



ERCOT CORPORATE POLICY

Employee Travel Expense Reimbursement Policy

Document Name:	<i>Employee Travel Expense Reimbursement Policy</i>
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Summary	This policy is intended to establish the process and documentation requirements for employees to request reimbursement for travel expenses.
Readership	All ERCOT Employees

Approver(s) Department	Approver	Date Approved
Corporate	Executive Committee	2/14/05
Corporate	Executive Committee	3/01/2005
Corporate	Executive Committee	3/8/2005

Modification and Review History

Version	Date Revised	Owner	Revision Notes
1	2/14/2005	Finance Dept	Original Policy
2	3/01/2005	Finance Dept	Revised
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Related Standards

Standard Name and Version of Standard	Applicable Section of Standard	Relevant Document Section

Related Documents

Related Document Name	Version



ERCOT Corporate Policy

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Employee Travel Expense Reimbursement Policy

Purpose

This Policy recognizes that ERCOT responsibilities will occasionally require ERCOT employees to travel and otherwise incur reimbursable business-related expenses. This Policy establishes the process and documentation requirements for employees to request reimbursement for business expenses. ERCOT will reimburse only properly documented and valid business-related expenses of employees made within the guidelines identified below.

Travel and other business expenses will not be reimbursed unless such expense is incurred, approved and documented in accordance with this Policy. Any expense incurred by the Employee in excess of the maximum reimbursable amount set forth in this Policy will not be reimbursed.

Policy Statement

I. GENERAL

- A. **Cost effective.** When an ERCOT employee travels on behalf of the Company, he is expected to look for cost-effective options that meet his business need. Employees are encouraged to use websites such as Expedia.com, Travelocity.com and hotels.com to find cost effective travel options.
- B. **Cash Advances.** ERCOT does not routinely provide cash advances. Advance payment will be made directly to vendors for registration fees, airfare, hotels or other expenses where appropriate. All other expenses are reimbursed on the Employee Expense Report.
- C. **Employee Expense Report.** The Employee will submit claims for reimbursement of travel and other business expenses within sixty (60) days of incurrence of the expense. The Employee will complete the ERCOT Expense Report form, which can be found at ***ercotshare/common/FORMS/20xxExpenseReportTemplate.xls***, as it is revised from time to time, including
- (a) business purpose of trip,
 - (b) appropriate General Ledger account coding by line,
 - (c) attached applicable receipts (small receipts should be grouped and taped to 8 ½ x 11 sheets of paper for easy of handling),
 - (d) other documentation as required and
 - (e) required authorization signatures as noted below.
- D. **Receipts.** The Employee will submit original receipts for all travel or other business expenses for amounts over \$25.00. All items to be reimbursed, regardless of whether a receipt is required, must be properly identified and explained. Receipts must include the name of the vendor, location, date and dollar amount, including cash register receipts. If a receipt is lost, the Employee must fill out the Lost Receipts form, a copy of which is attached as Exhibit 1 (***this form can be found on ercotshare/common/FORMS/LOST RECEIPTS form.doc***).
- E. **Payment.** The Employee's Expense Report will be reviewed and approved in compliance with this Policy as described below. Payment by ERCOT will generally be made through the

Employee's paycheck for Expense Reports turned in by the due dates defined in **20xxTimeShareExpDueDates.doc**, which can be found on **ercotshare/common/FORMS**.

The basis for reimbursement of the Employee's travel expenses is as follows:

II. TRANSPORTATION

A. **Ground Transportation.** ERCOT will reimburse the Employee for reasonable and necessary tolls, parking fees, taxi, or bus fees. (for instance, reasonable airport parking costs are at long term rates, not short-term rates) The Employee is encouraged to share ground transportation whenever possible.

B. **Auto Rentals.** Auto rental expenses should be reasonable and will be reimbursed at economy, compact, or subcompact rates only. Every effort should be made to refuel prior to returning the vehicle to eliminate the high refueling charge of the rental company. ERCOT will not reimburse for any rental company's additional charges for the rental company's insurance since employees are covered under company insurance for rental car use. Employees may "check out" an insurance card from the Insurance Coordinator to carry while they travel. This card must be returned within 5 days of the end of the trip. In the event of an accident, contact ERCOT's Legal department for coverage information.

C. **Personal Vehicle Mileage.** ERCOT will reimburse reasonable and necessary personal vehicle mileage at the IRS-approved rate calculated based on Rand McNally or similar mileage charts. If no mileage amount is available through mileage charts, a written record of mileage is required. Costs for additional passengers, repairs, gasoline, insurance, costs of operation or vehicle maintenance are not allowed. Employees using their own vehicles will accept personal liability for any damage or injury occurring as a result of that use.

Mileage will ordinarily be computed between the Employee's usual place of business and the common carrier or destination. Expenses for travel between the Employee's residence and his/her usual place of business (commuting mileage) will not be allowed on regularly scheduled work days. If the Employee is traveling from a residence to a destination other than their usual place of business, normal commuting mileage is to be deducted. However, mileage expenses may be allowed between the Employee's residence and the common carrier or destination (including commuting mileage) if the business travel originates or terminates during a regularly scheduled day off. Mileage between the Met Center in Austin and the Taylor facilities will be calculated as 35 miles each way or 70 miles round trip. The Employee must state the business purpose for incurring this expense. **Note: Adequate information about destination and assumptions must be included on the ERCOT Expense Report for reimbursement of mileage.**

