

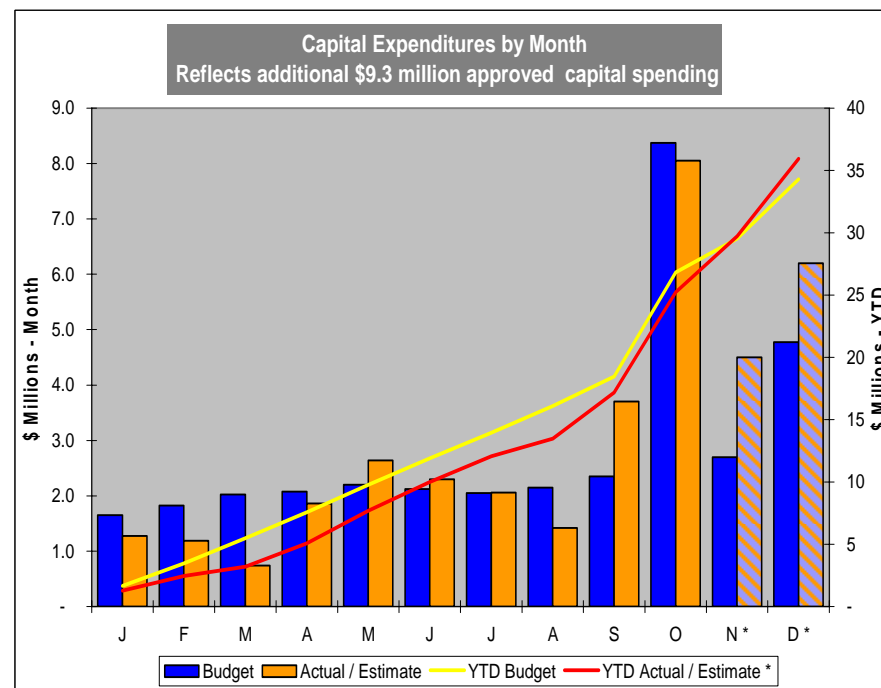
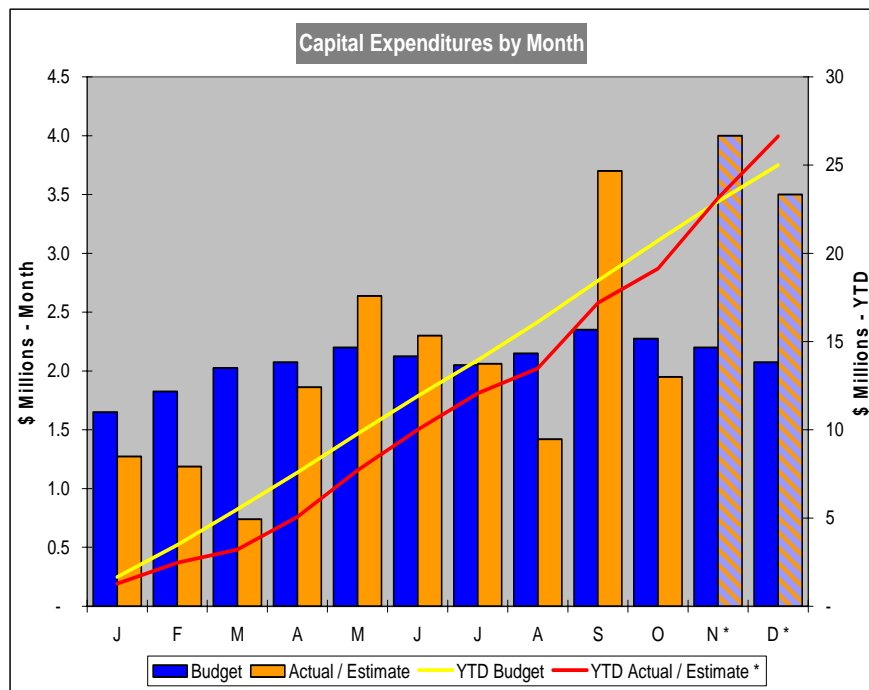
- **Previous performance below expectations**
- **Process improvement effort launched in late 2005**
 - Project management decentralization
 - Enhanced metrics, monitoring and reporting
 - Strengthened PMO & project management processes
 - Improved coordination with Market committees
 - PPL process
 - Processing priorities, additions, holds, cancels, etc.
 - Enhanced pipeline management process
- **Anticipate overall performance ahead of budget**
 - Spending projection of \$25 to \$27M vs. \$25M budget
 - Significant team effort to achieve 2006 results
 - More work to do in 2007

2006 Capital Project Priority List (PPL) Summary

Description	Count	Count by Source			Comments
		ERCOT	Market	PUCT	
Initial PPL Project Count	31	16	7	8	Approved PPL in Sept. 2005
↓ Additions to Initial PPL ↓					
Carry-overs from 2005	18	12	5	1	Unexpected carry-overs from 2005
Accelerated, Sub-projects, New Projects	78	63	9	6	Sub-projects derived from parent projects created for efficiency purposes
*Completed Projects	- 61	- 48	- 8	- 5	Completed projects
Cancelled / On Hold/ Changed Priority Change	-20	-8	-5	-8	Due to dependencies, strategic decisions, resource constraints, etc.
Total Remaining on PPL	46	35	8	2	Projects crossing fiscal years (2006/2007) Includes 10 Unexpected carry-overs.

*Includes projected December completions

2006 Capital Expenditures Summary



*Includes projected November and December expenditures