



ERCOT 2006 Budget Public Meeting

August 3, 2005

- Introductory Comments
- What ERCOT Does
 - Vision, Mission, Goals
- How is ERCOT Performing
 - 2005 Dashboard
 - Initiatives for Improving Performance & Control
- Resources Required
 - Budget Schedule
 - Operating Budget Assumptions
 - Capital Project Assumptions
 - Organization
 - Operating Budget Overviews by Officer
- Input, Questions and Wrap-up

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- ERCOT's Vision is for Texas electricity customers to realize the greatest value possible from reliable electric power supplies and access to competitive markets for electricity.

- ERCOT's Mission is to direct and ensure reliable and cost-effective operation of the electric grid and to enable fair and efficient market-driven solutions to meet customers' electric service needs.

- ERCOT's Corporate Goals:
 - Goal 1 – Reliability and Congestion Management
 - Goal 2 – Retail Transaction Processing Success
 - Goal 3 – Wholesale Access, Settlement & Billing
 - Goal 4 – Management Systems and Business Practices
 - Goal 5 – Financial Management and Cost Effectiveness
 - Goal 6 – External and Stakeholder Affairs
 - Goal 7 – Organizational Readiness

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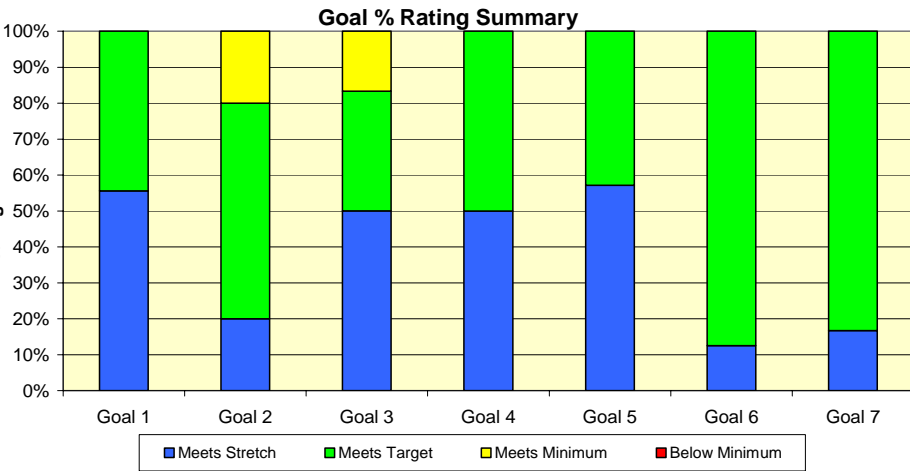
Corporate Goal Descriptions

- Goal 1 :** Reliability and Congestion Management
- Goal 2 :** Retail Transaction Processing
- Goal 3 :** Wholesale Access, Settlement & Billing
- Goal 4 :** Management Systems and Business Practices
- Goal 5 :** Financial Management and Cost Effectiveness
- Goal 6 :** External and Stakeholder Affairs
- Goal 7 :** Organizational Readiness

Executive Summary

- **Goal 2 - YELLOW rating** - 814 Transactions - Enrollment and Meter Reading Scheduling reporting at 93.8% which is between Minimum and Target levels. -- See Goal 2 page for additional information.
- **Goal 3 - YELLOW rating** - % of completed dispute filings in accordance with protocol at 94% which is between Minimum and Target levels. - See Goal 3 page for additional information.

Performance Level % by Goal



Corporate Performance Summary by Goal

Goal Area	Weighting	Actual Goal Score	Weighted Score
Reliability and Congestion Management	20.0%	2.6	0.5
Retail Transaction Processing	17.5%	2.0	0.4
Wholesale Access, Settlement & Billing	17.5%	2.3	0.4
Management Systems and Business Practices	15.0%	2.5	0.4
Financial Management and Cost Effectiveness	10.0%	2.6	0.3
External and Stakeholder Affairs	10.0%	2.1	0.2
Organizational Readiness	10.0%	2.2	0.2
Average Score	100.0%		2.3

Goal Performance Level Descriptions and Dashboard Ratings

Score 3 **BLUE - Performance Meets Stretch.** The critical path milestones for a goal element exceeds expectations and are on track to meet or exceed the stretch goal.

Score 2 **GREEN - Performance Meets Target.** All critical path milestones for a goal element are on track, on schedule, or within budget. Any Risks or problems have been mitigated or are in the process of being mitigated.

Score 1 **YELLOW - Performance Meets Minimum.** One or more critical path milestones in a goal element are behind schedule and may have a negative impact. Risks and problems have been identified, but not yet mitigated.

Score 0 **RED - Performance is Unsatisfactory.** The Goal element is delayed and at risk of not meeting schedule or budget. A goal element does not get out of RED status until all problems and risks are resolved by the manager to restore the element to a satisfactory status.

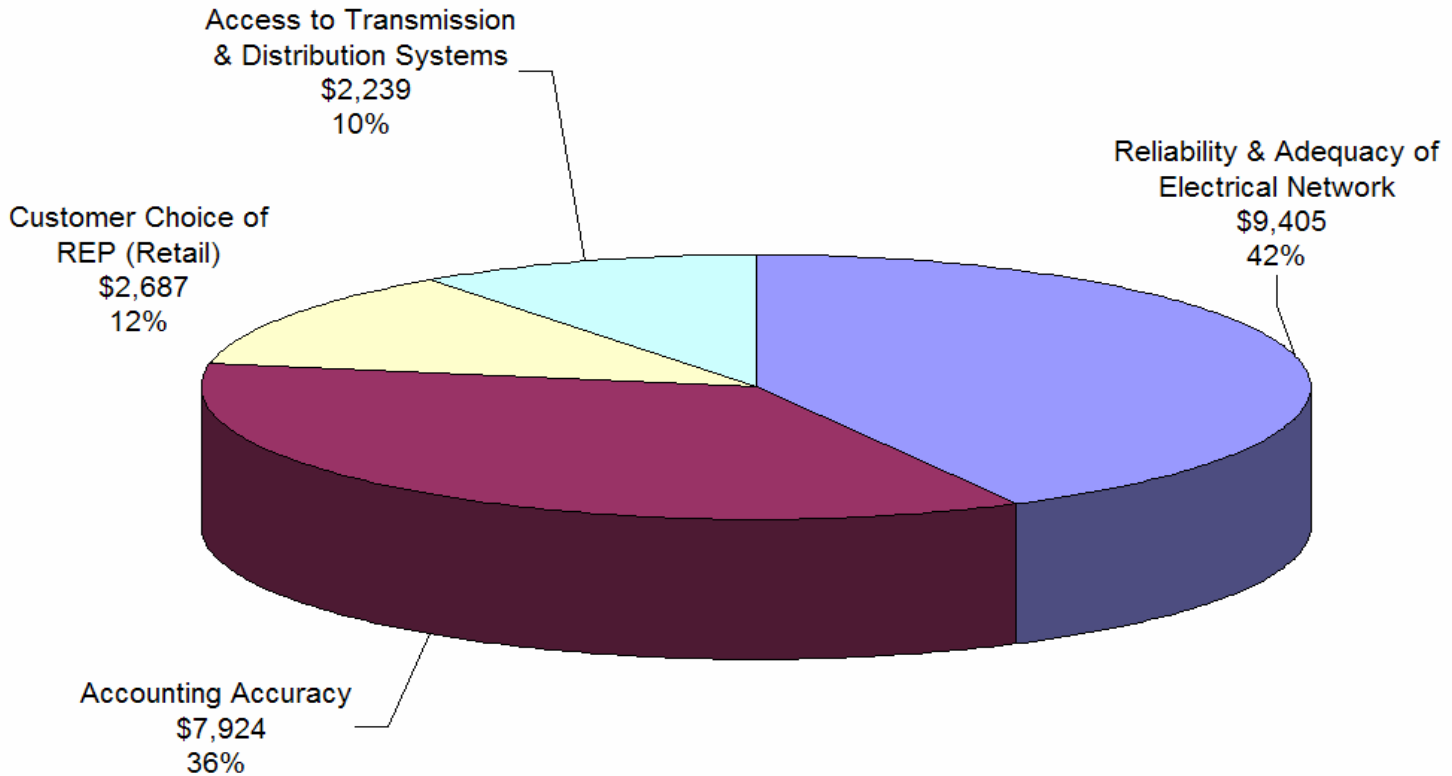
- Compensation Study
- Workforce Analysis
- Time Tracking
- Enhanced Goal Reporting and Monitoring via Dashboard
- Internal Control Management Program
- Independent Audit of ERCOT Internal Controls
- Process Improvement & Task Matrices
- Enhanced Cost-Benefit Analysis of Projects
- Enterprise Risk Management
- Enhance Internal Audit Capability
- Enhanced Physical and Cyber Security Programs

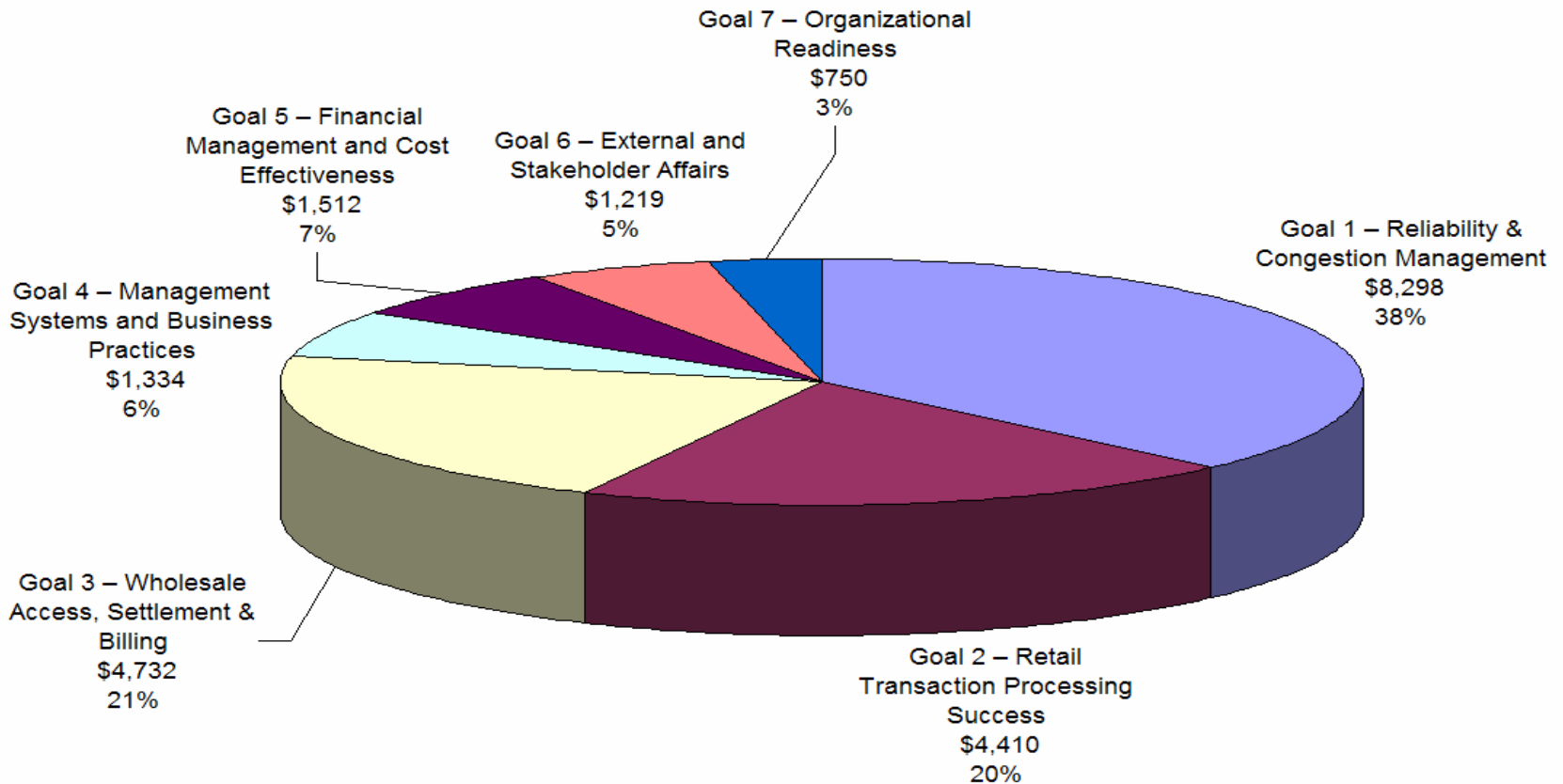
Activity Based Costing is a Methodology that:

- Assigns the cost of resources such as employees, equipment, and buildings to activities based on analysis of operations and not arbitrary allocations
- Assigns activities to cost objects such as customers, services, corporate goals, or SB-7 mandates based on their use (see attached charts) which provides management with useful operating information and not just accounting data
- Recognized the causal relationships of drivers to activities

The following slides provide examples of ERCOT's 1st quarter ABC results with costs assigned to:

