



Item 5.1: Review 2022 Financial Summary

Sean Taylor

Vice President and Chief Financial Officer

Finance and Audit Committee Meeting

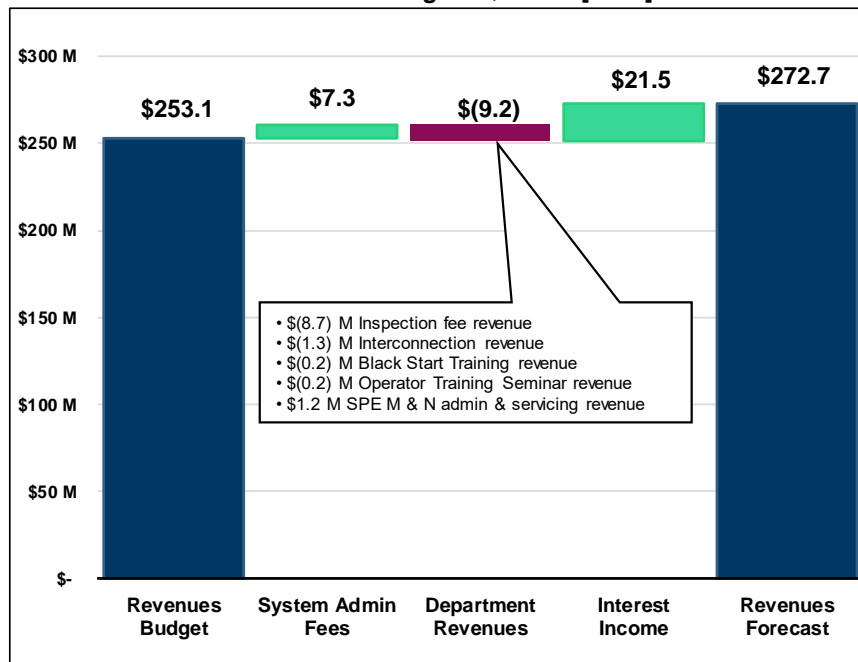
ERCOT Public

October 18, 2022

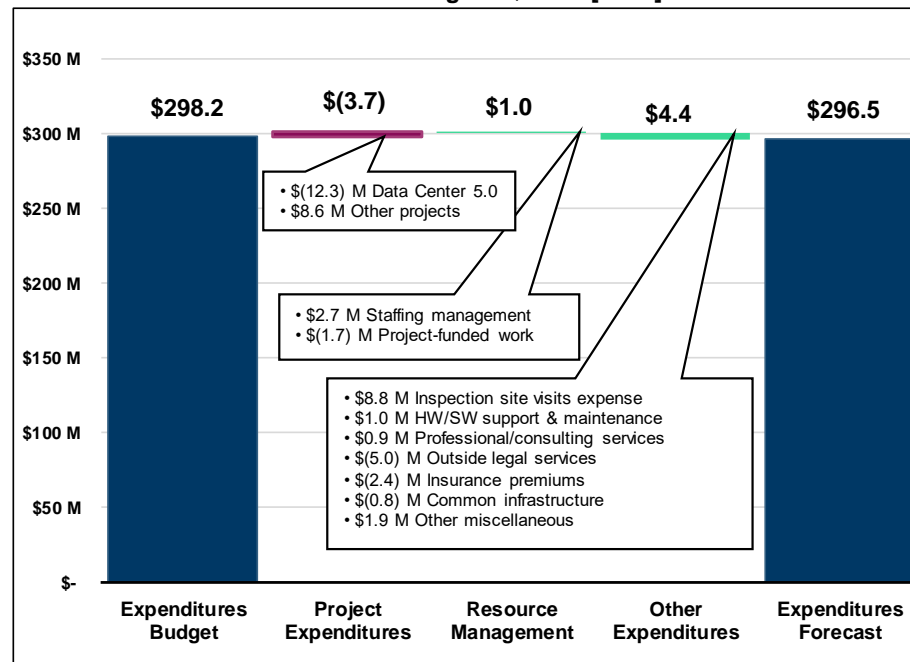
Review 2022 Financial Summary: 2022 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$21.3 M

