



# Tab 5: Financial Summary

H.B. "Trip" Doggett  
President and Chief Executive Officer

Board of Directors Meeting  
ERCOT Public  
September 18, 2012

# Financial Performance - As of August 31, 2012

(\$ in Millions)

## YTD BUDGET VS. ACTUAL PERFORMANCE: \$5.2 MILLION FAVORABLE

### REVENUES

\$5.1 Million favorable 2011 carry forward  
\$0.5 Million favorable other revenues  
\$0.4 Million unfavorable system administration fees

### EXPENSES

\$3.4 Million unfavorable outside services  
\$1.7 Million favorable salary & related benefits  
\$0.7 Million favorable facility & equipment costs  
\$1.2 Million favorable hardware & software maintenance or licensing

## YEAR-END PERFORMANCE FORECAST: \$3.0 MILLION FAVORABLE

### REVENUES

\$5.1 Million favorable 2011 carry forward

### EXPENSES

\$4.6 Million unfavorable outside services  
\$2.7 Million favorable salary & related benefits  
\$0.8 Million favorable facility & equipment costs

# Financial Summary - As of August 31, 2012

(\$ in Millions)

	Year to Date				End of Year			
	Budget	Actual	Variance		Budget	Forecast	Variance	
			\$	%			\$	%
<b>Operating revenues</b>								
System administration fees	\$ 94.1	\$ 93.7	\$ (0.4)	(0.4)	\$ 137.7	\$ 137.7	\$ -	-
Reliability organization pass-through	8.7	8.7	-	-	13.1	13.1	-	-
Membership fees and other	2.5	3.0	0.5	20.0	3.6	3.6	-	-
2011 carry forward	13.7	18.8	5.1	37.2	13.7	18.8	5.1	37.2
<b>Total - Operating revenues</b>	<b>119.0</b>	<b>124.2</b>	<b>5.2</b>	<b>4.4</b>	<b>168.1</b>	<b>173.2</b>	<b>5.1</b>	<b>3.0</b>
<b>Operating expenses (excluding depreciation)</b>								
Salaries and related benefits	49.5	47.8	1.7	3.4	74.4	71.7	2.7	3.6
Facility and equipment costs	9.0	8.3	0.7	7.8	13.3	12.5	0.8	6.0
Hardware and software maintenance and licensing	13.4	12.2	1.2	9.0	20.1	19.8	0.3	1.5
Outside services	4.7	8.1	(3.4)	(72.3)	7.0	11.6	(4.6)	(65.7)
Reliability organization assessment	8.7	8.7	-	-	13.1	13.1	-	-
Other	3.3	3.6	(0.3)	(9.1)	5.0	5.4	(0.4)	(8.0)
<b>Subtotal - Operating expenses</b>	<b>88.6</b>	<b>88.7</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>132.9</b>	<b>134.1</b>	<b>(1.2)</b>	<b>(0.9)</b>
Revenue-funded project expenditures (40%)	4.7	4.4	0.3	6.4	6.0	6.4	(0.4)	(6.7)
Principal repayment	17.5	17.5	-	-	26.2	26.2	-	-
Interest expense	2.0	2.2	(0.2)	(10.0)	3.0	3.5	(0.5)	(16.7)
<b>Total - Expenses</b>	<b>112.8</b>	<b>112.8</b>	<b>0.0</b>	<b>0.0</b>	<b>168.1</b>	<b>170.2</b>	<b>(2.1)</b>	<b>(1.2)</b>
<b>Excess/(Deficit) of revenues over expenses</b>	<b>\$ 6.2</b>	<b>\$ 11.4</b>	<b>\$ 5.2</b>	<b>83.9</b>	<b>\$ -</b>	<b>\$ 3.0</b>	<b>\$ 3.0</b>	<b>n/a</b>

# Project Expenditures - As of August 31, 2012

(\$ in Millions)