- Seven ERCOT Corporate Goals
- Four SB-7 mandates



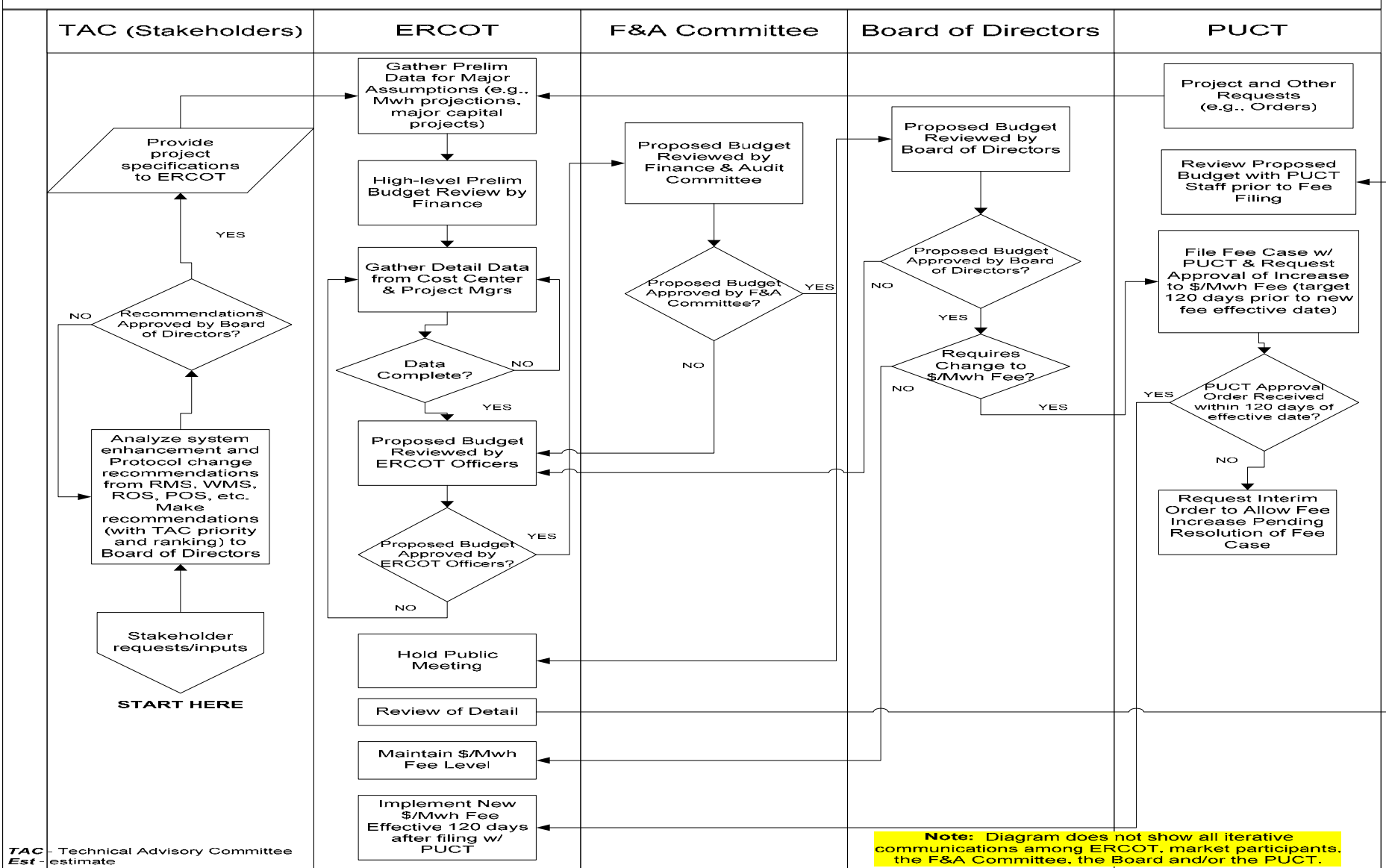


ERCOT employees record and report hours worked based on a set of approximately 200 activities. These activities can be directly associated to one or more of the seven corporate goals. The following is a summary of the 2005 reported hours worked as applied to the seven corporate goals through June 15th:

Goal	Goal Description	Hours	Percent
1	Reliability and congestion management	146,238	39%
2	Retail transaction processing success	46,776	13%
3	Wholesale access, settlement and billing	71,948	19%
4	Management systems and business practices	28,992	8%
5	Financial management and cost effectiveness	39,151	11%
6	External and stakeholder affairs	24,214	6%
7	Organizational readiness	15,539	4%

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ERCOT - ANNUAL BUDGET PROCESS



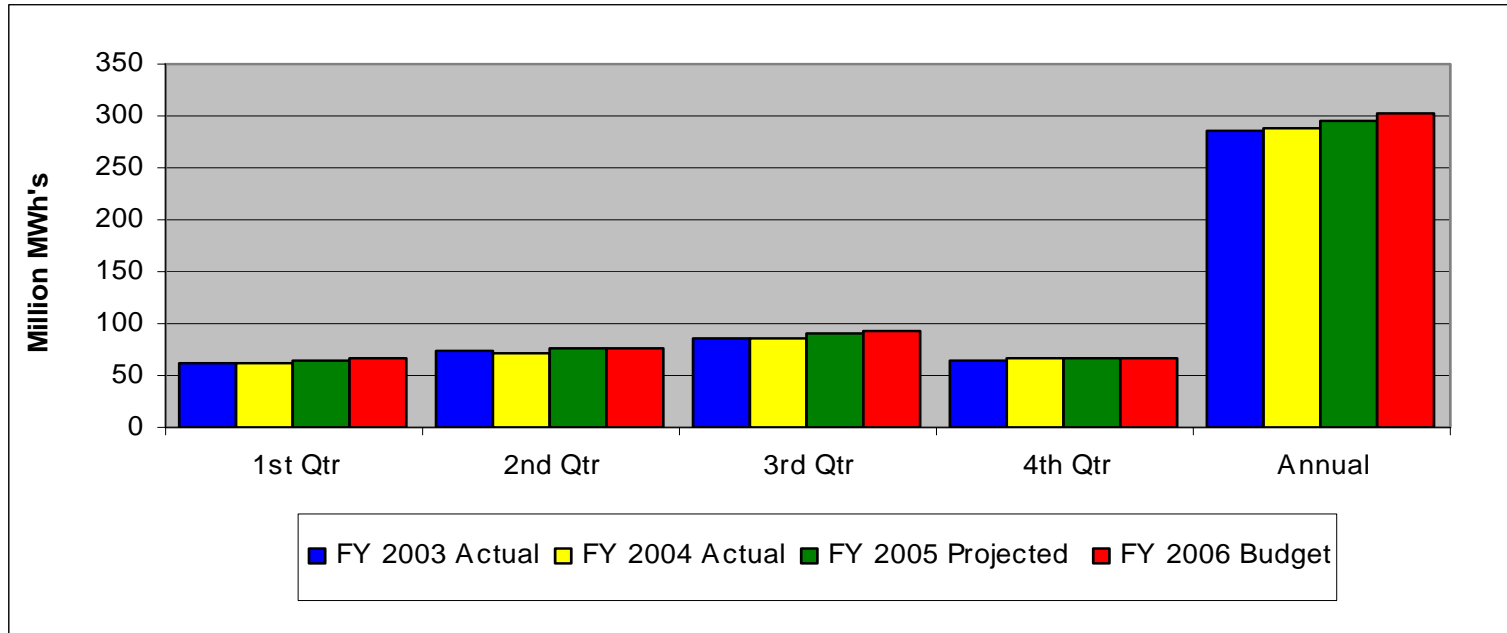
TAC - Technical Advisory Committee
Est - estimate

March 22	Meeting with Executive Committee
March 22 – April 28	Budget Development
April 29	Budget templates due to Finance
May 2 – 12	Initial Finance and Management Review of Budget
May 13	Preliminary Budget to Executives/Directors
May 13 – 25	Budget Revisions
May 26 – June 1	Finance - Budget Package Development
June 2 – 14	Executive Committee Review of Budget
June 15 – June 24	Final Budget Revisions
June 27 – July 8	Executive Committee Final Review
July 18	Budget Presentation to Finance & Audit Committee
August 3	Public Meeting on Proposed Budget
August 15	Finance & Audit Committee Budget Meeting
August 16	Finance & Audit Committee Recommendation to Board
September 20	Board Approval of 2006 Budget
September 23	Preliminary PUCT Filing Review
September 30	PUCT Filing

Revenue Requirements

- Operating Expenses
- Debt Service Obligations
- Revenue-funded Portion of Capital Investment
- Approximately 98% of ERCOT revenue requirements recovered through the ERCOT System Administration Fee
- System Administration Fee proposed at 4 decimal points
- MWh's projected at 2.2% over 2005 projected level, resulting in approx. \$2.7 million in additional revenue
- No changes to the other miscellaneous fees collected by ERCOT
 - Wide-area network fees
 - Generation interconnection study fees
 - Non-ERCOT load serving entity fees
 - Membership fees
 - Other

2.2% increase in 2006 over 2005 Projected



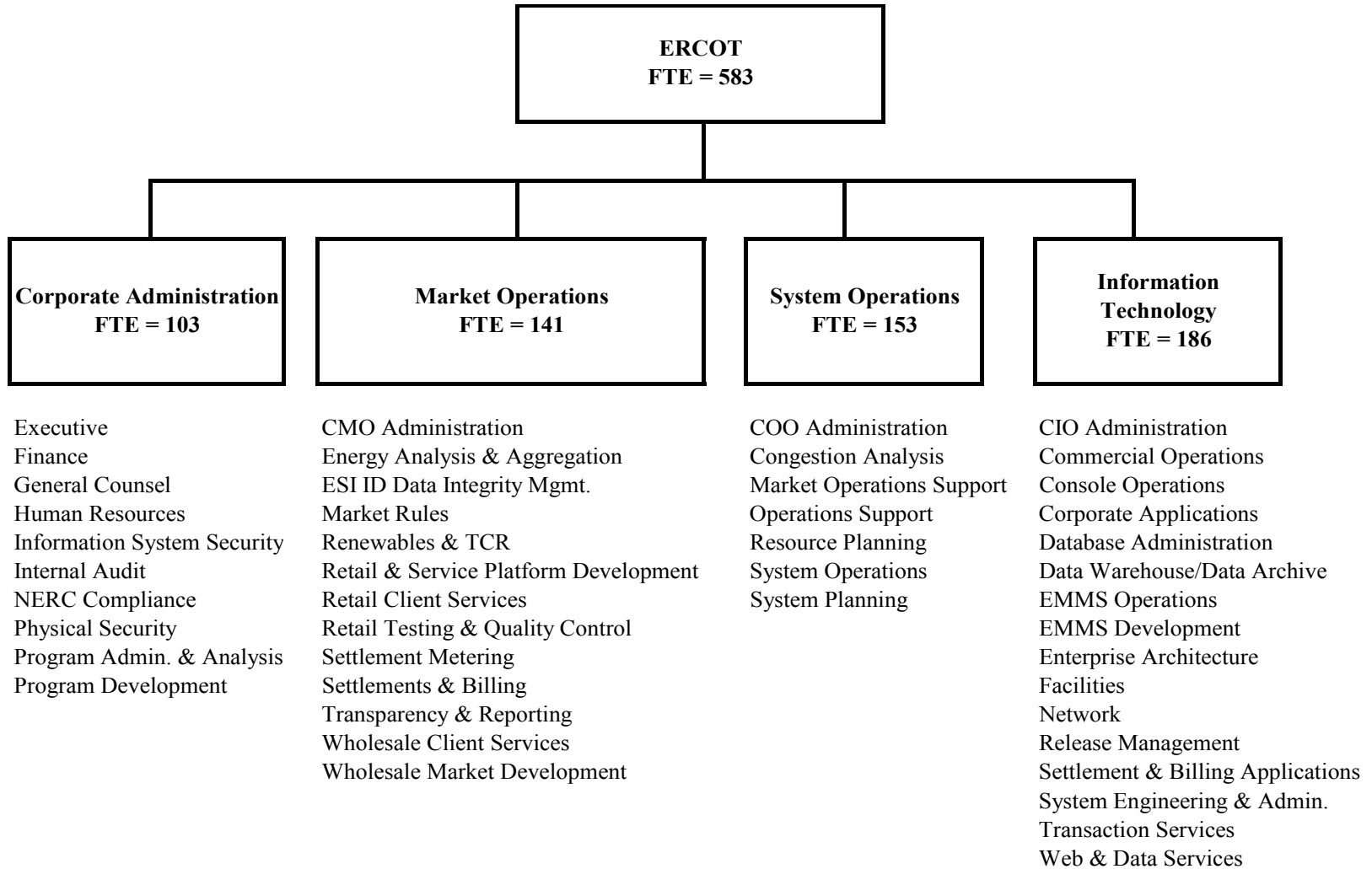
Prepared by ERCOT Planning Department Using:

- **Trend analysis**
- **10-year growth rates for annual energy**
- **Result compared to summation of individual TDSP forecasts with minor discrepancy**

Operating Expenses

➤ Labor

- Staff to perform long-term, base operating activity
- Justification documentation required for all existing and proposed positions
- FTE headcount increasing by 12 positions
- Labor for Capital Projects
- Benefits loaded estimated at 32%
- Vacancy rate estimated at 5% (approx. 30 positions)
- Merit pool estimated at an average of 5%
- Incentive Compensation Plan to Manager level