**Revenues Year-End Forecast
Variance to Budget = \$19.6 M [7.7%]**



**Expenditures Year-End Forecast
Variance to Budget = \$1.7 M [0.6%]**

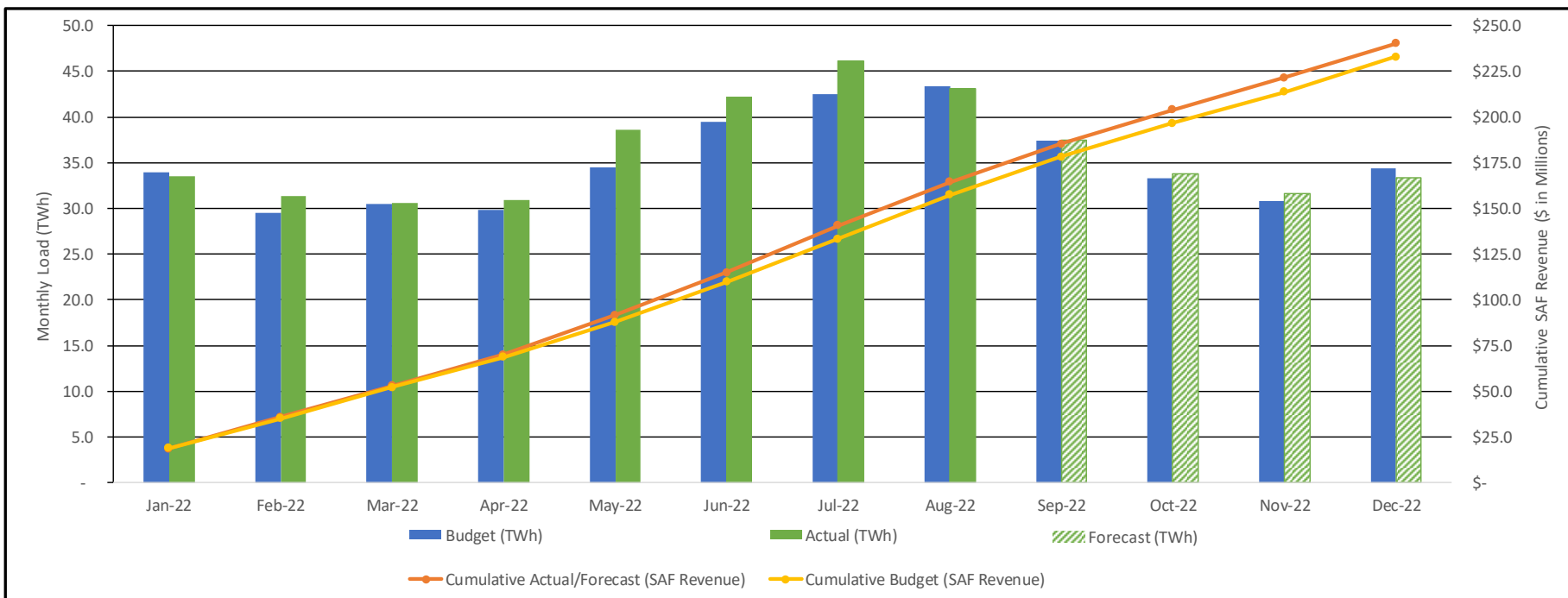


Charts may not foot due to rounding



Review 2022 Financial Summary:

2022 Budget versus Actual/Forecast: Monthly TWh Load and Cumulative System Administration Fee (SAF) Revenue



Load (TWh):	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
Budget	34.0	29.5	30.5	29.9	34.5	39.4	42.5	43.4	37.4	33.3	30.8	34.4	419.6
Actual/Forecast	33.5	31.4	30.6	30.9	38.6	42.1	46.1	43.1	37.5	33.8	31.7	33.4	432.7
Variance	(0.5)	1.9	0.0	1.0	4.1	2.7	3.7	(0.3)	0.1	0.4	0.9	(1.0)	13.1
Variance (%)	-1.3%	6.5%	0.1%	3.4%	12.0%	6.9%	8.7%	-0.8%	0.2%	1.3%	2.9%	-3.0%	3.1%

SAF Revenue (\$ in Millions):	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
Cumulative Budget	\$ 18.9	\$ 35.2	\$ 52.2	\$ 68.8	\$ 87.9	\$ 109.8	\$ 133.4	\$ 157.4	\$ 178.2	\$ 196.7	\$ 213.8	\$ 232.9	\$ 232.9
Cumulative Actual/Forecast	\$ 18.6	\$ 36.0	\$ 53.0	\$ 70.2	\$ 91.6	\$ 115.0	\$ 140.6	\$ 164.5	\$ 185.3	\$ 204.1	\$ 221.6	\$ 240.2	\$ 240.2
Cumulative Variance	\$ (0.3)	\$ 0.8	\$ 0.8	\$ 1.4	\$ 3.7	\$ 5.2	\$ 7.2	\$ 7.1	\$ 7.1	\$ 7.3	\$ 7.8	\$ 7.3	\$ 7.3
Cumulative Variance (%)	-1.3%	2.3%	1.6%	2.0%	4.2%	4.7%	5.4%	4.5%	4.0%	3.7%	3.7%	3.1%	3.1%



