



PJM Interconnection  
Finance Committee Meeting Minutes  
White Sulphur Springs, WV  
May 4, 2010  
10:05 a.m. – 11:30 p.m.

Finance Committee Members Participating:

Raj Rana (phone)	AEP
Jim Jablonski (phone)	Borough of Seaside Heights
Hal Siegrist	Mirant
Dave Scarpignato	ODEC
Neel Foster	PJM Interconnection, LLC Board of Managers
Suzanne Daugherty, Chair	PJM Interconnection, LLC
Neal Fitch	RRI, Inc.
John Brodbeck	Shell Energy

Additional Participants:

Colin Mount	Allegheny Energy
Bob O'Connell	JP Morgan
Susan Bruce	McNees Wallace & Nurick, LLC/Arcelor Mittal
Dan Jackson (phone)	Virginia Electric and Power Company
Joe Bowring	Monitoring Analytics
Susan Turpen	NERC
Mike Walker	NERC
Ed Tatum	ODEC
Rajnish Barua	OPSI
Alan Alesius	PJM Interconnection, LLC
Dave Anders	PJM Interconnection, LLC
Lisa Drauschak (phone)	PJM Interconnection, LLC
Craig Glazer	PJM Interconnection, LLC
Sean McNamara	PJM Interconnection, LLC
Jim Snow (phone)	PJM Interconnection, LLC

**1. MINUTES FROM MARCH 30, 2010 FINANCE COMMITTEE MEETING**

Minutes approved as drafted.

**2. MONITORING ANALYTICS (MA) 2009 AUDITED FINANCIAL STATEMENTS**

Dr. Bowring reviewed the financial results and audited financial statements for MA activities from August 1, 2008 through December 31, 2009. He reviewed the reporting requirements and the financial results for the 17-month period ended December 31, 2009 for Monitoring Analytics.



### 3. NERC BUDGETING PROCESS

Mr. Walker and Ms. Turpen reviewed the NERC and regional entity budget process and timing of those activities.

### 4. FIRST QUARTER 2010 UNAUDITED FINANCIAL STATEMENTS

Ms. Daugherty reviewed PJM's unaudited financial information as of and for the three months ended March 31, 2010. Ms. Daugherty reviewed highlights from the balance sheet, income statement, statement of cash flow, and disclosures in PJM's first quarter 2010 unaudited financial statements.

### 5. QUARTERLY FINANCIAL REVIEW

Ms. Daugherty reviewed PJM's financial results for the three months ended March 31, 2010 including:

- First quarter 2010 revenues and expenses by Tariff Schedule 9 service category;
- First quarter 2010 intercompany charges and credits;
- Actual vs. budget variances in the first quarter 2010 expenses by major cost component;
- Actual vs. budget variances in the first quarter 2010 capital expenditures by major component;
- Trends in expenses by major cost component and staffing from second quarter 2008 through first quarter 2010; and
- Year-to-date Deferred Regulatory Liability activity.

### 6. AC<sup>2</sup> – BCP PROJECT FIRST QUARTER 2010 STATUS

Ms. Daugherty presented a summary of key accomplishments, current capital spending and capital forecast at completion by major program component, and key next steps for the project. She reported that the AC<sup>2</sup> capital spending projection is \$149.0 million as of the first quarter of 2010.

### 7. 2010 FORECAST

Ms. Daugherty reviewed the current revenue, expense, capital, and deferred regulatory liability forecast for 2010.

### 8. STATED RATES REVIEW

In accordance with the Stated Rate Settlement Agreement effective June 1, 2006, Ms. Daugherty reviewed the Stated Rate objectives utilized in reaching the settlement, the refund and rate history and the current five-year financial projections. She presented rate comparisons to similar domestic and international entities. Ms. Daugherty discussed the financial transparency resulting from the Financial Reporting and Communications Protocol, expected AC<sup>2</sup> Rider costs, and PJM's credit status.



The Finance Committee agreed to recommend to the PJM Board of Managers that:

- PJM retain the current stated rate structure included in Schedule 9 of the PJM Open Access Transmission Tariff;
- PJM retain the stated rate levels currently included in Schedule 9 of the PJM Open Access Transmission Tariff; and
- PJM management and the Finance Committee discuss and provide written recommendations to the PJM Board of Managers and the PJM Members Committee approximate to the anticipated integration date of the American Transmission System, Inc. on the appropriate prospective stated rate levels after that integration.

The Finance Committee's recommendations will be provided to the PJM Board of Managers for their consideration on their scheduled June 2010 conference call.

## 9. **PRELIMINARY 2011 OPSI BUDGET**

Mr. Barua presented the preliminary 2011 budget for OPSI and requested feedback from the committee by August 31, 2010.

## 10. **FUTURE MEETINGS**

The next planned Finance Committee meeting will be held at PJM's offices in Valley Forge on August 25, 2010. Discussion at that meeting will include the 2<sup>nd</sup> Quarter 2010 Financial Review, AC<sup>2</sup> – BCP update, the preliminary 2011 budget, and five-year revenue, expense, and capital projections.

Prepared By: J. J. Snow  
Draft: August 16, 2010  
Final:  
DMS Document Number: 607169v1