



2009 Revised Budget

ERCOT Board of Directors
20 January 2009

Mike Petterson, Controller

Requirements

- Maintain sufficient staff for base operations and Nodal Program Implementation
- Maintain essential facilities including the Met Center Replacement
- Accommodate software upgrades and hardware refreshes necessitated by delay in the Nodal Program including expansion of the TCC1 data center
- Maintain Debt repayment on the Senior Note and Term Loan as planned in the original 2009 budget

Income Sources

- System Administration Fee has been held flat in 2009 at the current rate of \$0.4171. This is the fifth year of stable or declining System Administration Fees.
- Accommodate a flat load forecast relative to the 2008 budget for the ERCOT region
- Accommodate reduced interest income expected as a result of economic developments in 2008 and ERCOT's movement to a more conservative investment stance
- Maintain proposed elimination of the Non-ERCOT Load Servicing Entity Fee

Achieving a \$0.4171 System Administration Fee for 2009 has been accomplished by taking the following steps:

- Relative to previous 2009 approved budget, reduced staffing projections for base operations from 753 to 739
- Reduced budget for employee benefit cost estimates based on recent years' spending
- Reduced budget for employee training, development and reimbursable business expenses based on recent years' spending
- Reduced utilization of outside services
- Postponing outside services required for Nodal Program bug fixes until post-implementation in 2011
- Incorporating Nodal labor “contra” for the continuation of ERCOT staff effort on the Nodal Program
- Incorporating overhead allocations to the Nodal Program
- Removed hardware and software support and maintenance costs relating to Nodal from the base operations budget

Sampling of Management Cost Control Initiatives

Automation

- Implemented a procurement card program
- Implemented a web-based expense reimbursement program
- Implemented video conference capability between ERCOT's Austin and Taylor facilities
- Implemented web-based learning management system for on-line training of staff and contractor/consultants
- Instituted periodic asset inventories based on barcodes to improve speed, accuracy, and efficiency
- Automated performance review processes
- Increased usage of electronic invoices
- Converted to electronic employee communications rather than printed newsletters and other communication

Competition

- Competitively bid contract to dispose of unneeded fixed assets through auction process that brings share of proceeds to ERCOT
- Competitively bid security services contract
- Competitively bid office supply contract
- Competitively bid electricity supplier contract
- Competitively bid / evaluated insurance coverage and premiums?
- Competitively bid employee benefit services

Benchmarking

- Use Gartner Group and other experts to benchmark and otherwise ensure competitive rates for hardware and software support and maintenance costs
- Implemented a contingent workforce management system
- Employ services of tax professionals to ensure lowest possible property tax liability
- Maintain consolidated banking relationships to control bank fees

Audit/Controls

- Instituted continuous fraud audit program relating to employee expense reimbursement requests
- Adopted standards for personal computer features and functionality

