$ 4.3	9.0

Project Expenditures – Estimate at Completion

(\$ in Millions)

	Estimate at		Variance	
	Budget	Completion	\$	%
Nodal Post Go-Live	\$ 25.2	\$ 25.5	\$ (0.3)	(1.2)
Data Center	44.7	41.3	3.4	7.6
Settlement System Upgrade	5.6	5.8	(0.2)	(3.6)
Data Research & Reporting	4.1	3.6	0.5	12.2
MarkeTrak Enhancements	2.4	2.4	-	-
Texas Standard Electronic Transaction (SET) 4.0	1.8	1.8	-	-
Information Lifecycle Management	2.8	2.6	0.2	7.1
Minor Capital	1.0	1.0	-	-
Other Portfolio Projects	3.7	3.7	-	-
Total - Project Expenditures	\$ 91.3	\$ 87.7	\$ 3.7	4.1

Financial Statements - Statements of Financial Position as of March 31, 2011 and 2010 (\$ in Thousands)

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 37,392	\$ 32,281
Accounts receivable	8,135	4,034
Unbilled revenue	8,478	11,083
Restricted cash	259,017	127,115
Prepaid expenses and other current assets	11,599	10,718
Total current assets	324,621	185,231
Property and equipment, net	438,735	122,086
Systems under development	9,238	329,432
Debt issuance cost	432	602
Total assets	<u>\$ 773,026</u>	<u>\$ 637,351</u>
Liabilities and Unrestricted Net Assets		
Current liabilities:		
Accounts payable	1,615	3,149
Accrued liabilities	21,144	23,347
Deferred revenue	3,229	2,526
Market settlement liabilities	75,684	79,754
Security deposits	259,017	127,115
Regulatory liabilities, current portion	-	244
Notes payable, current portion	170,470	113,970
Total current liabilities	531,159	350,105
Notes payable	111,737	196,208
Derivative liability	8,214	13,069
Regulatory liabilities	89,370	54,841
Other long term liabilities	322	2,311
Total liabilities	740,802	616,534
Unrestricted net assets	32,224	20,817
Total liabilities and unrestricted net assets	<u>\$ 773,026</u>	<u>\$ 637,351</u>

Financial Statements - Statements of Activities as of March 31, 2011 and 2010 (\$ in Thousands)

	2011	2010
Operating revenues		
System administration fees	\$ 30,083	\$ 29,959
Nodal implementation surcharge	27,109	26,935
Reliability organization pass-through	2,994	2,000
Membership fees and other	860	869
Total operating revenue	61,046	59,763
Operating expenses		
Salaries and related benefits	17,656	13,580
Depreciation	8,582	6,327
Facility and equipment costs	2,417	1,946
Consulting and legal services	2,163	3,122
Administrative and other	4,615	2,153
Hardware and software maintenance and licensing	2,689	2,252
Amortization of regulatory asset	27,109	26,935
Total operating expenses	65,231	56,315
Income (expense) from operations	(4,185)	3,448
Other income (expense)		
Interest income	1	1
Interest expense	(1,092)	(534)
Change in valuation of interest rate swap	1,618	(336)
Non-operating income	4	3,244
Change in unrestricted net assets before deferred pension costs	(3,654)	5,823
Deferred pension costs	5	4
Change in unrestricted net assets	(3,649)	5,827
Unrestricted net assets, beginning of year	35,873	14,990
Unrestricted net assets, end of period	\$ 32,224	\$ 20,817

Financial Statements – Statements of Cash Flows for the month ended March 31, 2011 and 2010 (\$ in Thousands)

	2011	2010
Cash flows from operating activities:		
Change in unrestricted net assets	\$ (3,649)	\$ 5,827
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	8,582	6,327
Amortization of debt issuance costs	35	49
Change in valuation of interest rate swap	(1,618)	336
Net losses on disposition or impairment of capital assets	-	2
Changes in operating assets and liabilities:		
Accounts receivable	1,209	4,775
Unbilled revenue	637	(4,493)
Prepaid expenses and other assets	2,383	2,322
Other long-term liabilities	(1)	585
Accounts payable	(2,659)	(2,675)
Accrued liabilities	580	3,439
Deferred revenue	(73)	(1,744)
Regulatory liabilities	19,719	20,080
Net cash provided by operating activities	25,145	34,830
Cash flows from investing activities:		
Capital expenditures for property and equipment and systems under development	(13,170)	(27,420)
Proceeds from sale of property and equipment	4	6
Net cash used in investing activities	(13,166)	(27,414)
Cash flows from financing activities:		
Repayment of notes payable	(54,000)	(54,500)
(Increase) decrease in restricted cash	(3,419)	5,216
Increase in market settlement liabilities	9,857	550
Increase (decrease) in security deposits	3,419	(5,216)
Net cash used in financing activities	(44,143)	(53,950)
Net change in cash and cash equivalents	(32,164)	(46,534)
Cash and cash equivalents, beginning of year	69,556	78,815
Cash and cash equivalents, end of period	\$ 37,392	\$ 32,281