Review 2022 Financial Summary: ERCOT Statements of Financial Position

As of August 31, 2022 and 2021 (\$ in Millions)

	<u>2022</u>	<u>2021</u>
Assets		
Unrestricted cash	\$ 1,686.7	\$ 435.5
Restricted cash	1,664.1	763.9
Other current assets	49.1	45.6
Long-term investment in subsidiary	14.6	-
Other long-term assets	159.8	152.4
Total assets	<u>\$ 3,574.3</u>	<u>\$ 1,397.4</u>
Liabilities and Net Assets		
CRR auction liabilities-current	\$ 944.4	\$ 629.6
CRR auction liabilities-long term	780.6	453.3
Other market liabilities	191.7	91.4
Use of CRR for market liquidity	(224.9)	(762.5)
Total market settlement liabilities	<u>1,691.8</u>	<u>411.8</u>
Security deposits	1,664.1	763.9
Other current liabilities	33.7	40.8
Other long-term liabilities	37.6	41.4
Net assets without donor restrictions	147.1	139.5
Total liabilities and net assets	<u>\$ 3,574.3</u>	<u>\$ 1,397.4</u>

Note: Unrestricted cash and Other current liabilities include \$0.9M Subchapter N invoice-related amounts not yet transferred to SPE N.



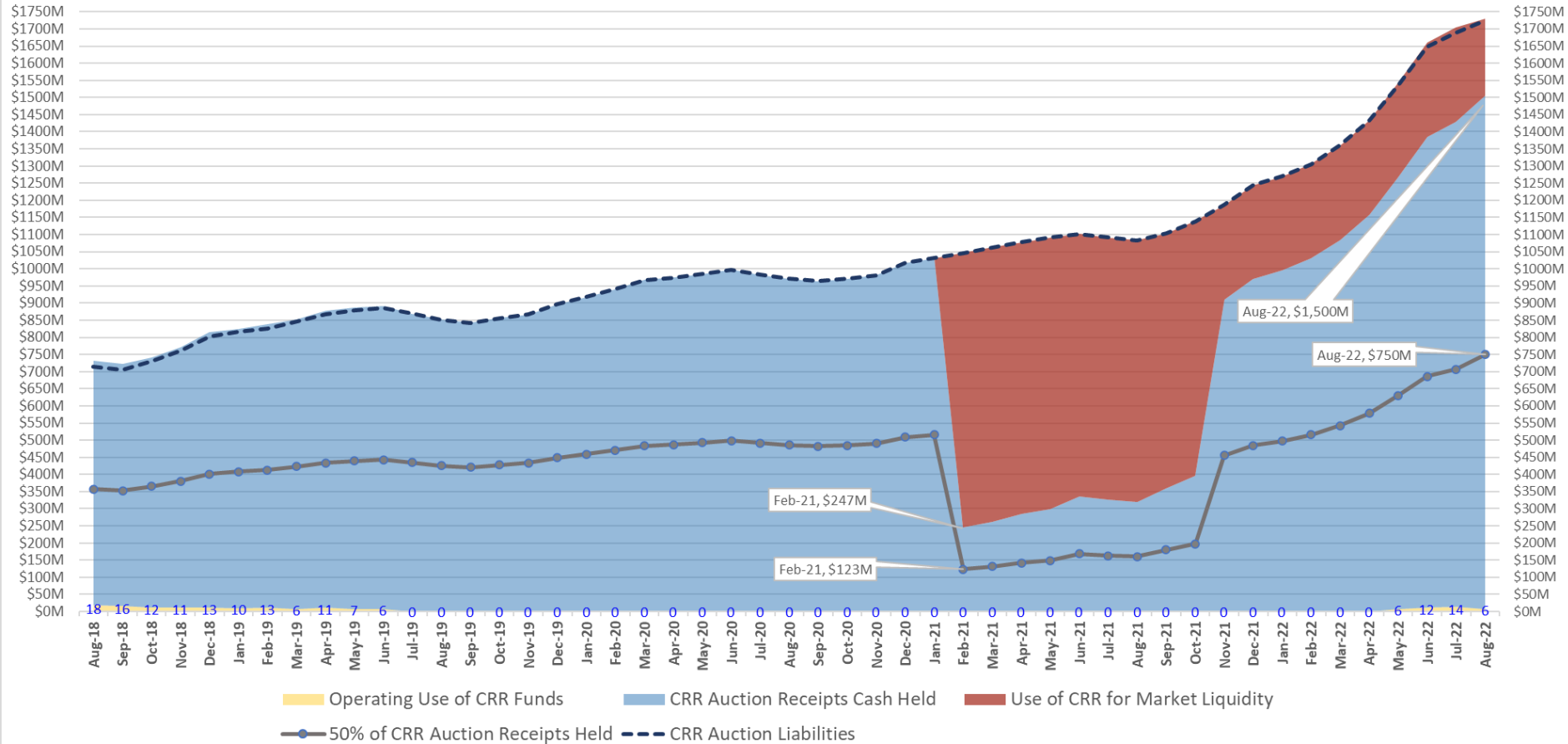
Review 2022 Financial Summary: ERCOT Statements of Activities and Net Assets