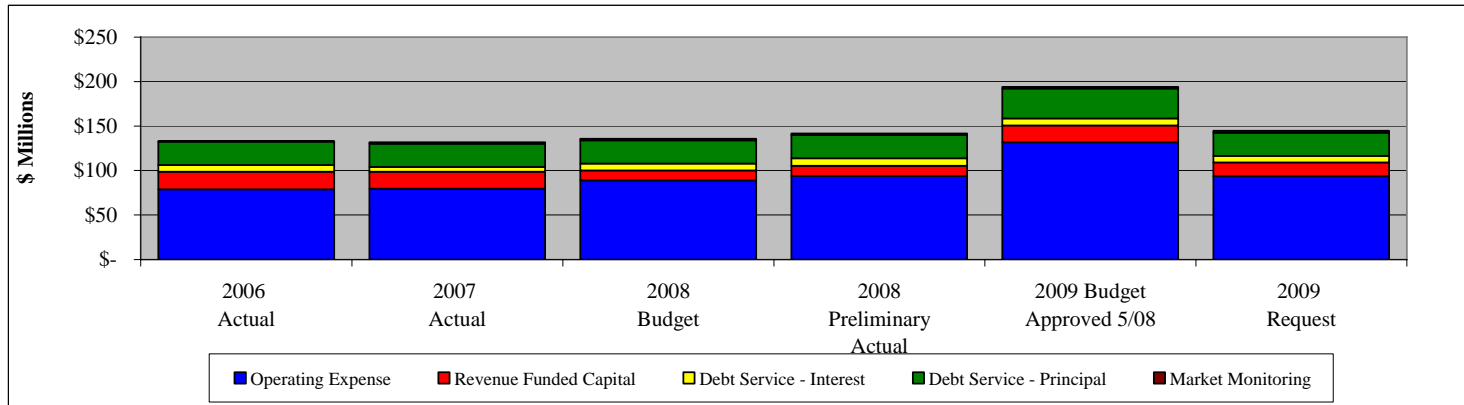
Process Improvement/Efficiencies

- Hired contractors/consultants to be employees were appropriate
- Shared increased cost of employee health insurance benefits with employees
- Instituted lump-sum merit award option to help control salary expense increases
- Prepare ERCOT's annual report with in-house resources
- Streamlined and standardized interoffice mail delivery
- Prepare tax returns in-house

2009 Revised Budget Comparison of Changes From Previously Approved 2009 Budget

<u>Line</u>		
1	Revenue Modifications	
2	Interest Income assumptions reduced due to investment policy modification	\$ 275
3		Subtotal Decreases <u>275</u>
4		
5	Expenditure Modifications	
6		
7	Increases:	
8	Updated expenses for Protocol Services (Texas RE)	93
9	Updated Independent Market Monitoring Services	400
10		Subtotal Increases <u>493</u>
11	Decreases:	
12	Labor & Benefits allocated to the Nodal Project offset by reduced Zonal Project reductions	(17,379)
13	Debt Service Principal has been reduced back down to the Senior note payment and the optional Term Loan payment	(7,463)
14	Support & Facilities Allocations to Nodal Project	(7,398)
15	Reduced staffing projections for base operations from 753 to 732	(4,884)
16	Outside Services reduced by \$5.3 million of Nodal Bug Fixes offset by increases to system studies and Nodal staffing backfill	(3,966)
17	Revenue Funded Capital Projects reduced	(3,780)
18	HW/SW Renewable Licenses & Maintenance reduced for Nodal-related expenses	(2,503)
19	Utilities, Maintenance & Facilities reduced for lower WAN, security and space costs, and shift from contract to 2 permanent employees, offset by allocation reduction	(985)
20	Property Taxes reduced due to delay in tax increase related to Met Center land purchase	(400)
21	Debt Service Interest decreased due to lower interest rates	(322)
22	Other reduced subscription costs for wind-related subscriptions	(252)
23	Employee Expenses reduced to an average of \$2.2K per employee as well as overall headcount reduction	(138)
24	Materials, Supplies, Tools & Equipment	(59)
25		Subtotal Decreases <u>(49,529)</u>
26		
27	Net Increase/(Decrease) over 2009 Budget Approved in May 2008	<u>\$ (48,761)</u>

