



**PRESS RELEASE**  
December 03, 2008

## **ERCOT Reports Possible Loss from Money Market Fund**

The Electric Reliability Council of Texas, Inc. (ERCOT), grid operator for most of the state, said today that approximately \$0.5 million or approximately 0.26 percent of its original investment with The Reserve may be unrecoverable in light of The Reserve's announcement of an error in its net asset value calculation for the Primary Fund.

The Reserve, a major money-market investment management company, [announced last week](#) that the Primary Fund's net asset value per share was \$0.99 from 11 am to 4 pm, Eastern time, on Sept. 16, instead of \$1 as previously stated. Prior to this two-month-retroactive revision, ERCOT had expected full recovery of all its funds with The Reserve because its redemption request was placed at 2:18 pm Eastern time, prior to the [published decline in the Primary Fund asset values](#).

ERCOT had approximately \$47.8 million in the Primary Fund on Sept. 16. Under the revised value, ERCOT will be subject to a potential investment loss of approximately \$0.5 million.

On Sept. 15, the day after the bankruptcy of Lehman Brothers Holdings, Inc., The Reserve announced that approximately 1.2 percent of the Primary Fund assets were Lehman securities, which triggered a high level of redemption requests for The Reserve's funds. On Sept. 16, ERCOT requested that The Reserve immediately close all of its investment accounts with The Reserve, including \$47.8 million in the Primary Fund and \$147.9 million in the US Government Fund.

The predominant source of funds in the Primary Fund was revenue from Transmission Congestion Rights auctions and a lesser amount from ERCOT operating cash.

The Finance and Audit Committee of the ERCOT Board of Directors is expected to review options for managing the potential investment loss at its next meeting Dec. 9 prior to the monthly board meeting.

The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to 21 million Texas customers – representing 85 percent of the state's electric load and 75 percent of the Texas land area. As the independent system operator for the region, ERCOT schedules power on an electric grid that connects 38,000 miles of transmission lines and more than 550 generation units. ERCOT also manages financial settlement for the competitive wholesale bulk-power market and administers customer switching for 6 million Texans in competitive choice areas. ERCOT is a membership-based 501(c)(4) nonprofit corporation, governed by a board of directors and subject to oversight by the Public Utility Commission of Texas and the Texas Legislature. ERCOT's members include consumers, cooperatives, independent generators, independent power marketers, retail electric providers, investor-owned electric utilities (transmission and distribution providers), and municipal-owned electric utilities.

### **CONTACT**

Dottie Roark 512-225-7024