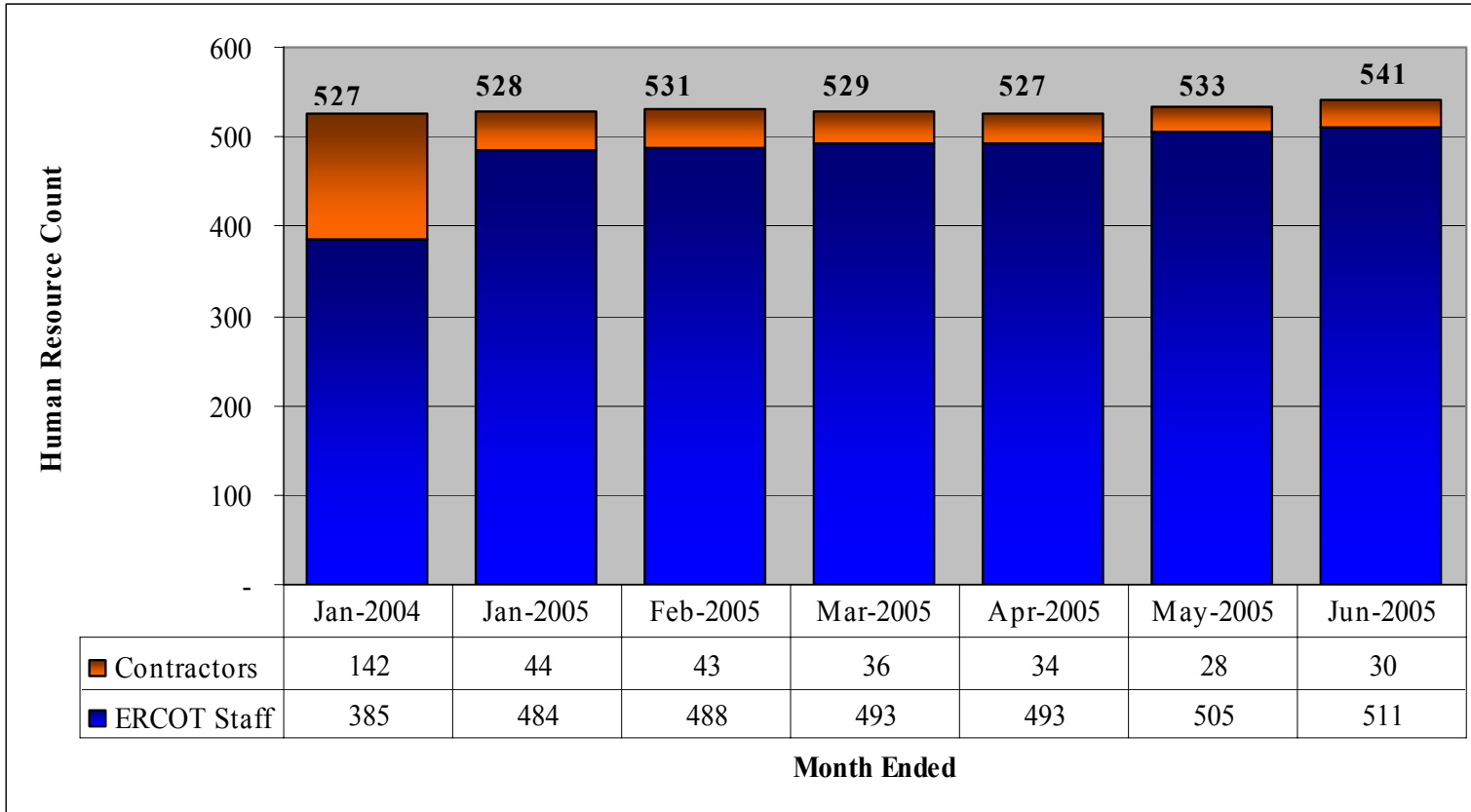
Division	2005 Approved FTE's	New FTE's	Total
Corporate	95	8	106
Information Technology	183	3	181
Systems Operations	153	0	155
Market Operations	140	1	141
Total	571	12	583

New FTE Summary

Department	Manager	Position Title	Projected Hire Date	Consultant Offset
Finance	Petterson	Payroll Specialist	4th Q, 2005	
Finance	Petterson	Financial Analyst	9/30/2005	√
Finance	Yager	Credit Analyst	3rd Q, 2005	
Finance	Bowman	ICMP Administrator	3rd Q, 2005	√
Market Rules	Moseley	Market Rules Analyst	3rd Q, 2005	√
Internal Audit	Ettorre	CRSA Analyst	4th Q, 2005	
System Engineering & Admin	Baxter	Patch & Virus Coordinator	3rd Q, 2005	
Program Development	Connell	Project Manager	3rd Q, 2005	√
Program Development	Connell	Assoc. Project Manager	3rd Q, 2005	√
Program Admin. & Analysis	Anderson	Program Analyst	10/1/2005	√
Data Warehouse/Data Archive	Chase	Database Architect	3rd Q, 2005	√
Data Warehouse/Data Archive	Chase	Database Developer	3rd Q, 2005	√

Operating Expenses

- Consultants and contractors
 - Review use of all consultants and contractors to ensure appropriate balance between ERCOT staff and consultants is maintained
 - Hire to perform highly specialized tasks and to provide short-term assistance during times of peak resource demand

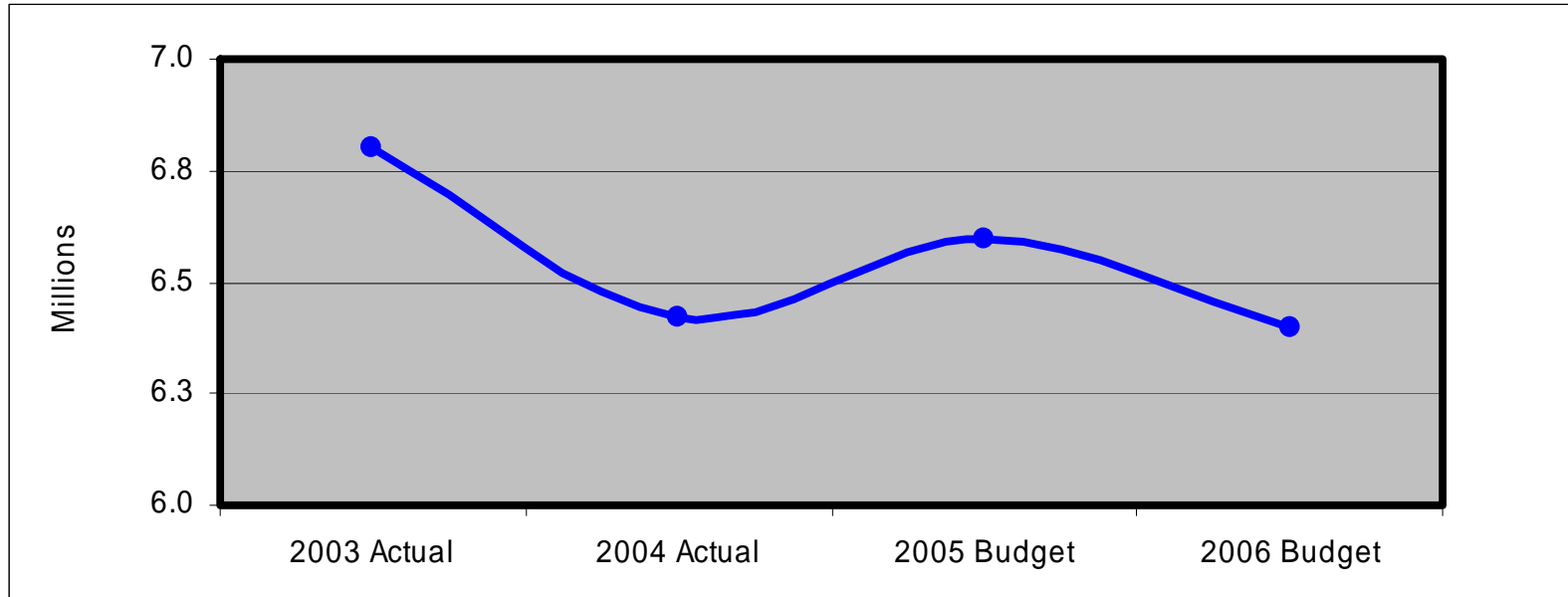


Operating Expenses

- Hardware and software support and maintenance costs
 - Base on actual historical spending with adjustments for known changes
 - Rule of thumb 15% - 20% of original acquisition cost

Operating Expenses

- Facilities Costs
 - Square Footage = 221,200
 - Base on actual historical spending
 - Protect investment in facilities



	<u>2003 Actual</u>	<u>2004 Actual</u>	<u>2005 Budget</u>	<u>2006 Budget</u>
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Total Building Maintenance, Rent & Utilities

6,800,531

6,420,971

6,598,144

6,396,491

Operating Expenses

- Employee Expenses
 - Cellular Phone
 - Remote System Access
 - Professional Dues
 - Tuition and Registration Fees
 - Mileage Reimbursement
 - Business Meals
 - Airfare
 - Lodging

Capital Expenditures

- Assumed \$25 million capital program
 - \$15 million debt funded
 - \$10 million revenue funded

- No Wholesale Market Redesign costs

- Process of project identification and prioritization described in detail later in the presentation

Debt Service Obligations

- Favorable financial variance realized in 2005, if any, used to reduce debt obligations
- Continue Debt Retirement
- Maintain investment grade credit
- Principal and interest payments as contracted on
 - Senior Notes
 - Term Loan
 - Revolving Credit Facility

Description	Actual FY 2004	Budget FY 2005	Budget FY 2006
Operating and maintenance expense (excluding depreciation and amortization)	\$ 81,020	\$ 82,262	\$ 85,666
Debt service - principal payments and interest expense	22,063	34,585	34,080
Revenue-funded capital	26,925	10,880	10,000
Less amounts recovered from sources other than the ERCOT system administration fee:			
Other revenue	2,615	2,050	1,950
Interest income	346	250	250
ERCOT revenue requirement to be recovered through the ERCOT system administration fee	\$ 127,047	\$ 125,427	\$ 127,546
Total - MWh Load	288,743	295,632	301,917

ERCOT System Administration Fee	\$ 0.4400	\$ 0.4243	\$ 0.4225
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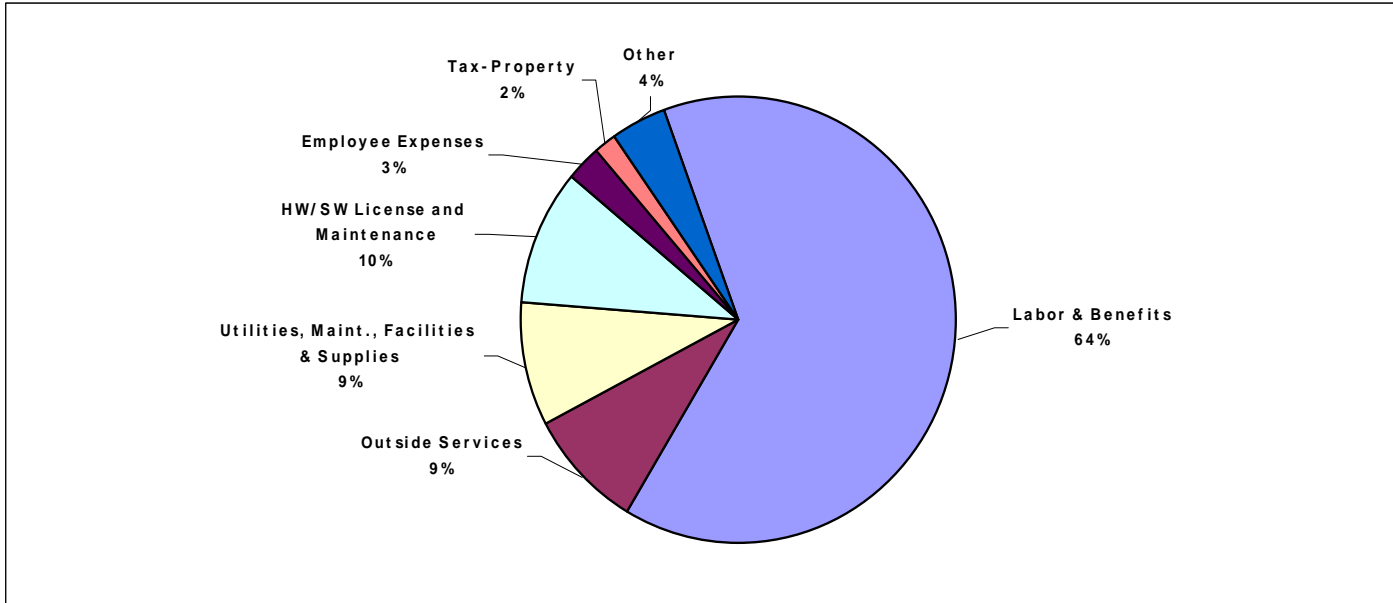
ERCOT Source of Funds Analysis

ERCOT Sources of Funding - Dollars

ERCOT system administration fee	\$ 127,047	\$ 125,427	\$ 127,546
Other revenue	2,615	2,050	1,950
Interest income	346	250	250
Total	\$ 130,008	\$ 127,727	\$ 129,746

ERCOT Sources of Funding - Percentage Share

ERCOT system administration fee	97.7%	98.2%	98.3%
Other revenue	2.0%	1.6%	1.5%
Interest income	0.3%	0.2%	0.2%
Total	100.0%	100.0%	100.0%



	2004 Actual	2005 Budget	2006 Budget	2005 Budget vs. 2006 Budget Variance \$	2005 Budget vs. 2006 Budget Variance %	2006 Budget %
Labor & Benefits	39.2	50.2	54.6	4.5	8.9%	64%
Outside Services	18.9	9.5	7.6	(1.8)	-19.3%	9%
Utilities, Maint., Facilities & Supplies	7.8	8.3	7.7	(0.6)	-7.4%	9%
HW/SW License and Maintenance	6.1	6.7	8.5	1.8	26.4%	10%
Employee Expenses	1.7	1.7	2.1	0.5	29.3%	3%
Tax-Property	1.2	1.5	1.5	-	0.0%	2%
Other	6.1	4.5	3.6	(0.9)	-19.2%	4%
Total operating expense component of revenue requirement	81.0	82.3	85.7	3.4	4.1%	100%