2009 Revised Budget Summary



Line	(\$ Millions)	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	2009 Request
1	Operating Expense	79.0	79.6	89.0	93.9	131.7	93.7
2	Revenue Funded Capital	19.7	19.0	11.0	11.6	19.0	15.3
3	Debt Service - Interest	7.6	5.5	7.9	8.4	7.9	7.6
4	Debt Service - Principal	26.1	26.1	26.1	26.1	33.6	26.1
5	Protocol Services (Texas RE)	2.0	0.5	0.8	0.8	0.8	0.9
6	Market Monitoring	0.6	1.7	1.8	1.8	1.7	2.1
7	Total Revenue Requirement	135.0	132.3	136.7	142.6	194.7	145.6
8	GWh	304.4	305.5	319.4	312.4	319.4	319.4
9	System Administration Fee	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.5698	\$0.4171
10							
11	Total Project Spending	34.5	42.9	33.7	22.6	47.6	38.2
12							
13							
14	(\$ / MWh)						
15	Operating Expense	0.2441	0.2509	0.2717	0.2747	0.3854	0.2683
16	Revenue Funded Capital	0.0608	0.0599	0.0336	0.0339	0.0557	0.0437
17	Debt Service - Interest	0.0236	0.0172	0.0241	0.0245	0.0231	0.0217
18	Debt Service - Principal	0.0808	0.0824	0.0798	0.0765	0.0983	0.0749
19	Protocol Services (Texas RE)	0.0061	0.0015	0.0026	0.0025	0.0023	0.0025
20	Market Monitoring	0.0019	0.0052	0.0053	0.0051	0.0050	0.0060
21	Total Revenue Requirement	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.5698	\$0.4171

Notes:

- (1) Other revenue will supplement System Administration Fee to meet total funding requirement.
- (2) Revenues collected in excess of funding requirement are generally utilized to reduce debt funding with Board approval.
- (3) 2008 Total Project Spending includes \$6.2 million for the Met Center Replacement project which was authorized subsequent to the 2008 budget approval and has been reflected as 100% debt funded.

2009 Revised Budget – Revenue Requirement

Line	(\$ Thousands)	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	2009 Request
1	ERCOT O&M Expense						
2	Labor & Benefits	\$ 58,166	\$ 69,359	\$ 79,334	\$ 73,453	\$ 86,877	\$ 81,593
3	Contra Labor - Base Projects	(4,395)	(2,841)	(4,718)	(2,973)	(9,814)	(4,003)
4	Contra Labor - Nodal Program	(4,982)	(12,522)	(17,178)	(14,784)	-	(22,790)
5	Subtotal - Labor & Benefits	48,789	53,996	57,439	55,696	77,063	54,800
6	Support Allocations - Nodal Program	(1,673)	(4,957)	(1,673)	(4,254)	-	(4,728)
7	Backfill Allocations - Nodal Program	(403)	(1,593)	(1,545)	(1,771)	-	(1,297)
8	Facilities Allocations - Nodal Program	(120)	(2,813)	(2,500)	(2,839)	-	(1,373)
9	Subtotal - Allocations - Nodal Program	(2,196)	(9,363)	(5,718)	(8,863)	-	(7,398)
10	Materials, Supplies, Tools & Equipment	1,089	1,295	1,124	1,741	1,215	1,156
11	HW/SW Renewable License & Maintenance	7,740	9,406	9,304	10,535	12,132	9,628
12	Outside Services	9,104	11,226	12,768	14,170	16,195	12,229
13	Special Audits	575	-	-	-	-	-
14	Utilities, Maintenance & Facilities	6,940	6,880	7,392	7,631	8,468	7,484
15	Employee Expenses	1,227	1,388	2,012	1,825	1,883	1,745
16	Insurance	1,677	1,692	2,250	1,656	2,125	2,125
17	Property Taxes	998	903	1,100	1,533	1,500	1,100
18	NERC Dues	-	963	-	4,900	8,613	8,613
19	Other	3,028	1,189	1,346	3,042	2,467	2,215
20	Subtotal - O&M Expenses	78,970	79,577	89,017	93,865	131,660	93,697
21	Debt Service - Interest	7,632	5,471	7,905	8,381	7,902	7,580
22	Debt Service - Principal	26,137	26,137	26,137	26,137	33,600	26,137
23	Revenue Funded Capital	19,658	18,983	11,000	11,579	10,880	7,100
24	Revenue Funded Facility (Met Center Replacement)	-	-	-	-	8,160	8,160
25	Protocol Services (Texas RE)	1,963	477	849	849	779	872
26	Market Monitoring	600	1,650	1,750	1,750	1,700	2,100
27	Total Revenue Requirement	134,960	132,295	136,657	142,561	194,681	145,646
28	Less: Other Revenue	5,795	3,737	2,642	10,623	12,327	12,327
29	Less: Interest Income	2,200	1,138	800	1,624	375	100
30	Revenue Rqmt from System Admin Fee	126,964	127,420	133,215	130,314	181,979	133,218
31	GWh	304,374	305,482	319,400	312,403	319,355	319,392
32	% GWh Growth	1.9%	0.4%	4.6%	-2.2%	1.7%	0.0%
33	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5698	\$ 0.4171
34	Capital Spending - Revenue Funded	19,658	18,983	11,000	11,579	10,880	7,100
35	Capital Spending - % Revenue Funded	57%	44%	40%	54%	40%	40%
36	Capital Spending - Debt Funded	14,807	23,888	16,500	9,909	16,320	10,650
37	Capital Spending - % Debt Funded	43%	56%	60%	46%	60%	60%
38	Total Project Spending	34,465	42,871	27,500	21,488	27,200	17,750
39	Facility Spending - Revenue Funded	-	-	-	-	8,160	8,160
40	Facility Spending - % Revenue Funded	-	-	-	-	0	40%
41	Facility Spending - Debt Funded	-	-	6,200	1,113	12,240	12,240
42	Facility Spending - % Debt Funded	-	-	100%	100%	60%	60%
43	Total Facility (Met Center) Spending	-	-	6,200	1,113	20,400	20,400
44	Total Project/Facility Spending	34,465	42,871	33,700	22,601	47,600	38,150
45	Total ERCOT Spending Authorization	149,767	156,183	159,357	153,583	223,241	168,536
46	Note:						
47	2008 Total Project Spending includes \$6.2 million for the Met Center replacement project which was authorized subsequent to the 2008 Budget approval and has been						
48	reflected as 100% debt funded.						