For the Eight Months Ended August 31, 2022 and 2021 (\$ in Millions)

	2022	2021
Operating revenues	\$ 171.9	\$ 154.0
Operating expenses	161.7	149.0
Income from operations	10.2	5.0
Other income (expense)	6.4	(0.6)
Change in net assets without donor restrictions	16.6	4.4
Net assets without donor restrictions, beginning of year	130.5	135.1
Net assets without donor restrictions, end of period	\$ 147.1	\$ 139.5

Review 2022 Financial Summary: Use of CRR Funds: Actual vs Limits

Use of CRR Funds: Actual vs Limits



As of August 2022, Operating Use of CRR Funds is approximately \$6M.



Review 2022 Financial Summary:

Appendices

Electric Reliability Council of Texas, Inc. 2022 Financial Summary As of October 6, 2022 (\$ in Millions)						Year-to-Date (August 31)					Year End (December 31)				
						2021		2022			2021		2022		
Line	Actual	Budget	Actual	Variance		Actual	Budget	Forecast	Variance						
				\$	%				\$	%					
1	\$ 147.5	\$ 157.4	\$ 164.5	\$ 7.1	4.5	\$ 218.3	\$ 232.9	\$ 240.2	\$ 7.3	3.1					
2	Department Net Expenditures														
3	55.6	62.6	60.5	2.1	3.4	84.6	93.9	91.5	2.4	2.6					
4	26.8	37.0	35.8	1.2	3.3	44.2	54.9	53.9	0.9	1.7					
5	14.2	15.9	15.4	0.5	3.2	21.4	23.9	23.3	0.6	2.3					
6	10.9	11.4	10.7	0.6	5.6	16.5	16.6	16.2	0.5	2.8					
7	7.3	5.6	6.3	(0.7)	(12.7)	11.3	9.6	11.6	(2.1)	(21.5)					
8	5.5	6.1	9.8	(3.8)	(61.8)	12.6	9.0	13.5	(4.5)	(50.1)					
9	4.6	5.5	4.5	0.9	17.3	6.7	8.1	7.3	0.8	10.2					
10	1.4	1.5	1.2	0.3	21.4	2.2	2.7	2.9	(0.3)	(9.7)					
11	(7.1)	(8.9)	(7.6)	(1.4)	(15.2)	(10.6)	(13.4)	(11.4)	(2.0)	(15.0)					
12	119.2	136.7	136.7	(0.1)	(0.0)	188.9	205.3	208.9	(3.6)	(1.8)					
13	28.3	20.8	27.8	7.0	33.7	29.4	27.6	31.2	3.6	13.1					
14															
15	22.8	37.3	20.2	17.1	45.8	30.8	56.0	59.7	(3.7)	(6.6)					
16	1.2	15.2	15.4	(0.2)	(1.2)	4.8	15.2	15.4	(0.2)	(1.2)					
17	0.8	0.8	0.8	(0.0)	(1.3)	1.3	1.4	1.4	0.1	4.5					
18	0.2	0.0	7.3	7.3	>100.0	0.2	0.0	21.5	21.5	>100.0					
19															
20	\$ 3.7	\$ (32.6)	\$ (1.4)	\$ 31.2	95.7	\$ (7.2)	\$ (45.0)	\$ (23.7)	\$ 21.3	47.4					
Note: Schedule may not foot due to rounding															