Cost Summary	Life to Date				Estimate at Completion			
	Budget	Actual	Variance		Budget	Forecast	Variance	
			\$	%			\$	%
Data Center	44.7	43.9	0.8	1.8	44.7	43.9	0.8	1.8
Settlement System Upgrade	2.4	2.0	0.4	16.7	6.8	6.8	-	-
Energy Management System (EMS) Upgrade	-	-	-	n/a	5.0	5.0	-	-
Information Lifecycle Management	1.1	1.1	-	-	2.0	2.0	-	-
Texas Standard Electronic Transaction (SET) 4.0	1.8	1.8	-	-	1.8	1.8	-	-
Oracle 11G Upgrade	0.8	0.5	0.3	37.5	1.4	1.4	-	-
SCR760 Info Model Manager & Topology Processor	0.6	0.5	0.1	16.7	1.1	1.1	-	-
Content Management System (CMS) and Market Information Repository (MIR) Replacement	0.1	0.1	-	-	1.0	1.0	-	-
Security Admin Gateway Environment (SAGE)	0.8	0.6	0.2	25.0	0.9	0.8	0.1	11.1
Congestion Revenue Rights (CRR) Upgrade	0.3	0.2	0.1	33.3	0.8	0.7	0.1	12.5
NPRR351-Security Constrained Economic Dispatch (SCED)	0.7	0.5	0.2	28.6	0.7	0.5	0.2	28.6
Look Ahead Step 1: Indicative Pricing								
NPRR347/NPRR400 Implementation	0.5	0.5	-	-	0.7	0.7	-	-
Minor Capital	0.8	0.8	-	-	0.9	1.3	(0.4)	(44.4)
Capital Efficiencies & Enhancements	0.7	0.7	-	-	0.8	0.8	-	-
MarkeTrak	0.7	0.7	-	-	0.7	0.7	-	-
Taylor Facilities Upgrade	0.7	0.6	0.1	14.3	0.7	0.6	0.1	14.3
Siebel Upgrade	-	-	-	n/a	0.7	0.7	-	-
Other Portfolio Projects	4.8	4.6	0.2	4.2	7.5	7.1	0.4	5.3
<b>Total - Portfolio Projects</b>	<b>\$ 61.5</b>	<b>\$ 59.1</b>	<b>\$ 2.4</b>	<b>3.9</b>	<b>\$ 78.2</b>	<b>\$ 76.9</b>	<b>\$ 1.3</b>	<b>1.7</b>

# Projected Recovery of Nodal Program Implementation Costs- As of August 31, 2012

	Date	Beginning balance to be recovered	Plus interest expense	Plus post-go- live expenditures	Less Nodal Surcharge revenue	Ending balance to be recovered
Actual	Dec-10	\$ 222,687,389	\$ 776,229	2,085,624	9,111,585	\$ 216,437,657
	Jan-11	216,437,657	738,017	1,710,249	9,845,438	209,040,485
	Feb-11	209,040,485	684,826	1,740,796	8,771,033	202,695,073
	Mar-11	202,695,073	747,105	2,061,294	8,492,640	197,010,832
	Apr-11	197,010,832	738,504	2,054,351	9,230,014	190,573,673
	May-11	190,573,673	696,642	1,926,982	10,344,582	182,852,714
	Jun-11	182,852,714	660,668	1,981,484	12,681,198	172,813,668
	Jul-11	172,813,668	654,901	1,460,068	13,634,182	161,294,454
	Aug-11	161,294,454	626,277	1,805,128	14,360,179	149,365,680
	Sep-11	149,365,680	590,179	1,602,984	11,239,524	140,319,320
	Oct-11	140,319,320	544,675	1,774,343	9,259,520	133,378,817
	Nov-11	133,378,817	452,180	1,927,172	8,271,182	127,486,988
	Dec-11	127,486,988	420,326	1,692,268	9,540,002	120,059,580
	Jan-12	120,059,580	437,624	7,691	9,041,185	111,463,709
	Feb-12	111,463,709	389,718	-	8,370,276	103,483,151
	Mar-12	103,483,151	391,468	-	8,749,187	95,125,432
	Apr-12	95,125,432	348,162	-	9,163,566	86,310,027
	May-12	86,310,027	310,762	-	10,868,487	75,752,303
Estimated	Jun-12	75,752,303	221,579	-	12,099,704	63,874,178
	Jul-12	63,874,178	238,986	-	12,715,307	51,397,857
	Aug-12	51,397,857	188,086	-	13,290,575	38,295,369
	Sep-12	38,295,369	191,529	-	11,451,044	27,035,854
	Oct-12	27,035,854	139,507	-	9,538,870	17,636,490
	Nov-12	17,636,490	95,392	-	8,621,835	9,110,047
	Dec-12	9,110,047	57,114	-	9,167,161	0
	Jan-13	0	-	-	-	0
	Feb-13	0	-	-	-	0
	Total	na	\$ 11,340,454	\$ 23,830,430	\$ 257,858,273	na

## Notes:

1. Beginning balance to be recovered is computed as \$509.4 million less \$247.0 million nodal surcharge revenue during implementation and \$39.7 million collected through the system administration fee for "interdependent projects".
2. Total Nodal Program implementation cost is assumed as \$544.5 million (\$509.4 million incurred by the go-live date + \$11.3 million interest after the go-live date + \$23.8 million in post-go-live project costs).
3. Full recovery of Nodal Program implementation costs (including post go-live expenditures and finance charges) is expected on December 29, 2012.