2009 Revised Budget – Expense Category

Line	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	FY 2009 Revised Request	2008	2009 Budget	
							Preliminary Actual vs. 2009 Revised Request	Approved 5/08 vs. 2009 Revised Request	
							\$	\$	
							Variance	Variance	
1	ERCOT								
2	<i>Labor & Benefits</i>	58,165,857	69,359,107	79,334,312	73,453,067	86,876,917	81,593,315	8,140,248	(5,283,603)
3	<i>Contra Labor - Base Projects</i>	(4,395,008)	(2,840,780)	(4,717,804)	(2,973,104)	(9,814,168)	(4,002,999)	(1,029,895)	5,811,169
4	<i>Contra Labor - Nodal Program</i>	(4,981,666)	(12,521,964)	(17,177,909)	(14,784,222)	-	(22,790,420)	(8,006,198)	(22,790,420)
5	<i>Subtotal - Labor & Benefits</i>	48,789,183	53,996,364	57,438,599	55,695,741	77,062,749	54,799,895	(895,846)	(22,262,854)
6	<i>Support Allocations - Nodal Program</i>	(1,673,237)	(4,957,175)	(1,673,212)	(4,253,917)	-	(4,728,135)	(474,218)	(4,728,135)
7	<i>Backfill Allocations - Nodal Program</i>	(402,772)	(1,592,512)	(1,545,000)	(1,770,530)	-	(1,296,711)	473,819	(1,296,711)
8	<i>Facilities Allocations - Nodal Program</i>	(120,484)	(2,813,090)	(2,500,000)	(2,838,934)	-	(1,373,339)	1,465,595	(1,373,339)
9	<i>Subtotal - Allocations - Nodal Program</i>	(2,196,493)	(9,362,777)	(5,718,212)	(8,863,381)	-	(7,398,185)	1,465,196	(7,398,185)
10	<i>Material, Supplies, Tools & Equipment</i>	1,088,745	1,295,059	1,124,310	1,740,932	1,215,010	1,155,973	(584,959)	(59,037)
11	<i>Special Reviews</i>	575,026	-	-	-	-	-	-	-
12	<i>Outside Services</i>	9,703,961	12,876,391	14,518,214	15,920,094	17,894,691	14,328,989	(1,591,105)	(3,565,702)
13	<i>Utilities, Maintenance & Facilities</i>	6,939,517	6,880,245	7,391,650	7,630,892	8,468,480	7,483,930	(146,962)	(984,550)
14	<i>HW/SW Renewable License & Maint.</i>	7,740,246	9,405,715	9,303,714	10,534,519	12,131,638	9,628,313	(906,206)	(2,503,325)
15	<i>Insurance</i>	1,676,549	1,691,854	2,250,000	1,656,205	2,125,369	2,125,369	469,164	-
16	<i>Employee Expenses</i>	1,226,999	1,388,442	2,012,383	1,825,133	1,882,500	1,744,924	(80,209)	(137,576)
17	<i>Depreciation & Amortization</i>	-	-	-	-	-	-	-	-
18	<i>Interest & Fees</i>	7,631,714	5,470,556	7,904,525	8,380,949	7,902,013	7,580,059	(800,890)	(321,954)
19	<i>Property Taxes</i>	997,716	903,497	1,100,000	1,532,877	1,500,000	1,100,000	(432,877)	(400,000)
20	<i>NERC Dues</i>	-	963,138	-	4,899,938	8,612,797	8,612,797	3,712,859	-
21	<i>Other</i>	3,028,055	1,188,776	1,346,360	3,041,976	2,466,699	2,214,554	(827,422)	(252,145)
22	Total - ERCOT	87,201,218	86,697,261	98,671,543	103,995,875	141,261,946	103,376,619	(619,256)	(37,885,328)
23									