Electric Reliability Council of Texas, Inc. 2022 Financial Summary Variance Explanations As of October 6, 2022		
Line	Year-to-Date (August 31)	Year End (December 31)
1 System Administration Revenue	+\$4.7 M - Economy +\$2.4 M - Weather	+\$7.3 M - Based on current actuals and load forecast for remainder of year
3 Chief Information Office	+\$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.9 M - HW/SW support and maintenance renewals +\$0.2 M - Professional services +\$0.3 M - HW/SW vendor support services [Resource Management - Project Work] +\$0.3 M - Employee training and business travel -\$0.8 M - Common infrastructure purchases <u>Timing Differences</u> +\$0.4 M - Contingent labor [Resource Management-Staffing Management] +\$0.3 M - WAN costs +\$0.2 M - HW/SW support and maintenance renewals +\$0.1 M - HW/SW vendor support services [Resource Management-Project Work] +\$0.1 M - Rentals and leases -\$0.3 M - WAN revenues -\$0.1 M - Common infrastructure purchases	+\$1.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.9 M - HW/SW support and maintenance renewals +\$0.3 M - Professional services +\$0.3 M - HW/SW vendor support services [Resource Management - Project Work] +\$0.2 M - Employee training and business travel -\$0.8 M - Common infrastructure purchases
4 Chief Administrative Office	+\$0.6 M - SPE M & N administration & servicing revenues +\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.6 M - Professional services +\$0.5 M - Office rent +\$0.2 M - Minor capital purchases +\$0.3 M - Property tax +\$0.1 M - Employee training and business travel +\$0.1 M - HW/SW support and maintenance -\$2.4 M - Insurance premiums -\$0.2 M - Contingent labor [Resource Management - Staffing Management] <u>Timing Differences</u> +\$0.4 M - Professional services +\$0.4 M - Equipment and maintenance +\$0.3 M - Minor capital purchases -\$0.5 M - Insurance premiums +\$0.1 M - Other miscellaneous	+\$1.2 M - SPE M & N administration & servicing revenues +\$0.7 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.6 M - Professional services +\$0.5 M - Office rent +\$0.4 M - Minor capital purchases +\$0.3 M - Property tax +\$0.1 M - Employee training and business travel +\$0.1 M - HW/SW support and maintenance -\$2.4 M - Insurance premiums -\$0.5 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - Equipment and maintenance

Electric Reliability Council of Texas, Inc. 2022 Financial Summary Variance Explanations As of October 6, 2022		
Line	Year-to-Date (August 31)	Year End (December 31)
5 System Operations	+\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Employee training and business travel +\$0.1 M - Data service subscriptions +\$0.1 M - Black Start Training expense +\$0.1 M - Operator Training Seminar expense +\$0.1 M - Consulting services -\$0.2 M - Research/studies -\$0.2 M - Black Start Training revenue -\$0.2 M - Operator Training Seminar revenue <u>Timing Differences</u> +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Consulting services -\$0.1 M - Other miscellaneous	+\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.3 M - Employee training and business travel +\$0.2 M - Data service subscriptions +\$0.1 M - Black Start Training expense +\$0.1 M - Operator Training Seminar expense +\$0.1 M - Consulting services -\$0.2 M - Research/studies -\$0.2 M - Black Start Training revenue -\$0.2 M - Operator Training Seminar revenue +\$0.1 M - Other miscellaneous
6 Commercial Operations	+\$0.6 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.1 M - Professional services -\$0.1 M - Data service subscriptions -\$0.1 M - Contingent labor [Resource Management - Staffing Management] -\$0.1 M - Consulting services +\$0.1 M - Other miscellaneous <u>Timing Differences</u> +\$0.1 M - Employee training and business travel	+\$0.8 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] +\$0.2 M - Professional services -\$0.2 M - Data service subscriptions -\$0.2 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Consulting services +\$0.1 M - Other miscellaneous
7 System Planning & Weatherization	-\$6.5 M - Inspection fee revenue -\$0.5 M - Interconnection revenue -\$0.4 M - Contingent labor [Resource Management - Staffing Management] +\$6.5 M - Inspection site visits expense +\$0.1 M - Consulting services <u>Timing Differences</u> +\$0.1 M - Research/studies	-\$8.7 M - Inspection fee revenue -\$1.3 M - Interconnection revenue -\$0.7 M - Contingent labor [Resource Management - Staffing Management] -\$0.2 M - Employee training and business travel +\$8.8 M - Inspection site visits expense +\$0.1 M - Consulting services -\$0.1 M - Other miscellaneous
8 General Counsel	-\$4.2 M - Outside legal services +\$0.2 M - Board member expense +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$5.0 M - Outside legal services +\$0.3 M - Board member expense +\$0.2 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]
9 External Affairs & Corporate Communications	+\$0.5 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.1 M - Professional services +\$0.1 M - Other miscellaneous <u>Timing Differences</u> +\$0.3 M - Professional services +\$0.1 M - Contingent labor [Resource Management - Staffing Management]	+\$0.9 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management] -\$0.2 M - Professional services +\$0.1 M - Other miscellaneous
10 Chief Executive Office	<u>Timing Differences</u> +\$0.3 M - Higher-than-budgeted vacancy [Resource Management - Staffing Management]	-\$0.3 M - Lower-than-budgeted vacancy [Resource Management - Staffing Management]
11 Project Funded Labor	-\$1.4 M - Multiple projects [Resource Management - Project-Funded Work]	-\$2.0 M - Multiple projects [Resource Management - Project-Funded Work]
15 Project Expenditures	+\$17.1 M - Multiple projects	-\$12.3 M - Data Center 5.0 program +\$8.6 M - Multiple projects
16 Met Center Replacement	-\$0.2 M - Acceleration of building purchase	-\$0.2 M - Acceleration of building purchase
17 Interest Expense	+\$0.3 M - Revolver -\$0.3 M - Capitalized interest	+\$0.5 M - Revolver -\$0.4 M - Capitalized interest
18 Interest Income	+\$7.3 M - Higher interest rate	+\$21.5 M - Higher interest rate