D. **Air Transportation.** The Employee is expected to use prudent planning and scheduling for all travel arrangements. This includes selection of the most economical carrier and/or alternative airport location where more than one exists within proximity of the departure location. Air travel accommodations should be limited to coach class airfare. The Employee is expected to select the most economical rates using normally traveled routes (for instance, this usually includes one intermediate stop). The Employee will use best efforts to obtain at least seven day advance-purchase or promotional fares. Any single roundtrip airfare or the equivalent that is over \$500 must receive prior written approval by the Employee's Manager. The Employee should use every effort to affect savings for ERCOT by using other special fares to reduce expenses that meet the business needs of both ERCOT and the Employee. **Note: In addition to ticket receipt (as required above), itinerary information is required. Also, documentation explaining airfares over \$500 with prior Manager approval must be attached for reimbursement.**

Unused ticket or portions thereof should be returned promptly for credit. ERCOT will not pay for unused tickets. (Penalty charges will not be reimbursable unless ERCOT is responsible for such cancellation). If an unused ticket is rescheduled for a fee, ERCOT will not pay rescheduling fees, unless ERCOT is directly responsible for such rescheduling. Extenuating circumstances can be taken into consideration and exceptions made as noted below.

III. **LODGING**

A. **Hotel/Motel.** ERCOT will reimburse the Employee for reasonable single economy rate rooms at the place of business travel. Employees are also encouraged to inquire about available discounts (e.g., AAA) to obtain the most favorable rates. Hotel rates generally should not exceed \$100 per night, before taxes or, in major metropolitan areas such as New York City or San Francisco, the cost of a 2-3 star hotel (on the AAA rating scale or equivalent). The cost of 4-5 star hotels are considered unreasonable unless the event being attended is at the hotel. Hotel cancellation charges are not reimbursed by ERCOT unless ERCOT is directly responsible for cancellation under extraordinary circumstances that prevented prior notification.

IV. **MEALS**

A. **Travel.** ERCOT will reimburse the Employee for actual expenses up to a maximum of \$40 per day, including tax and tips, while traveling. Employees are required to deduct the following from the cap for all meals provided by others (for instance, breakfast provided by hotels, meals included in cost of training, meals paid for by others, partial days when traveling, etc) - \$6 for breakfast, \$10 for lunch and \$24 for dinner.

B. **Business Meals.** Situations may arise where prudent and customary business practice indicates ERCOT's business will be accomplished by incurring the expense involved as host of a business meal. The Internal Revenue Service regulations set forth the following qualification: "It must be a quiet business meal in a restaurant, hotel dining room, eating room, or similar place where the surrounding and atmosphere are conducive to and at which a bona fide discussion actually takes place." The meal should be paid for and reported by the most senior in-charge person hosting the event. The expense report must contain the following information regarding the meal: date, location, business reason for the event, the names and business affiliations of the attendees. The Employee must receive prior written approval from his ERCOT Manager that is at least a Director for any personnel to host a business meal, as defined, if the cost of the meal would exceed \$40, including tax and tip, per person.

V. **MISCELLANEOUS TRAVEL EXPENSES**

A. **Tips.** ERCOT will reimburse the Employee for reasonable gratuities. (e.g. 15% is considered reasonable when applied to services). Gratuities on meals are covered in the **MEALS** section above.

B. **Laundry.** ERCOT will reimburse the Employee for reasonable valet and laundry charges for trips that extend beyond five (5) consecutive days.

C. **Personal Expenses.** ERCOT will not reimburse the Employee for personal expenses. If expenses of a personal nature (for instance, spousal and or companion travel, hotel shop

purchases, alcoholic beverages, sundry items, in-room movies, etc.) are charged against a hotel room or other bill, the Employee must deduct them from the receipt and not list them on the Expense Report.

D. **Other business expenses.** Other business expenses (e.g. Conference calls, Courier services, FedEx costs, etc) will be reimbursed based on actual costs incurred. Receipts must be attached.

While traveling, cell phone costs may be reimbursed for employees to the extent that the costs are for a business purpose and the overall business calls exceed that allowed per the cell phone allowance, if any. **Note: in addition to proof of payment, detail call record with business calls indicated must be attached.**

VI. ADDITIONAL REQUIREMENTS AND RESTRICTIONS

Travel to conferences in resort areas (e.g. Hawaii) is not allowed. Employees are expected to attend "least cost" training, including local area training, when possible.

When travel costs are incurred in conjunction with training, the confirmation or agenda for the training must be submitted with the expense reimbursement. Reimbursement for travel related to training will be for the length of the training course only.

VII. APPROVALS

Employee Expense Reports must be approved by that Employee's Manager; no individual may approve his own expense report. The CEO's expense report will be approved by the CFO (or designated Officer in absence of CFO).

Expense reports that exceed \$1,000 but are less than or equal to \$2,500 must be approved by a Director level ERCOT manager or higher.

Expense reports that exceed \$2,500 but are less than or equal to \$5,000 must be approved by an Officer of the company.

Expense reports that exceed \$5,000 must be approved by the CEO.

All expense reimbursements are subject to review by Finance for compliance with Policy and to ensure documentation is appropriate; all expense reimbursement requests over \$500 require the signature of the CFO or his designee.

The CFO's expense reimbursement request will be approved by the CEO and the Treasurer or the Controller; the Treasurer's expense reimbursement request will be approved by the CFO and Controller, and the Controller's expense reimbursement request will be approved by the CFO and Treasurer.

Exceptions to this Employee Travel Expense Reimbursement Policy require the approval of the CEO, CFO or their designees.

EXHIBIT 1

LOST RECEIPTS**for**

Receipt for:		Receipt for:	
Date:		Date:	
Amount:		Amount	
Vendor:		Vendor:	
Description:		Description:	
Signature:		Signature:	

Receipt for:		Receipt for:	
Date:		Date:	
Vendor:		Vendor:	
Description:		Description:	
Amount:		Amount	
Signature:		Signature:	

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