2009 Revised Budget – Expense Category

Line	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	FY 2009 Revised Request	2008	2009 Budget	
							Preliminary Actual vs. 2009 Revised Request	Approved 5/08 vs. 2009 Revised Request	
							\$	\$	
							Variance	Variance	
24	Corporate Administration								
25	Labor & Benefits	10,084,610	13,543,931	12,929,939	14,140,593	12,179,072	12,773,342	(1,367,251)	594,270
26	Contra Labor - Base Projects	40,326	(111,557)	(1,030,393)	(656,553)	(559,559)	(442,494)	214,059	117,065
27	Contra Labor - Nodal Program	(265,493)	(510,530)	(339,708)	(404,356)	-	(733,684)	(329,328)	(733,684)
28	Subtotal - Labor & Benefits	9,859,443	12,921,844	11,559,838	13,079,684	11,619,513	11,597,164	(1,482,520)	(22,349)
29	Support Allocations - Nodal Program	(1,039,174)	(3,293,182)	(1,192,212)	(3,099,654)	-	(3,353,140)	(253,486)	(3,353,140)
30	Backfill Allocations - Nodal Program	(21,885)	(90,383)	(100,000)	(29,630)	-	(42,776)	(13,146)	(42,776)
31	Facilities Allocations - Nodal Program	(120,484)	(1,681,864)	(1,500,000)	(1,615,632)	-	(935,881)	679,751	(935,881)
32	Subtotal - Allocations - Nodal Program	(1,181,543)	(5,065,429)	(2,792,212)	(4,331,797)	-	(4,331,797)	413,119	(4,331,797)
33	Material, Supplies, Tools & Equipment	648,576	912,151	748,805	1,517,249	819,305	753,468	(763,781)	(65,837)
34	Special Reviews	575,026	-	-	-	-	-	-	-
35	Outside Services	5,756,207	5,016,064	4,306,118	4,861,247	4,882,300	4,639,800	(221,447)	(242,500)
36	Utilities, Maintenance & Facilities	3,526,880	4,218,022	4,104,000	4,417,232	4,688,500	4,119,750	(297,482)	(568,750)
37	HW/SW Renewable License & Maint.	104,181	54,948	-	62,828	-	-	(62,828)	-
38	Insurance	1,676,549	1,691,854	2,250,000	1,656,205	2,125,369	2,125,369	469,164	-
39	Employee Expenses	254,707	333,012	399,249	417,211	342,500	387,784	(29,427)	45,284
40	Depreciation & Amortization	-	-	-	-	-	-	-	-
41	Interest & Fees	7,631,714	5,470,556	7,904,525	8,380,929	7,902,013	7,580,059	(800,870)	(321,954)
42	Property Taxes	997,716	903,497	1,100,000	1,532,877	1,500,000	1,100,000	(432,877)	(400,000)
43	NERC Dues	-	-	-	4,899,938	8,612,797	8,612,797	3,712,859	-
44	Other	2,364,898	602,835	780,710	1,992,126	837,110	859,260	(1,132,866)	22,150
45	Total - Corporate Administration	32,214,353	27,059,354	30,361,033	38,485,729	43,329,407	37,443,654	(628,956)	(5,885,753)
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2009 Revised Budget – Expense Category

