



DRAFT

PJM Interconnection
Finance Committee Meeting Minutes
PJM Business Center – Valley Forge, PA
August 24, 2011
10:10 a.m. – 12:35 p.m.

Finance Committee Members Participating:

John Brodbeck (phone)	Shell Energy North America
Susan Bruce (phone)	McNees Wallace & Nurick, LLC
Dana Horton (phone)	AEP
James Jablonski (phone)	Borough of Seaside Heights
Marguerite Miller	Credit Suisse
Paul Napoli (phone)	Public Service Electric & Gas
Bill Schofield	Customized Energy Solutions
Hal Siegrist (phone)	Mirant
Neel Foster	PJM Interconnection, LLC Board of Managers
Bill Mayben	PJM Interconnection, LLC Board of Managers
Suzanne Daugherty, Chair	PJM Interconnection, LLC

Additional Participants:

Joseph Bowring	Monitoring Analytics
Linda Ficco	Monitoring Analytics
John W. Horstmann	Dayton Power & Light
Sandra Ritchie	PJM Interconnection, LLC
Jim Snow	PJM Interconnection, LLC

1. MINUTES FROM JUNE 7TH FINANCE COMMITTEE MEETING

These minutes were approved as drafted.

2. MONITORING ANALYTICS 2011 BUDGET

Dr. Bowring presented the preliminary 2012 budget for Monitoring Analytics. He reviewed the projected 2012 operating expenses by financial category, projected 2012 revenues net of expenses, 2012 capital expenditures and cash flow.

3. SECOND QUARTER 2011 UNAUDITED FINANCIAL STATEMENTS

Ms. Daugherty reviewed PJM's unaudited financial information for the second quarter and six months ended June 30, 2011. Ms. Daugherty 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, 2011 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 2009 through second quarter 2011; and
- Year to date Deferred Regulatory Liability activity.

5. AC² – BCP PROJECT SECOND QUARTER 2011 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 2011. 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. PRELIMINARY 2012 EXPENSE AND CAPITAL BUDGET

Mr. Snow reviewed the following items regarding the 2012 preliminary budget:

- preliminary 2012 expense and capital budgets by major category;
- projected revenue for 2012 in total and by service category;
- expense cost trends by major category from 2006 through 2012;
- capital expenditures from 1998 through 2011 and key projects planned of 2012; and
- preliminary FERC Fee rate for 2012.

7. FIVE-YEAR FINANCIAL PROJECTIONS

Mr. Snow presented the preliminary financial projections from 2011 through 2015 including:

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

8. FINANCE COMMITTEE MEMBER REPRESENTATIVE TERM LENGTH

The Committee agreed to pursue increasing the term length for member representatives on the Committee to three years.

9. FUTURE MEETINGS

The next planned Finance Committee meeting will be on September 22, 2011. Discussion at that meeting will include the proposed 2012 budget, the five-year revenue, expense, and capital



projections, the multi-year refund projections, NERC and RFC billing and rates for 2012, and Monitoring Analytics budget for 2012.

Prepared By: J. J. Snow
Draft: September 15, 2011
Final:
DMS Document Number: 663363 v1