\$0.01 of Administration Fee equals:

- \$3 million of operating expense

- \$3 million / 301,917,000 MWh = \$0.01 / MWh

- \$7.5 million of capital spending

60% leverage (40% equity funding * \$7.5 million = \$3 million)

- 6.8 GWh

2.3 percent deviation from MWh expected

Calculations:

- \$3 million / \$0.42 per MWh = 6.8 GWh

- 6.8 GWh / 302 GWh = 2.3%

Initiation of Project Requests

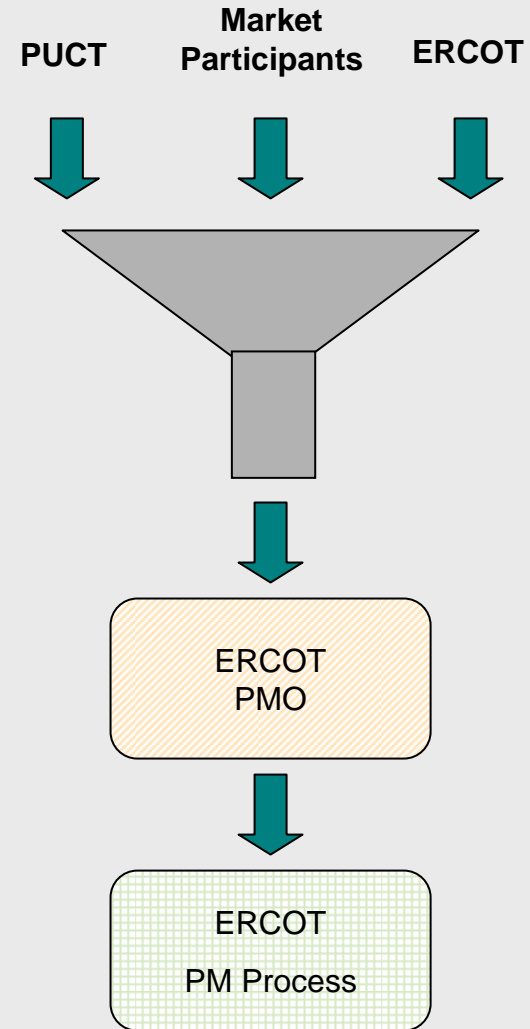
- PUCT Rulings
- System Change Requests (SCRs)
- Protocol Revision Requests (PRRs)
- Project Requests (PRs)

Program Management Office

- Overall Management of:
 - ✓ Project description and Cost Benefit Analysis
 - ✓ Project portfolio by program area
 - ✓ Project budgets, priorities and approvals
 - ✓ Communication on portfolios

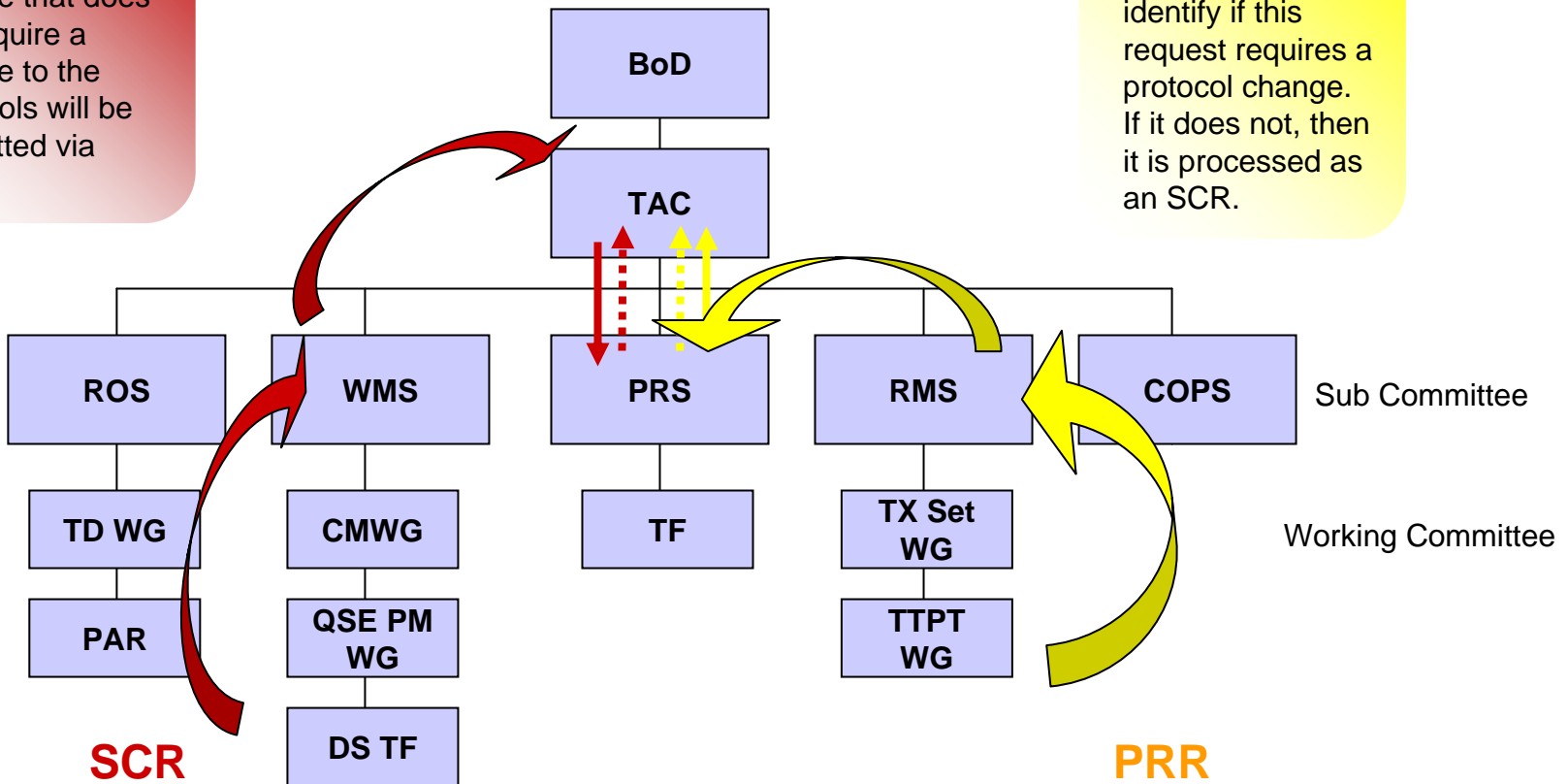
Project Management Process

- Management of Approved Projects:
 - ✓ Project delivery
 - ✓ Project resources, costs, timelines
 - ✓ Communication on projects



*Any system change that does not require a change to the protocols will be submitted via SCR

*ERCOT will identify if this request requires a protocol change. If it does not, then it is processed as an SCR.



Note:

SCRs – need to be submitted to TAC and prioritized by PRS. They have to be submitted through a sub-committee.

PRRs – need to be submitted to PRS. They can be initiated from sub-committees, working committees or submitted directly to PRS (ex: from ERCOT).

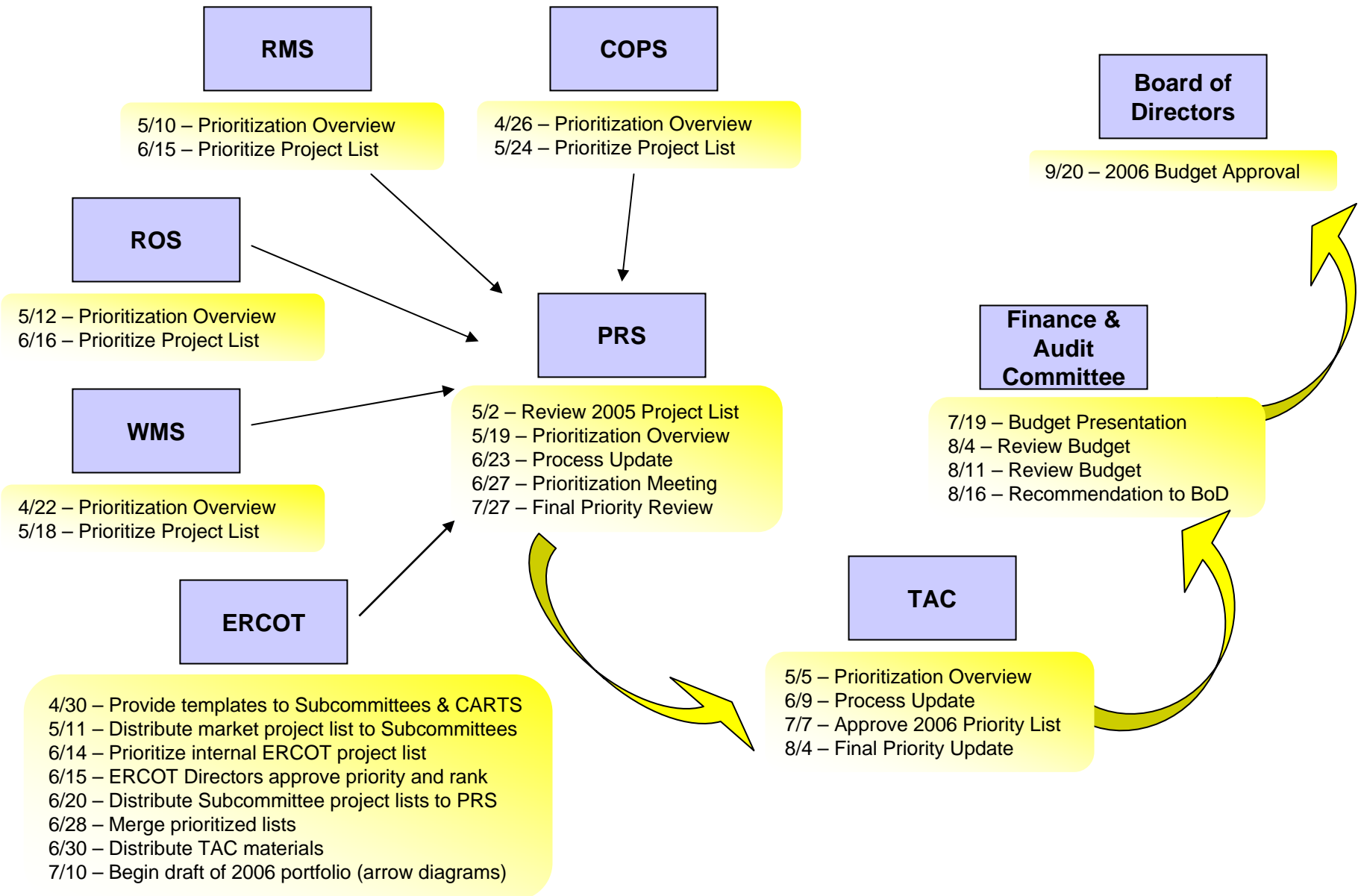
- Internal candidates for capital projects
 - Improves operations
 - Fulfills regulatory obligations
 - Supports strategic goals/objectives
 - Infrastructure required for operations
 - Positive cost benefit

- Complete a project request
 - Complete a request
 - Obtain manager or director sponsorship
 - Complete a cost benefit analysis
 - Submit to CART for prioritization and rank
 - Executive Committee approves additions to PPL

