



PJM Interconnection
Finance Committee Meeting Minutes
PJM Visitor Center – Valley Forge, PA
August 25, 2010
10:10 a.m. – 12:10 p.m.

Finance Committee Members Participating:

John Brodbeck (phone)
Ron Carrier
Neal Fitch (phone)
James Jablonski
Vicki Karandrikas (phone)
Raj Rana (phone)
Dick Lahey
Neel Foster
Suzanne Daugherty, Chair

Shell Energy North America
Direct Energy Services, LLC
RRI Energy Services
Borough of Seaside Heights
McNees Wallace & Nurick, LLC
AEP
PJM Interconnection, LLC Board of Managers
PJM Interconnection, LLC Board of Managers
PJM Interconnection, LLC

Additional Participants:

Joseph Bowring
John W. Horstmann
Lisa Drauschak
Paula DuPont-Kidd (phone)
Sandra Ritchie
Jim Snow

Monitoring Analytics
Dayton Power & Light
PJM Interconnection, LLC
PJM Interconnection, LLC
PJM Interconnection, LLC
PJM Interconnection, LLC

1. MINUTES FROM MAY 4TH FINANCE COMMITTEE MEETING

These minutes were approved as drafted.

2. MONITORING ANALYTICS 2011 BUDGET

Dr. Bowring presented the 2011 budget for Monitoring Analytics. He reviewed the projected 2011 operating expenses by financial category, projected 2010 revenues net of expenses, 2011 rates, 2011 capital expenditures and cash flow.

3. SECOND QUARTER 2010 UNAUDITED FINANCIAL STATEMENTS

Ms. Drauschak reviewed PJM's unaudited financial information for the second quarter and six months ended June 30, 2010. Ms. Drauschak reviewed the balance sheet, income statement, statement of cash flow, and disclosure highlights from PJM's unaudited financial statements.



4. **SECOND QUARTER FINANCIAL REVIEW**

Mr. Snow reviewed PJM's financial results for the second quarter and six months ended June 30, 2010 including:

- Revenues and expenses by Tariff Schedule 9 service category;
- Intercompany charges and credits;
- Actual vs. budget expense variances by major cost component;
- Actual vs. budget capital expenditure variances by major component;
- Trends in expenses by major cost component and staffing from third quarter 2008 through second quarter 2010; and
- Year to date Deferred Regulatory Liability activity.

5. **AC² – BCP PROJECT SECOND QUARTER 2010 STATUS**

Ms. Daugherty reported on the AC² program technology, site and facility, and personnel and workforce capability status. She reported that the AC² capital spending projection is \$149 million as of the second quarter of 2010. Ms. Daugherty cited key accomplishments, project risks and planned mitigation steps. She discussed the current focus of project efforts, the key next steps and scheduled Go-Live in the first quarter of 2011.

6. **2010 FORECAST**

Mr. Snow reviewed the current revenue, expenses, capital, and deferred regulatory liability forecasts for 2010.

7. **PRELIMINARY 2011 EXPENSE AND CAPITAL BUDGET**

Mr. Snow reviewed the following items regarding the 2011 preliminary budget:

- preliminary 2011 expense and capital budgets by major category;
- projected revenue for 2011 in total and by service category;
- expense cost trends by major category from 2005 through 2010;
- capital expenditures from 1998 through 2010 and key projects planned of 2011; and
- preliminary FERC Fee rate for 2011.

8. **FIVE-YEAR FINANCIAL PROJECTIONS**

Ms. Daugherty presented the preliminary financial projections from 2010 through 2014 including:

- Revenues, expenses, deferred regulatory balance and refunds;
- Cost trends by major category, staffing levels, and capital expenditures; and
- Schedule 9 rates.



9. FUTURE MEETINGS

The next planned Finance Committee meeting will be a conference call on September 22, 2010. Discussion at that meeting will include the proposed 2011 budget, the five-year revenue, expense, and capital projections, the multi-year refund projections, NERC and RFC billing and rates for 2011, and Monitoring Analytics budget for 2011.

DRAFT

Prepared By:	J. J. Snow
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Final:	
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