

Monitoring Analytics Preliminary Budget for 2010

PJM Finance Committee
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Joseph Bowring
Market Monitor



Monitoring Analytics

MA Presentation of Proposed Budget

- **Reporting requirements**
- **Preliminary 2010 budget**
 - **Compared to 2008/2009 annual budget**
- **Preliminary 2008/2009 results**
 - **Deferred balance**
 - **Summary by financial category**
- **Preliminary 2010 budget**
 - **Summary by financial category**
 - **Cash flow analysis**
 - **Head count**
- **Capital expenditures**



MA Financial Reporting Requirements

- **Attachment M**
 - **Section III.E. Budget**
 - Annual budget submittal and review process
 - **Section VII. Audit**
 - Nationally recognized auditor.



MA Financial Reporting Requirements

- **Schedule 9 - MMU**
 - **Par e) Expenses**
 - **MMU actual expenses to PJM and Finance Committee by March 15**
 - Not applicable until March 15, 2010
 - **Detail and categories consistent with PJM budget slides**
 - **Par e) Audit**
 - **Audited financial statement to PJM and Finance Committee annually.**
 - **Solely for services provided to PJM.**



MA Financial Reporting Requirements

- **MMU/PJM Loan Agreement**
 - **Section F. Financial Books; Financial Reports**
 - **To the extent required by the Settlement Agreement and the MMSA**
 - **MMU provides to PJM consolidated report of financial condition per year end**
 - **Audited and certified by nationally recognized public accountants and associated report**
 - **Within 90 days of end of fiscal year**
 - **This does not create an additional reporting obligation**



MA Financial Reporting Requirements

- **MMSA**
 - **Section 14. Budget.**
 - **References requirements of Attachment M**



MA Financial Reporting

- **MA began operation August 1, 2008**
 - **Seventeen months through YE 2009**
 - **Includes start up period**
 - **MA build out began in January 2008**
- **MA preliminary 2010 budget**
 - **Proposed 5.2 percent increase in budget**
 - **Proposed budget: \$10.1M**
 - **Current budget: \$9.6M**
 - **Actual revenues reduced by deferred balance at YE 2009**
 - **Deferred balance: \$2.2M**



2010 Projected Revenue, Expenses, and Deferred Balance

| | Preliminary Budget |
|---------------------------|--------------------|
| Revenue | \$ 10,104,249 |
| Interest income | \$ 2,400 |
| Expenses | \$ 10,106,649 |
| Revenue less Expenses | \$ - |
| Deferred Balance 12/31/10 | \$ (0) |
| | |
| Current Annual Budget | \$ 9,600,394 |
| Increase | \$ 503,855 |
| Percent | 5.2% |



2008/2009 Projected Revenue, Expenses and Deferred Balance (17 mo.)

| | |
|---------------------------|------------------|
| Revenue (Projected) | \$ 13,563,583.85 |
| Interest income | \$ 16,212.17 |
| Expenses | \$ 11,366,265.72 |
| Revenue less Expenses | \$ 2,213,530.30 |
| Deferred Balance 12/31/09 | \$ 2,213,530.23 |



Description of Financial Categories

| | |
|-------------------------------|--|
| Compensation | Salaries, Benefits, Pension, Postretirement Healthcare Benefits |
| Non-Employee Labor | Contractors, Consultants, Legal, Auditors, Duplication |
| Technology | Hardware Maintenance, Software Licenses, Hardware leases, Telecommunications, Hardware/Software Purchases & Supplies |
| Depreciation/ Interest | Depreciation and Amortization plus Interest Expense less Interest Income |
| Other | All other Expenses |
| Income Taxes | Income Tax Expense |



Summary by Financial Category: 2008/2009

| | |
|-----------------------|------------------|
| Compensation | \$ 4,100,819.10 |
| Non-employee labor | \$ 2,376,391.78 |
| Technology | \$ 1,922,018.84 |
| Depreciation/Interest | \$ 2,672,178.38 |
| Other | \$ 531,986.37 |
| Income Taxes | \$ - |
| | |
| Total | \$ 11,603,394.48 |
| | \$ 11,603,394.48 |



Summary by Financial Category: 2010

| | 2009 | 2010 | Change |
|-----------------------|-----------------|------------------|-----------------|
| Compensation | \$ 3,079,383.23 | \$ 3,703,052.11 | \$ 623,668.88 |
| Non-employee labor | \$ 1,684,456.24 | \$ 1,949,357.58 | \$ 264,901.34 |
| Technology | \$ 1,675,074.95 | \$ 2,000,211.10 | \$ 325,136.15 |
| Depreciation/Interest | \$ 1,862,338.01 | \$ 1,983,399.28 | \$ 121,061.27 |
| Other | \$ 332,783.71 | \$ 468,229.36 | \$ 135,445.65 |
| Income Taxes | \$ - | \$ - | \$ - |
| Total | \$ 8,634,036.15 | \$ 10,104,249.44 | \$ 1,470,213.29 |



Preliminary 2010 Cash Flow Summary

| | | 2010 |
|----------------------------------|--|-------------------|
| Beginning Operating Cash Balance | | \$ 1,347,688.00 |
| Collections from PJM | | \$ 7,890,719.13 |
| Operating Expense Disbursements | | \$ (8,428,502.53) |
| Capital Project Disbursements | | \$ (330,000.00) |
| Proceeds from Borrowings | | \$ 1,500,000.00 |
| Repayments of Borrowings | | \$ (1,679,225.88) |
| Ending Operating Cash Balance | | \$ 300,678.73 |



Capital Expenditures

| Period | Capital Expenditures |
|-----------|----------------------|
| 2008/2009 | \$5,553,880.14 |
| 2010 | \$330,000.00 |
| | |
| | \$5,883,880.14 |



MA Information

- **Head count at September 15, 2009**
 - **20 full time employees**
 - **7 full time contractors**