- Include requests in annual prioritization process



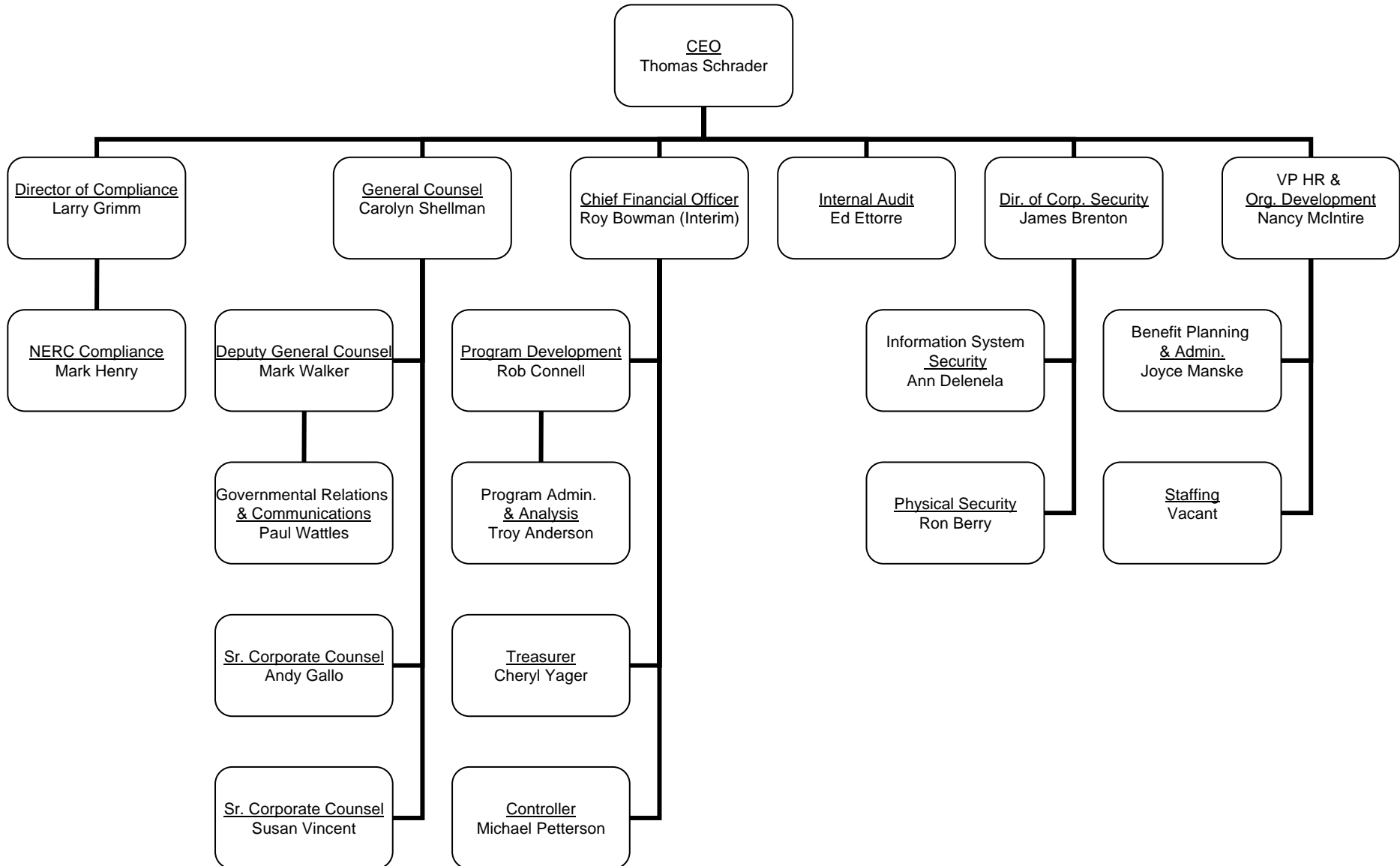
- Priority categories are high, medium, and low, with subcategories of high, medium, and low, which result in the following priorities and are ranked in order 1 through x creating the Project Priority List (PPL):
 - High-High (1.1), High-Medium (1.2), High-Low (1.3), Medium-High (2.1), Medium-Medium (2.2), Medium-Low (2.3), Low-High (3.1), Low-Medium (3.2), Low-Low (3.3)
 - High – Critical to continued operations and reliability of the market, or in response to legal requirements. (Assumes that current services or functions provided are below acceptable level.)
 - Medium – Important to improve service or efficiency of operations of the market. (Assumes that the current services or functions provided are tolerable but not up to the desired state or target.)
 - Low – Recommended to further automate operations or improve efficiencies of services currently provided by the market. (Assumes that the current services or functions provided are acceptable but action is needed to prevent degradation of services.)
 - Projects in execution phase, carrying over into the next year are given a priority of 1.0 and ranked in order of priority.

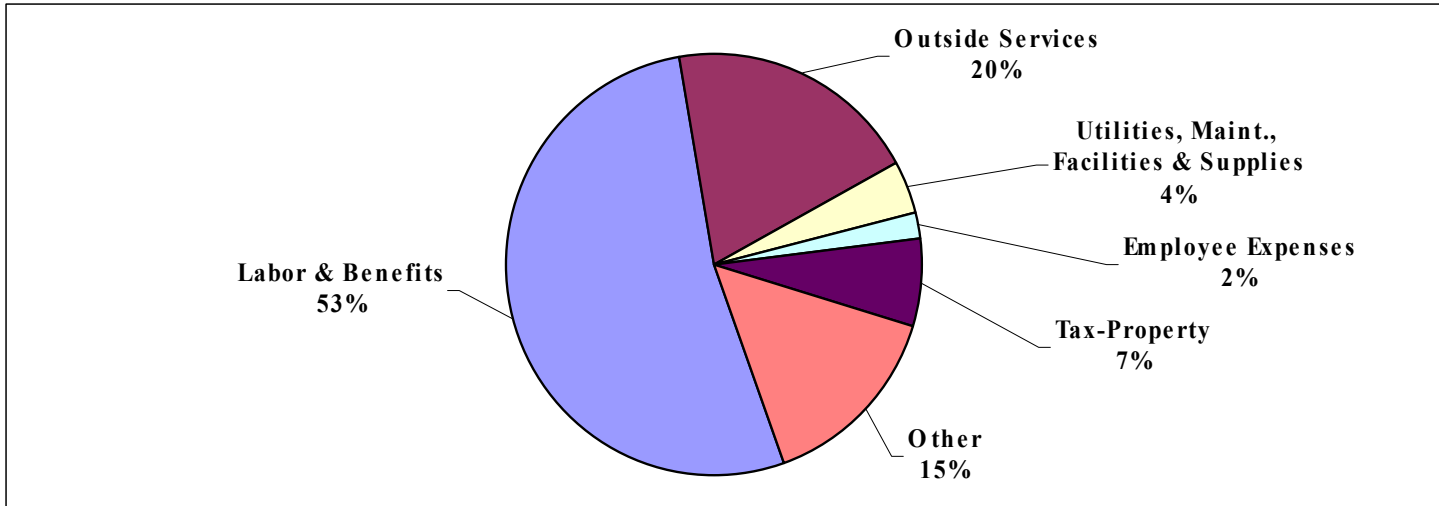


- ❑ ERCOT staff completes a cost estimate worksheet on Market, PUCT and ERCOT requests. Includes high level estimate of resources and costs for planning purposes.
- ❑ All projects on the 2006 priority list (except priority 3 projects) include a completed Cost Benefit Analysis (CBA). The analysis is done by market and ERCOT personnel and include a number of benefit categories.
- ❑ ERCOT is developed the CBA template in April and all requests use this template for comparison.
- ❑ The CBA scoring results were used to assist in project ranking
- ❑ ERCOT staff and the subcommittees spent considerable effort to define project needs, recommend priorities and ranks and complete the CBA for their projects

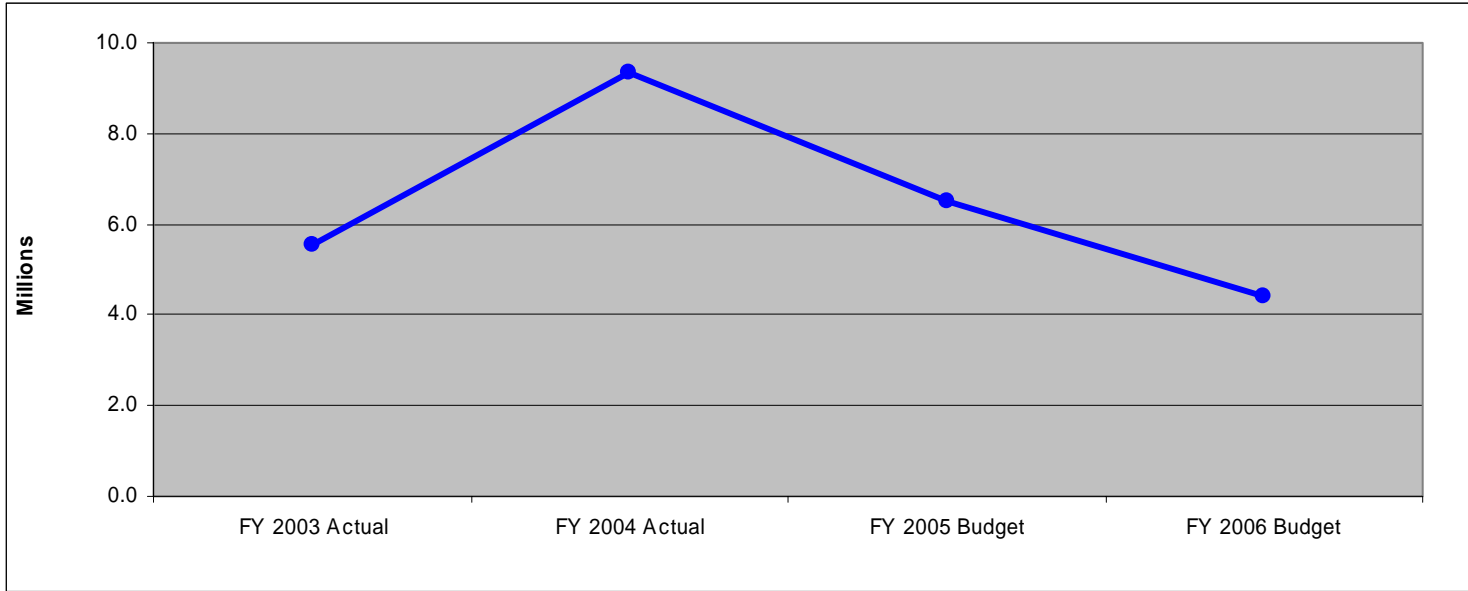
Total 2006 Project Cost by Priority and Impact Area

Priority	Compliance	ERCOT Operations	Infrastructure	Market Impact	Market Monitoring	Security/Audit	Grand Total
1.0	4,007,677	95,985	251,591	1,849,696	337,228	-	6,542,177
1.1		4,960,241	10,753,005	10,324,776	3,742,439	1,948,106	31,728,567
1.2	764,478	3,866,470	1,227,411	4,784,666		1,020,025	11,663,049
1.3		2,809,902	1,037,745	735,135		371,223	4,954,005
2.1	602,444	1,997,951	2,843,640	3,203,725			8,647,760
2.2		326,752		1,040,000		104,139	1,470,891
2.3		209,584		1,302,700		301,806	1,814,090
3.1		434,214	382,772	-			816,986
3.2				-			-
3.3		107,752		505,359			613,111
Grand Total	5,374,599	14,808,849	16,496,164	23,746,056	4,079,667	3,745,299	68,250,635



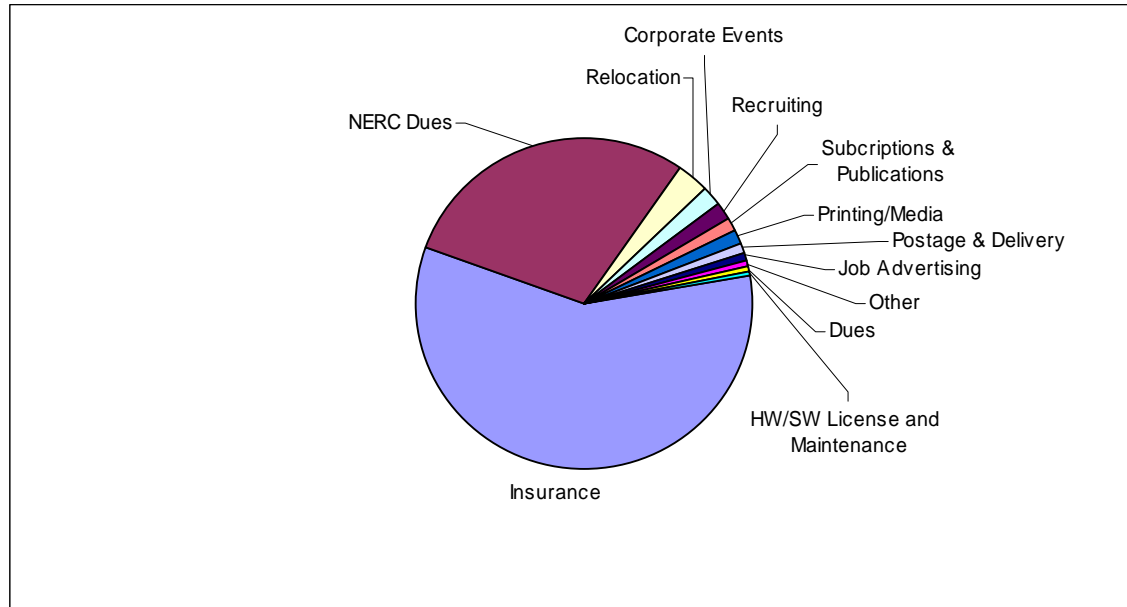


	2004 Actual	2005 Budget	2006 Budget	2005 Budget vs. 2006 Budget		2006 Budget %
				Variance \$	Variance %	
Labor & Benefits	7.5	11.0	11.8	0.8	7.4%	53%
Outside Services	9.3	6.5	4.4	(2.1)	-32.4%	20%
Utilities, Maint., Facilities & Supplies	0.9	1.2	1.0	(0.2)	-18.7%	4%
Employee Expenses	0.3	0.4	0.4	0.0	4.7%	2%
Tax-Property	1.2	1.5	1.5	-	0.0%	7%
Other	4.3	3.4	3.3	(0.1)	-2.2%	15%
Total operating expense component of revenue requirement	23.5	23.9	22.3	(1.6)	-6.6%	100%



	FY 2003 Actual	FY 2004 Actual	FY 2005 Budget	FY 2006 Budget
Outside Services	5,529,799	9,343,314	6,493,275	4,391,780

