CEO Report

October, 2004

Legislature and Public Have Voiced Concerns In Three Categories

- **Management Practices and Controls**
- **Public Accountability**
- **Use of Resources**

Management Practices and Controls

- **Contracting Practices**

- **Hiring Practices**

- **Cyber-Security**

- **Documentation, Training, Implementation**

- **Internal Audit**

Public Accountability

- **Support Oversight by PUCT**

- **Communicate Proactively**

- **Open Process for all Board Activities**

Use of Resources

- **Budget That Freezes the Fee and Reduces Debt**

- **Track Time and Expense to Cost Categories and Objectives**

- **Cut Use of Contractors**

- **Eliminate Excess Costs**

- **Manager Portfolio of Projects**

Challenges at ERCOT

Transition to an Operating Organization

Launch	Transition	Operating
Start-up		**On-going**
Technology enabled	Core systems work	Customer focused
Hard driving	Assessment	Operating excellence
Make it work	Organization development	Business processes
Make it work	Change	Continuous improvement

Management Agenda

- **Goals and Objectives**

- **Clear Responsibility**

- **Measures of Performance**

- **Process Improvement**

- **Recognition and Rewards**