Electric Reliability Council of Texas, Inc.
Project Expenditures Summary
(\$ in Millions)

Line	Project	Year to Date As of August 31, 2022		Year End (YE) As of October 6, 2022		Life to Date As of August 31, 2022		Estimate at Completion (EAC) As of October 6, 2022			
		Actual	% of YE Forecast	YE Forecast	% of All Included Projects	Actual	% of EAC Forecast	EAC Forecast	% of All Included Projects	Budget	Variance
1	Data Center 5.0 (DC5) Program	\$ 9.0	24%	\$ 37.9	63%	\$ 15.4	24%	\$ 62.8	41%	\$ 64.8	\$ 2.0
2	Energy Management System (EMS) Upgrade 2024	2.7	58%	4.6	8%	12.2	63%	19.6	13%	20.0	0.4
3	Resource Asset Registration Form (RARF) Replacement (RIOO)	1.5	65%	2.3	4%	13.4	94%	14.3	9%	14.3	(0.0)
4	Enterprise Content Alignment Program (ECAP)	0.8	61%	1.3	2%	7.0	93%	7.6	5%	8.1	0.5
5	Grid Geospatial (Grid Geo) Program	0.3	82%	0.3	1%	4.8	83%	5.8	4%	5.8	(0.0)
6	Delivery Tool Chain Modernization	0.3	100%	0.3	0%	3.3	100%	3.3	2%	3.4	0.1
7	NPRR863 Fast Frequency Response (FFR) Advancement	0.6	60%	1.0	2%	2.7	87%	3.1	2%	3.2	0.1
8	Microsoft SharePoint Migration	0.0	5%	0.6	1%	0.0	1%	2.4	2%	2.4	0.0
9	Treasury Management Risk Mitigation	0.1	25%	0.2	0%	0.1	3%	2.3	1%	2.3	0.0
10	Network Model Management System (NMMS) Tech Health	1.3	59%	2.2	4%	1.8	79%	2.2	1%	2.2	0.0
11	Total Projects with EAC Budget Over \$2.0M	16.5	32%	50.7	85%	60.7	49%	123.3	80%	126.5	3.1
12	Other Projects	3.8	42%	9.0	15%	13.4	43%	31.0	20%	36.2	5.2
13	Total Project Expenditures	\$ 20.2	34%	\$ 59.7	100%	\$ 74.2	48%	\$ 154.3	100%	\$ 162.7	\$ 8.4

Note: Schedule may not foot due to rounding

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**Statements of Financial Position****As of August 31, 2022 and 2021**

(Dollars in Thousands)

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,686,703	\$ 435,462
Accounts receivable	6,820	4,562
Unbilled revenue	4,840	3,709
Restricted cash and cash equivalents	1,664,093	763,864
Prepaid expenses and other current assets	37,430	37,365
Total current assets	3,399,886	1,244,962
Long-term investments	14,579	-
Property and equipment, net	109,272	111,322
Systems under development	49,735	40,291
Other long term assets	873	834
Total assets	\$ 3,574,345	\$ 1,397,409
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 9,724	\$ 9,393
Accrued liabilities	19,889	14,999
Finance lease liabilities current	-	12,370
Deferred revenue	103	100
Market settlement liabilities	911,227	(41,498)
Security deposits	1,664,093	763,864
Debt payable, current portion	4,000	4,000
Total current liabilities	2,609,036	763,228
Long-term liabilities:		
Debt payable, less current portion:		
Principal	37,000	41,000
Less unamortized debt issuance costs	144	161
Debt payable less current portion and unamortized debt issuance costs	36,856	40,839
Long-term CRR liabilities	780,586	453,347
Other long-term liabilities	741	525
Total long-term liabilities	818,183	494,711
Total liabilities	3,427,219	1,257,939
Net assets without donor restrictions	147,126	139,470
Total liabilities and net assets	\$ 3,574,345	\$ 1,397,409

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Activities and Net Assets
For the Eight Months Ended August 31, 2022 and 2021
(Dollars in Thousands)