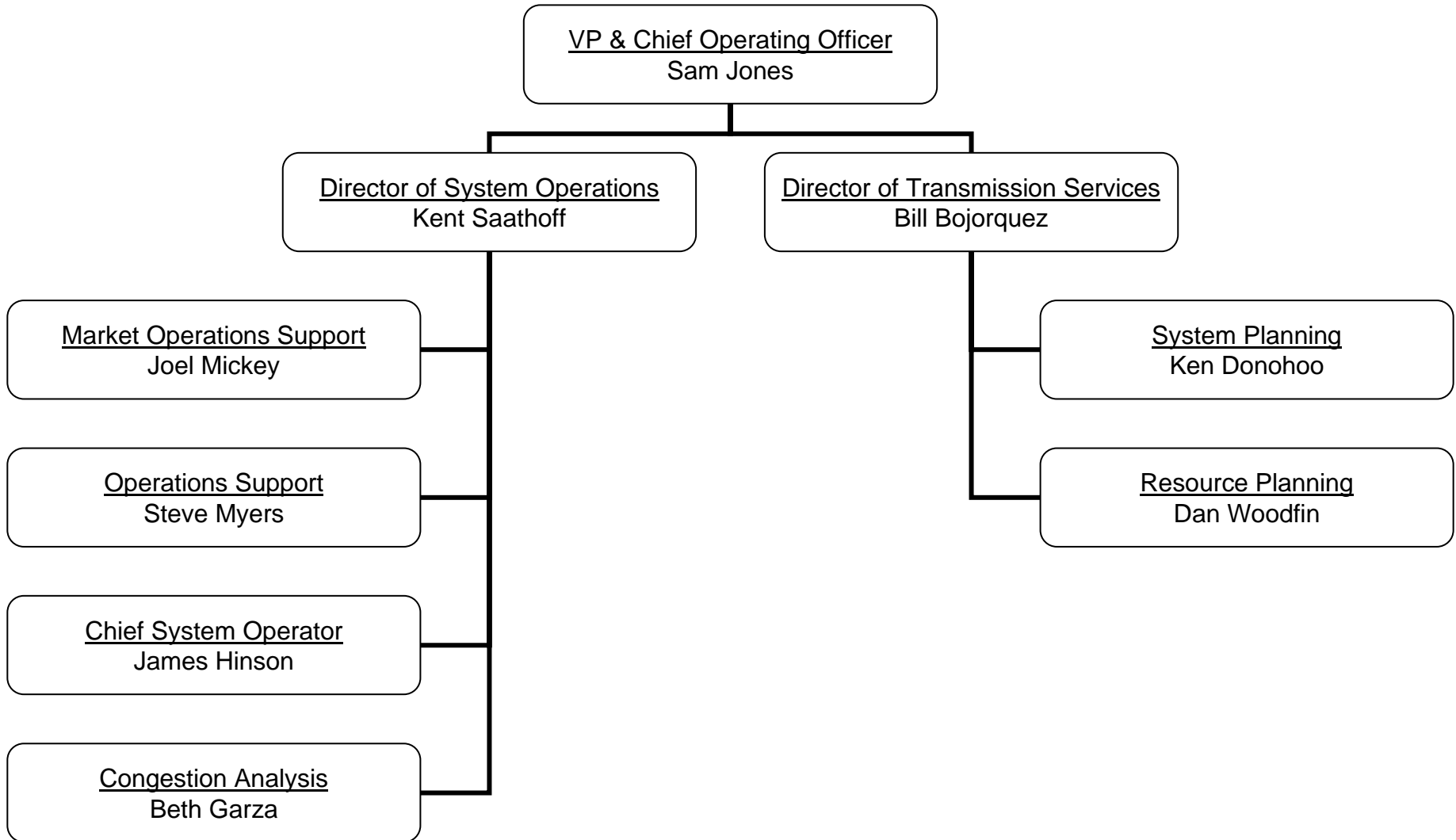
Department	Description of Services	Amount
Internal Audit	External Audits	863,255
General Counsel	Legal Counsel	690,000
Executive	Independent Board Member Compensation/Reimbursement	500,000
Project Management	Project Managers	286,000
Information System Security	Application Assessment	276,800
Executive	Contingency for extraordinary items	250,000
Finance	Default QSE	180,000
Information System Security	Managed Services Provider	160,000
Information System Security	SCADA Assessment	150,000
Internal Audit	Internal Control Audit	145,000
Project Management	Report Customization	120,000
HR & Organization Development	Organizational Readiness	100,000
Program Administration & Analysis	Program Analyst	90,000
Information System Security	Project Support	77,850
HR & Organization Development	Recruiting Services	75,000
Compliance	Documentation Assistance	61,875
HR & Organization Development	Pay Grade-Salary Rationalization Study	50,000
Internal Audit	Internal Audit Quality Assessment Review	50,000
Internal Audit	Vulnerability/Penetration Assessment	50,000
Information System Security	Computer Based Training	50,000
Finance	Investment Rating	40,000
General Counsel	Regulatory reporting	40,000
Project Management	Portfolio Software analyst and programming support	36,000
Physical Security	Physical security penetration testing and reporting	25,000
Information System Security	NetIQ Security Check Conversion	24,000
Information System Security	Security Awareness	1,000
Total Outside Services		<u>4,391,780</u>

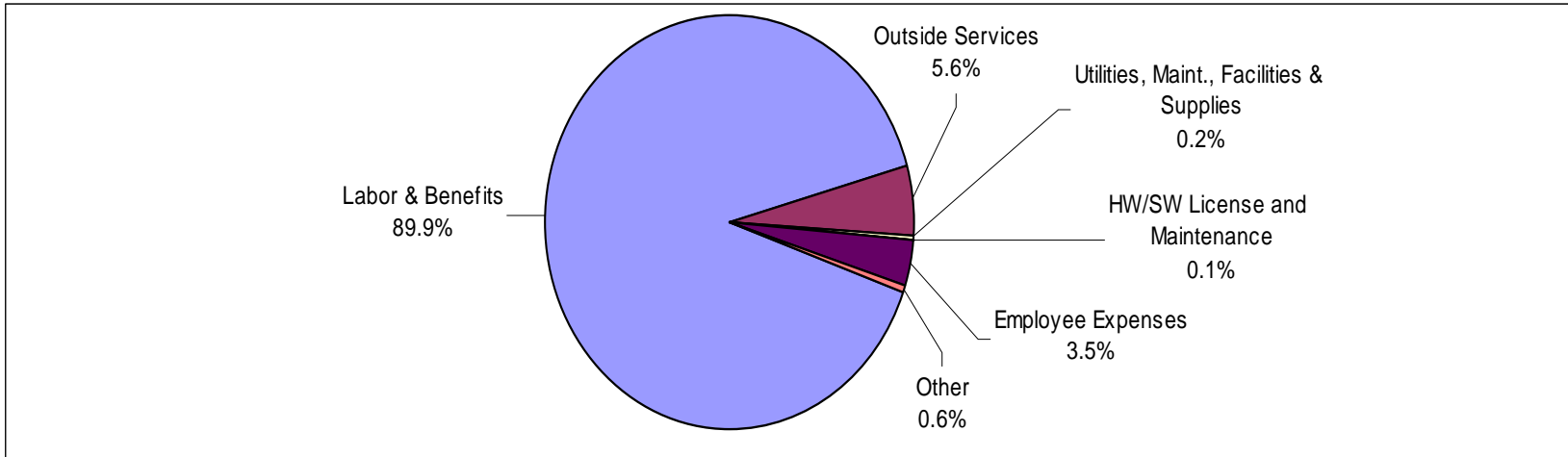


Other Category Description	FY 2006 Budget	% of Total
Insurance	1,920,000	58.23%
NERC Dues	967,533	29.34%
Relocation	100,000	3.03%
Corporate Events	64,000	1.94%
Recruiting	56,400	1.71%
Subscriptions & Publications	43,612	1.32%
Printing/Media	41,800	1.27%
Postage & Delivery	32,880	1.00%
Job Advertising	28,000	0.85%
Other	19,000	0.58%
Dues	15,200	0.46%
HW/SW License and Maintenance	8,750	0.27%
Total	3,297,175	100.00%

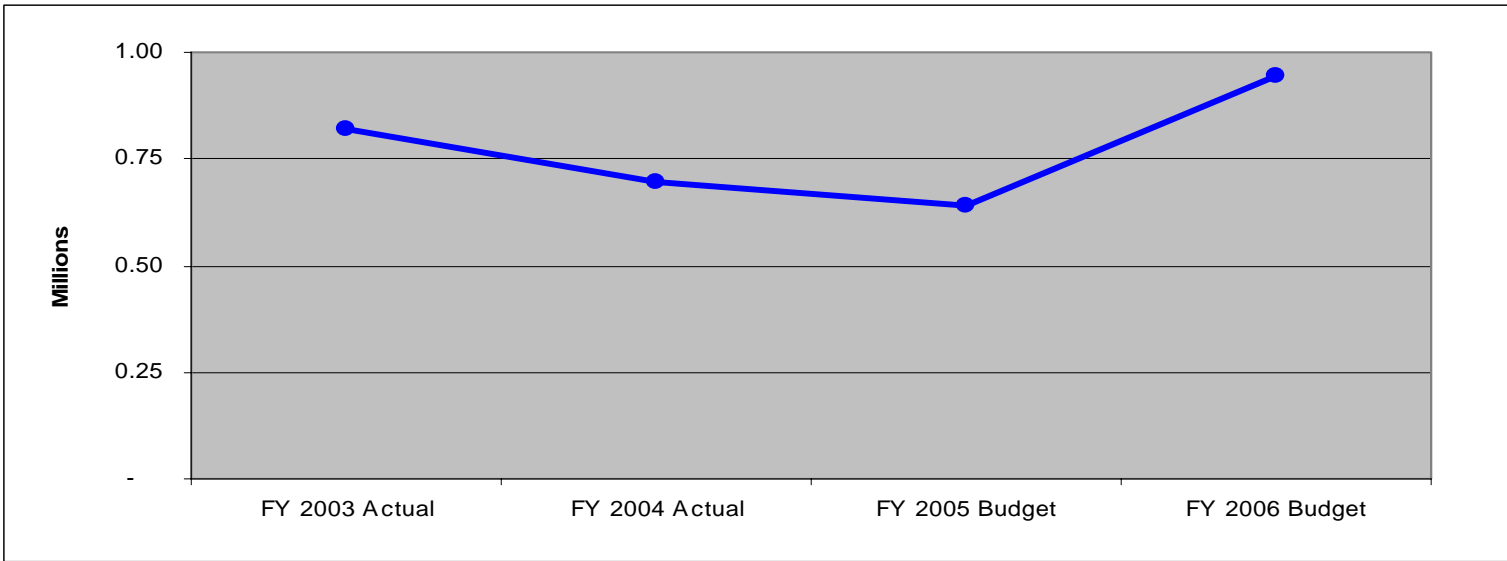
Goal 1 - Reliability and Congestion Management	17%
Goal 2 – Retail Transaction Processing	3%
Goal 3 – Wholesale Assess, Settlement Billing	5%
Goal 4 – Management Systems & Business Practices	18%
Goal 5 – Financial Management & Cost Effectiveness	37%
Goal 6 – External & Stakeholder Affairs	11%
Goal 7 – Organizational Readiness	8%

Total	100%





	2004 Actual	2005 Budget	2006 Budget	2005 Budget vs. 2006 Budget Variance \$	2005 Budget vs. 2006 Budget Variance %	2006 Budget %
Labor & Benefits	11.60	14.17	15.11	0.94	6.7%	89.9%
Outside Services	0.70	0.64	0.94	0.31	47.7%	5.6%
Utilities, Maint., Facilities & Supplies	0.02	0.00	0.03	0.03	2362.7%	0.2%
HW/SW License and Maintenance	-	0.08	0.02	(0.07)	-79.1%	0.1%
Employee Expenses	0.37	0.33	0.59	0.26	78.5%	3.5%
Other	0.55	0.30	0.10	(0.20)	-66.3%	0.6%
Total operating expense component of revenue requirement	13.23	15.53	16.80	1.27	8.2%	100.0%

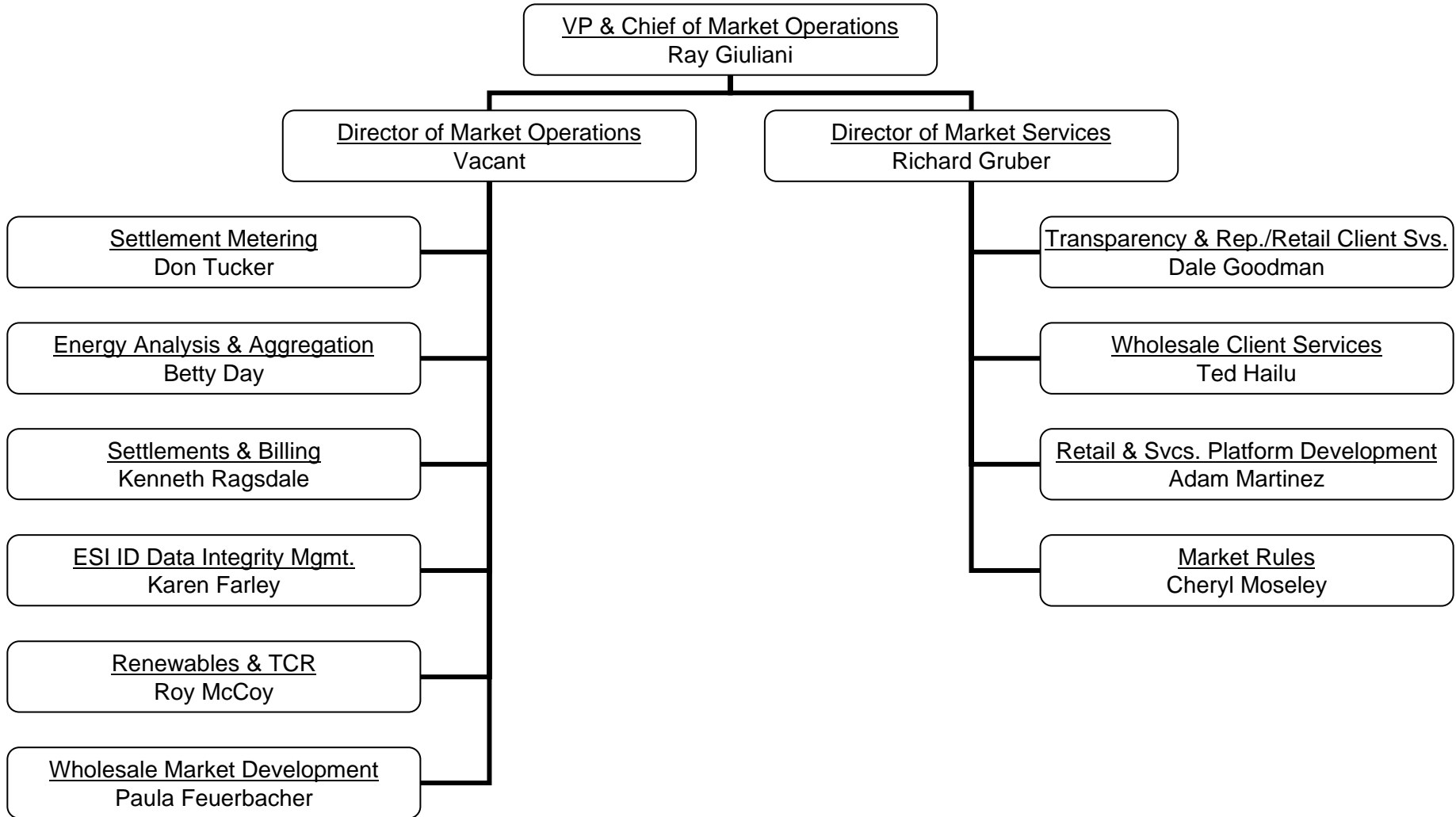


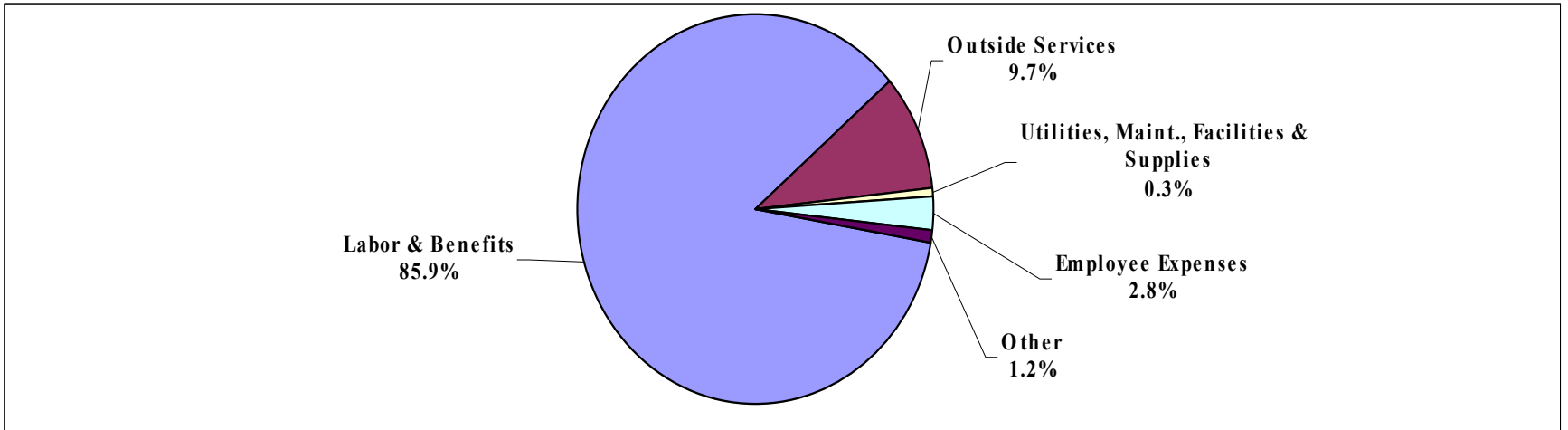
	FY 2003 Actual	FY 2004 Actual	FY 2005 Budget	FY 2006 Budget
Outside Services	818,527	695,410	639,400	944,492

Department	Description of Services	Amount
System Planning	Combined Cycle Stability Model Development	390,000
System Planning	PowerGEM TARA Project	85,000
System Planning	EPRI Stability Load Modeling	74,000
System Operations	Black Start Training	55,000
System Planning	Wind Power Study	50,000
Resource Planning	Reserve Margin Calculation Study	48,000
Operations Support	Short Term Load Forecaster Training	44,352
System Planning	Utility Wind Interest Group Membership/Modeling Users Group	42,500
Operations Support	Student Interns	40,000
Market Operations Support	Internship	36,000
System Planning	Continue Monitoring - Wind Generation	32,000
System Operations	Computer Based Training	30,000
Operations Support	TSAT Analysis to Real-time Operation	17,640
Total Outside Services		944,492

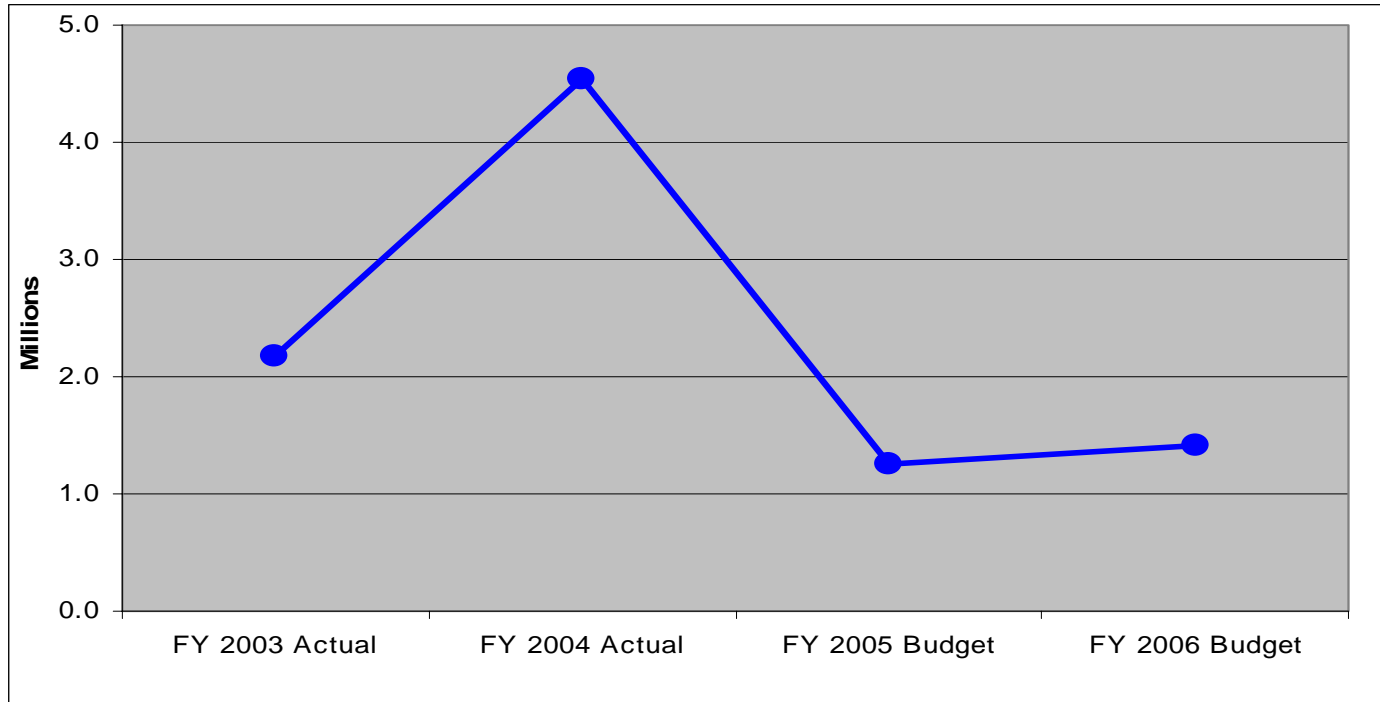
Goal 1 - Reliability and Congestion Management	94%
Goal 2 – Retail Transaction Processing	0%
Goal 3 – Wholesale Assess, Settlement Billing	1%
Goal 4 – Management Systems & Business Practices	2%
Goal 5 – Financial Management & Cost Effectiveness	0%
Goal 6 – External & Stakeholder Affairs	1%
Goal 7 – Organizational Readiness	2%

Total	100%





	2004 Actual	2005 Budget	2006 Budget	2005 Budget vs. 2006 Budget Variance \$	2005 Budget vs. 2006 Budget Variance %	2006 Budget %
Labor & Benefits	10.2	11.5	12.5	1.0	8.6%	85.9%
Outside Services	4.5	1.3	1.4	0.1	11.7%	9.7%
Utilities, Maint., Facilities & Supplies	0.0	0.1	0.1	(0.0)	-30.6%	0.3%
Employee Expenses	0.4	0.4	0.4	0.0	11.0%	2.8%
Other	0.9	0.7	0.2	(0.5)	-73.8%	1.2%
Total operating expense component of revenue requirement	16.1	13.9	14.5	0.7	4.8%	100.0%

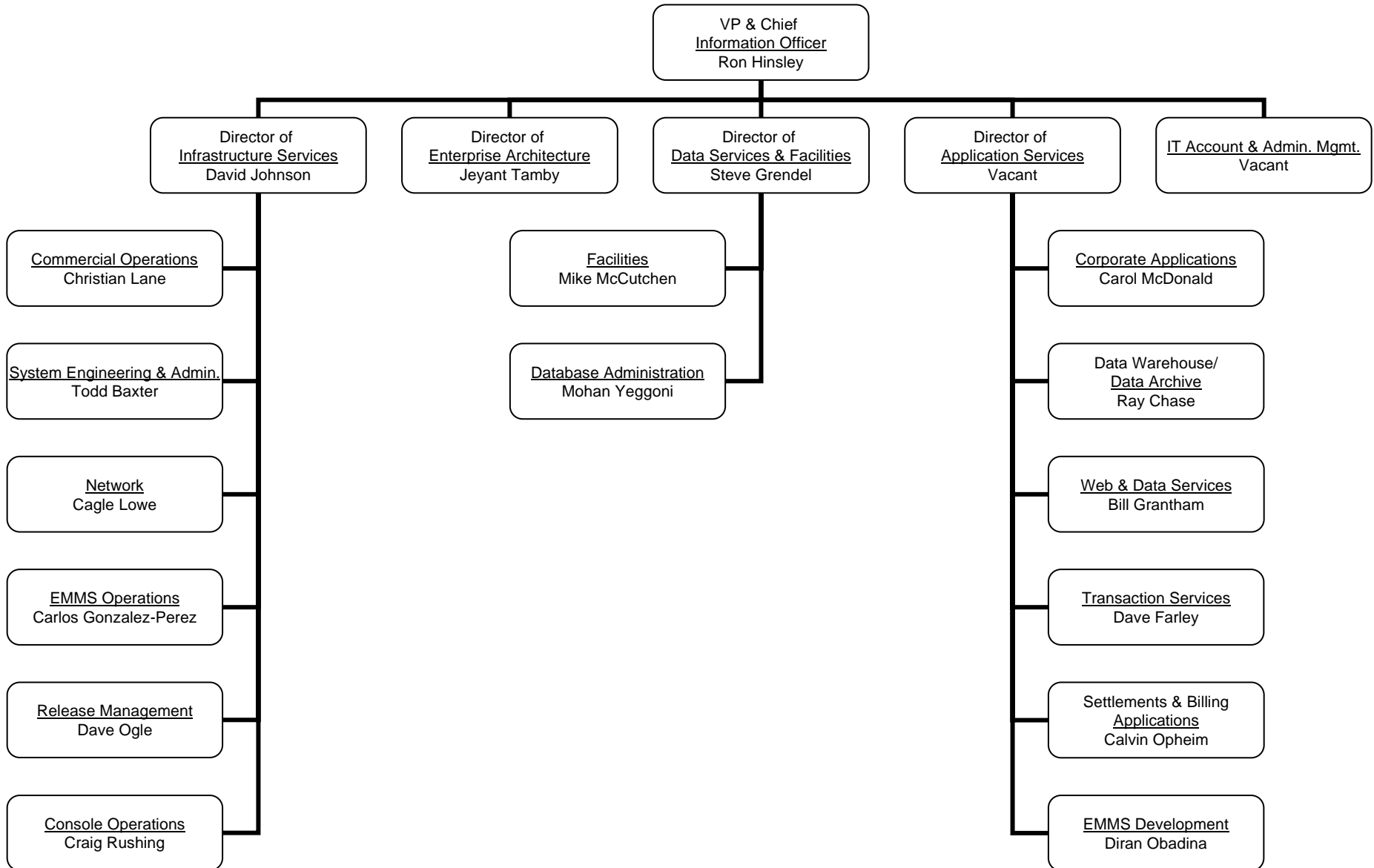


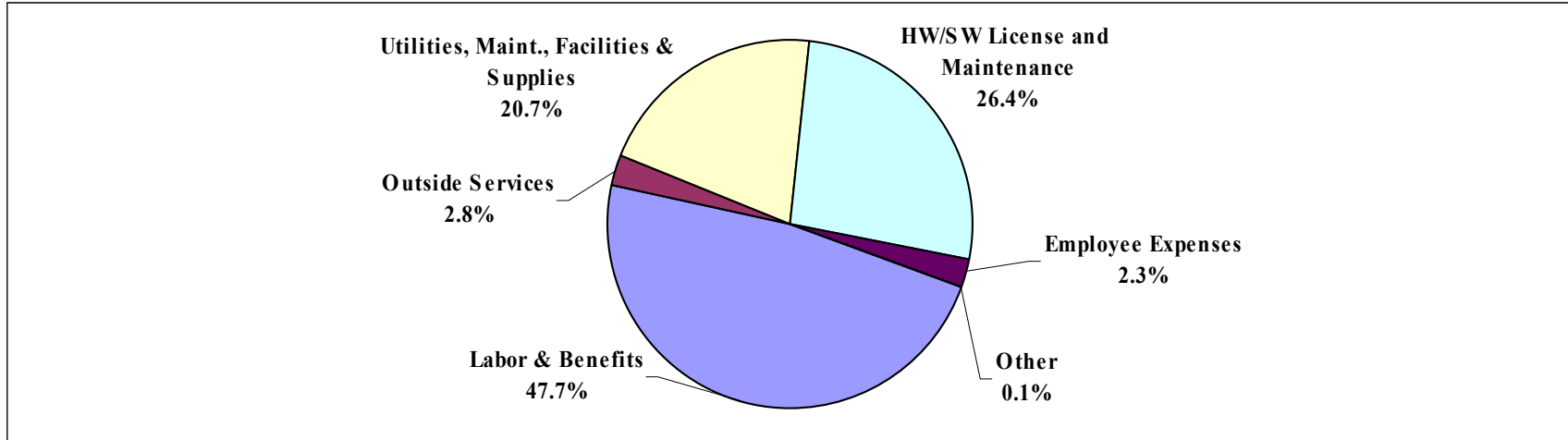
	<u>FY 2003 Actual</u>	<u>FY 2004 Actual</u>	<u>FY 2005 Budget</u>	<u>FY 2006 Budget</u>
Outside Services	2,179,162	4,543,502	1,260,298	1,408,228