	2022	2021
Operating revenues		
System administration fees	\$ 164,508	\$ 147,493
Other services revenue	7,375	6,504
Total operating revenues	<u>171,883</u>	<u>153,997</u>
Operating expenses		
Salaries and related benefits	86,851	83,869
Facility and equipment costs	6,367	7,106
Outside services	16,084	12,231
Hardware and software maintenance and licensing	23,631	21,118
Depreciation	16,376	18,635
Other	12,368	6,047
Total operating expenses	<u>161,677</u>	<u>149,006</u>
Income from operations	10,206	4,991
Other income (expense)		
Investment return, net	7,280	181
Interest expense	(835)	(827)
Non-operating income	-	1
Change in net assets without donor restrictions	<u>16,651</u>	<u>4,346</u>
Net assets without donor restrictions, beginning of year	<u>130,475</u>	<u>135,124</u>
Net assets without donor restrictions, end of period	<u>\$ 147,126</u>	<u>\$ 139,470</u>

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
Statements of Cash Flows
For the Eight Months Ended August 31, 2022 and 2021
(Dollars in Thousands)

	2022	2021
Operating activities:		
Change in net assets without donor restrictions	\$ 16,651	\$ 4,346
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation/amortization of assets	16,376	18,635
Amortization of debt issuance costs	12	12
Interest expense accrual on finance lease liabilities	-	2
Repayments of interest portion of finance lease liabilities	(6)	-
Amortization of bond premium	-	290
Net gain on capital assets	-	(1)
Changes in operating assets and liabilities:		
Accounts receivable	(1,757)	461
Unbilled revenue	1,111	(1,102)
Prepaid expenses and other assets	(12,056)	(10,577)
Other long-term assets	(6)	208
Other long-term liabilities	82	(72)
Accounts payable	6,692	4,271
Accrued liabilities	(5,196)	(3,078)
Deferred revenue	(969)	(860)
Security deposits	588,550	105,305
Market settlement liabilities	324,343	(730,881)
Long-term CRR liabilities	291,992	76,300
Net cash provided by (used in) operating activities	<u>1,225,819</u>	<u>(536,741)</u>
Investing activities:		
Purchase of investments	-	(27,830)
Proceeds from investments	-	130,505
Investment in subsidiary	(10,579)	-
Capital expenditures for property and equipment and systems under development	(33,119)	(19,506)
Proceeds from sale of property and equipment	-	2
Net cash (used in) provided by investing activities	<u>(43,698)</u>	<u>83,171</u>
Financing activities:		
Repayment of debt payable	(2,000)	(2,000)
Repayments of principal portion of finance lease liabilities	(135)	-
Net cash (used in) financing activities	<u>(2,135)</u>	<u>(2,000)</u>
Net increase in cash, cash equivalents, and restricted cash and cash equivalents	1,179,986	(455,570)
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,170,810	1,654,896
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 3,350,796</u>	<u>\$ 1,199,326</u>

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Financial Position
As of August 31, 2022
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M	Texas Electric Market Stabilization Funding N	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,686,703	\$ 11,728	\$ 22,919	\$ -	\$ 1,721,350
Accounts receivable	6,820	19,576	36,866	-	63,262
Unbilled revenue	4,840	-	12,000	(1,834)	15,006
Restricted cash and cash equivalents	1,664,093	17,666	2,785	-	1,684,544
Prepaid expenses and other current assets	37,430	1	-	-	37,431
Total current assets	3,399,886	48,971	74,570	(1,834)	3,521,593
Long-term investments	14,579	-	-	(14,579)	-
Property and equipment, net	109,272	-	-	-	109,272
Systems under development	49,735	-	-	-	49,735
Securitization charges receivable, non current	-	770,898	2,060,875	-	2,831,773
Other long term assets	873	-	-	-	873
Total assets	\$ 3,574,345	\$ 819,869	\$ 2,135,445	\$ (16,413)	\$ 6,513,246
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 9,724	\$ -	\$ -	\$ -	\$ 9,724
Accrued liabilities	19,889	4,507	22,175	(1,834)	44,737
Deferred revenue	103	-	-	-	103
Market settlement liabilities	911,227	-	-	-	911,227
Security deposits	1,664,093	17,666	2,785	-	1,684,544
Debt payable, current portion	4,000	19,479	35,532	-	59,011
Total current liabilities	2,609,036	41,652	60,492	(1,834)	2,709,346
Long-term liabilities:					
Debt payable, less current portion:					
Principal	37,000	776,277	2,080,168	-	2,893,445
Less unamortized discount and debt issuance costs	144	2,060	15,794	-	17,998
Debt payable less current portion and unamortized discount and debt issuance costs	36,856	774,217	2,064,374	-	2,875,447
Long-term CRR liabilities	780,586	-	-	-	780,586
Other long-term liabilities	741	-	-	-	741
Total long-term liabilities	818,183	774,217	2,064,374	-	3,656,774
Total liabilities	3,427,219	815,869	2,124,866	(1,834)	6,366,120
Net assets without donor restrictions	147,126	4,000	10,579	(14,579)	147,126
Total liabilities and net assets	\$ 3,574,345	\$ 819,869	\$ 2,135,445	\$ (16,413)	\$ 6,513,246