Department	Description of Services	Amount
Transparency & Reporting	Outsourced Call Center; Postcard Printing & Mailing; Switch Cancellation Processing & Database Services	893,728
Market Operations Administration	Employee Development & Leadership Training	175,000
Retail Platform Development	Market Participant Web-Based Training	75,000
Retail Platform Development	Market Survey	55,000
Energy Analysis & Aggregation	Load Profiling Analysis	50,000
Retail Platform Development	Market Participant Core Training	40,000
REC & TCR	Renewable Energy Credit Program Enhancements	37,500
Settlements & Billing	RMR Cost Submittal Reviews	32,000
Retail Platform Development	Internet Surveying	30,000
Retail Platform Development	"Train the Trainer" Program	20,000
Total Outside Services		<u>1,408,228</u>

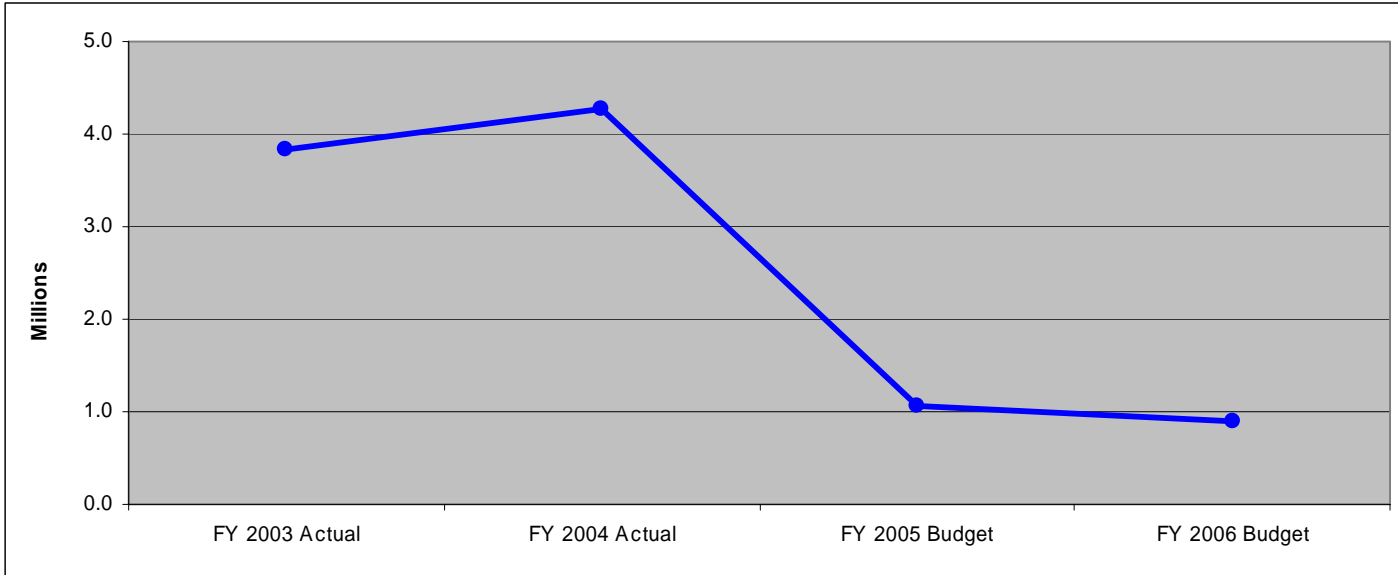
Goal 1 - Reliability and Congestion Management	1%
Goal 2 – Retail Transaction Processing	25%
Goal 3 – Wholesale Assess, Settlement Billing	48%
Goal 4 – Management Systems & Business Practices	4%
Goal 5 – Financial Management & Cost Effectiveness	6%
Goal 6 – External & Stakeholder Affairs	12%
Goal 7 – Organizational Readiness	4%

Total	100%





	2004 Actual	2005 Budget	2006 Budget	2005 Budget vs. 2006 Budget Variance \$	2005 Budget vs. 2006 Budget Variance %	2006 Budget %
Labor & Benefits	9.9	13.6	15.3	1.7	12.6%	47.7%
Outside Services	4.3	1.1	0.9	(0.2)	-17.0%	2.8%
Utilities, Maint., Facilities & Supplies	6.8	7.0	6.6	(0.4)	-5.7%	20.7%
HW/SW License and Maintenance	6.1	6.6	8.4	1.8	28.0%	26.4%
Employee Expenses	0.7	0.6	0.7	0.2	28.7%	2.3%
Other	0.4	0.1	0.0	(0.1)	-70.2%	0.1%
Total operating expense component of revenue requirement	28.2	29.0	32.0	3.1	10.5%	100.0%



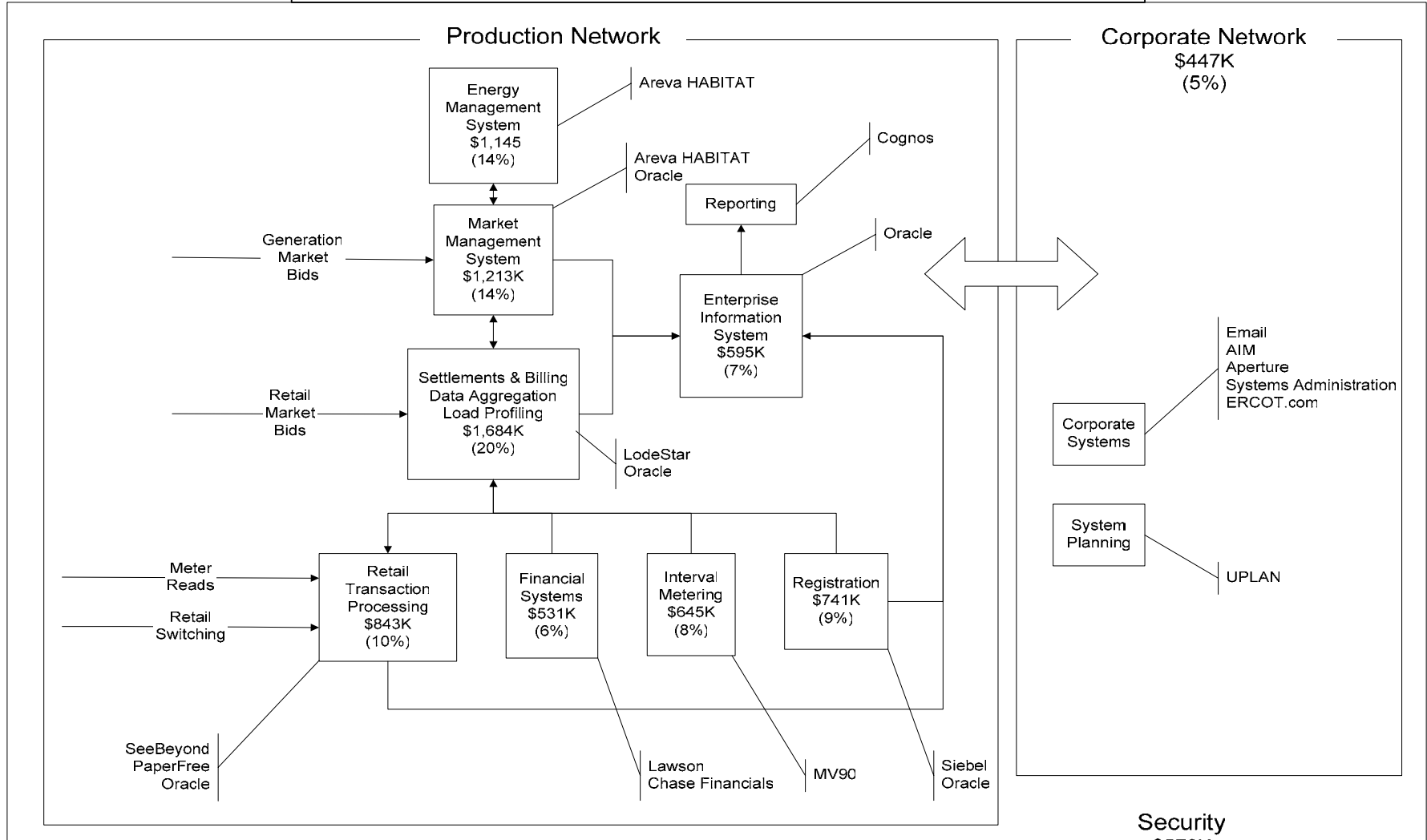
	FY 2003 Actual	FY 2004 Actual	FY 2005 Budget	FY 2006 Budget
Outside Services	3,838,899	4,270,446	1,071,410	889,416

Department	Description of Services	Amount
EMMS Development	EMMS Production Support	202,000
CIO Administration	IT Methodology Implementation	100,000
Transaction Services	EIF and SOA Concepts	100,000
Enterprise Information Services	Database Developer	95,000
Network	Firewall Management	91,200
Settlements & Billing Applications	Maintenance and Documentation Assistance	81,000
Network	Telecommunications Consultant	50,000
Web & Data Services	Capital Project Support	39,000
Corporate Applications	Lawson software upgrades	36,000
Facilities	Indoor Air Quality evaluation	30,000
Database Administration	Specialized Database Assistance	24,000
Enterprise Information Services	Database Analyst	21,216
CIO Administration	Management Training	20,000
Total Outside Services		889,416

Goal 1 - Reliability and Congestion Management	30%
Goal 2 – Retail Transaction Processing	19%
Goal 3 – Wholesale Assess, Settlement Billing	19%
Goal 4 – Management Systems & Business Practices	11%
Goal 5 – Financial Management & Cost Effectiveness	11%
Goal 6 – External & Stakeholder Affairs	6%
Goal 7 – Organizational Readiness	4%

Total	100%

Total 2006 Hardware & Software Support/Maintenance budget = \$8,417K



* (%) indicates percent of total budget by system

Facilities Summary

Aug 2005

<u>Description</u>	<u>2004 Actual</u>	<u>2005 Budget</u>	<u>Year To Date 06/30/05</u>	<u>2005 Remaining Budget</u>	<u>% of Budget Expended</u>	<u>2006 Submitted</u>
<u>Utilities</u>						
Electricity	818,506	900,000	413,521	486,479	45.9%	1,120,000
Water Service	-	-	7,313	(7,313)	NA	-
Fuel Oil	2,308	5,000	2,327	2,673	46.5%	4,000
Water/Gas/Sewer/Trash	41,107	60,000	6,640	53,360	11.1%	35,000
Subtotal - Utilities	861,921	965,000	429,800	535,200	44.5%	1,159,000
<u>Rent</u>						
Office Rental	938,022	870,000	376,660	493,340	43.3%	720,000
Miscellaneous Rental	-	2,000	-	2,000	0.0%	51,000
Storage Rental	38,137	40,000	14,928	25,072	37.3%	6,000
Subtotal - Rent	976,159	912,000	391,588	520,412	42.9%	777,000
<u>Telecom</u>						
PBX Lease for ISO	50,347	86,000	14,132	71,868	16.4%	-
Telephone - Local	854,463	818,400	327,327	491,073	40.0%	599,100
Telephone - Long Distance	128,941	152,820	56,853	95,967	37.2%	123,300
Telephone - Conf. Calls	76,205	153,934	15,517	138,417	10.1%	65,267
Internet Service	215,296	153,960	38,345	115,615	24.9%	90,000
Subtotal - Telecom	1,325,252	1,365,114	452,174	912,940	33.1%	877,667
<u>WAN</u>						
	1,730,117	1,657,730	890,888	766,842	53.7%	1,846,824
<u>Building Maintenance</u>						
Building Maintenance	417,600	449,000	226,213	222,787	50.4%	446,000
Grounds Maintenance	29,410	57,000	20,501	36,499	36.0%	70,000
Custodial Service	218,209	275,000	119,526	155,474	43.5%	240,000
Misc Services	90,749	92,300	44,061	48,239	47.7%	100,000
Bldg Security Services	771,554	825,000	424,666	400,334	51.5%	880,000
Subtotal - Maintenance	1,527,522	1,698,300	834,967	863,333	49.2%	1,736,000
Total Building Maintenance, Rent & Utilities	6,420,971	6,598,144	2,999,417	3,598,727	45.5%	6,396,491

Input, Questions, and Wrap-up