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Activities and Net Assets
For the Eight Months Ended August 31, 2022
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M	Texas Electric Market Stabilization Funding N	Eliminations	Consolidated
Operating revenues					
System administration fees	\$ 164,508	\$ -	\$ -	\$ -	\$ 164,508
Other services revenue	7,375	-	-	(623)	6,752
Securitization charges fees	-	16,321	22,066	-	38,387
Total operating revenues	171,883	16,321	22,066	(623)	209,647
Operating expenses					
Salaries and related benefits	86,851	-	-	-	86,851
Facility and equipment costs	6,367	-	-	-	6,367
Outside services	16,084	423	315	(623)	16,199
Hardware and software maintenance and licensing	23,631	-	-	-	23,631
Depreciation	16,376	-	-	-	16,376
Other	12,368	-	-	-	12,368
Total operating expenses	161,677	423	315	(623)	161,792
Income from operations	10,206	15,898	21,751	-	47,855
Other income (expense)					
Investment return, net	7,280	37	8	-	7,325
Interest expense	(835)	(15,935)	(21,759)	-	(38,529)
Change in net assets without donor restrictions	16,651	-	-	-	16,651
Net assets without donor restrictions, beginning of year	130,475	4,000	-	(4,000)	130,475
Equity contribution from parent company	-	-	10,579	(10,579)	-
Net assets without donor restrictions, end of period	\$ 147,126	\$ 4,000	\$ 10,579	\$ (14,579)	\$ 147,126

ELECTRIC RELIABILITY COUNCIL OF TEXAS
Consolidated Statements of Cash Flows
For the Eight Months Ended August 31, 2022
(Dollars in Thousands)

	ERCOT	Texas Electric Market Stabilization Funding M	Texas Electric Market Stabilization Funding N	Eliminations	Consolidated
Operating activities:					
Change in net assets without donor restrictions	\$ 16,651	\$ -	\$ -	\$ -	\$ 16,651
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:					
Depreciation/amortization of assets	16,376	-	-	-	16,376
Amortization of discount & debt issuance costs	12	52	184	-	248
Repayments of interest portion of finance lease liabilities	(6)	-	-	-	(6)
Changes in operating assets and liabilities:					
Accounts receivable	(1,757)	(5,664)	(36,866)	-	(44,287)
Unbilled revenue	1,111	3,264	(12,000)	1,751	(5,874)
Prepaid expenses and other assets	(12,056)	7	-	-	(12,049)
Securitization charges receivable, non current	-	13,283	(2,060,875)	-	(2,047,592)
Other long-term assets	(6)	-	-	-	(6)
Other long-term liabilities	82	-	-	-	82
Accounts payable	6,692	-	-	-	6,692
Accrued liabilities	(5,196)	1,030	21,897	(1,751)	15,980
Deferred revenue	(969)	-	-	-	(969)
Security deposits	588,550	(42,753)	2,785	-	548,582
Market settlement liabilities	324,343	-	-	-	324,343
Long-term CRR liabilities	291,992	-	-	-	291,992
Net cash provided by (used in) operating activities	<u>1,225,819</u>	<u>(30,781)</u>	<u>(2,084,875)</u>	<u>-</u>	<u>(889,837)</u>
Investing activities:					
Investment in subsidiary	(10,579)	-	-	10,579	-
Capital expenditures for property and equipment and systems under development	(33,119)	-	-	-	(33,119)
Net cash (used in) provided by investing activities	<u>(43,698)</u>	<u>-</u>	<u>-</u>	<u>10,579</u>	<u>(33,119)</u>
Financing activities:					
Proceeds from parent company investment	-	-	10,579	(10,579)	-
Proceeds from debt issuance	-	-	2,115,542	-	2,115,542
Repayment of debt payable	(2,000)	(4,244)	-	-	(6,244)
Payment of debt issuance costs	-	-	(15,542)	-	(15,542)
Repayments of principal portion of finance lease liabilities	(135)	-	-	-	(135)
Net cash (used in) provided by financing activities	<u>(2,135)</u>	<u>(4,244)</u>	<u>2,110,579</u>	<u>(10,579)</u>	<u>2,093,621</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	1,179,986	(35,025)	25,704	-	1,170,665
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year	2,170,810	64,419	-	-	2,235,229
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	<u>\$ 3,350,796</u>	<u>\$ 29,394</u>	<u>\$ 25,704</u>	<u>\$ -</u>	<u>\$ 3,405,894</u>