Line	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	FY 2009 Revised Request	2008	2009 Budget	
							Preliminary Actual vs. 2009 Revised Request	2009 Budget Approved 5/08 vs. 2009 Revised Request	
							\$	\$	
							Variance	Variance	
47	Information Technology								
48	Labor & Benefits	18,098,033	21,590,698	25,444,081	24,328,974	31,933,777	28,364,095	4,035,121	(3,569,682)
49	Contra Labor - Base Projects	(2,707,320)	(1,403,236)	(1,186,549)	(1,225,921)	(5,111,743)	(1,771,185)	(545,264)	3,340,558
50	Contra Labor - Nodal Program	(2,226,401)	(6,106,911)	(7,684,314)	(7,190,847)	-	(9,649,829)	(2,458,982)	(9,649,829)
51	Subtotal - Labor & Benefits	13,164,312	14,080,551	16,573,218	15,912,206	26,822,034	16,943,081	1,030,875	(9,878,953)
52	Support Allocations - Nodal Program	(65,628)	(287,931)	(75,000)	(259,848)	-	(311,056)	(51,208)	(311,056)
53	Backfill Allocations - Nodal Program	(45,866)	(374,372)	(445,000)	(477,268)	-	(332,171)	145,098	(332,171)
54	Facilities Allocations - Nodal Program	-	(1,131,226)	(1,000,000)	(1,223,302)	-	(437,458)	785,844	(437,458)
55	Subtotal - Allocations - Nodal Program	(111,494)	(1,793,529)	(1,520,000)	(1,960,418)	-	(1,080,685)	879,734	(1,080,685)
56	Material, Supplies, Tools & Equipment	368,656	347,177	343,805	165,213	350,505	350,505	185,292	-
57	Special Reviews	-	-	-	-	-	-	-	-
58	Outside Services	1,045,059	2,279,701	2,836,830	4,238,731	6,428,620	2,206,078	(2,032,653)	(4,222,542)
59	Utilities, Maintenance & Facilities	3,283,139	2,644,909	3,247,050	3,197,917	3,739,230	3,322,430	124,513	(416,800)
60	HW/SW Renewable License & Maint.	7,634,923	9,328,909	9,303,714	10,467,583	12,131,638	9,628,313	(839,270)	(2,503,325)
61	Insurance	-	-	-	-	-	-	-	-
62	Employee Expenses	397,326	378,489	572,400	643,999	630,000	508,200	(135,799)	(121,800)
63	Depreciation & Amortization	-	-	-	-	-	-	-	-
64	Interest & Fees	-	-	-	-	-	-	-	-
65	Property Taxes	-	-	-	-	-	-	-	-
66	NERC Dues	-	-	-	-	-	-	-	-
67	Other	329,747	297,371	148,550	733,717	1,389,889	1,001,594	267,877	(388,295)
68	Total - Information Technology	26,111,669	27,563,578	31,505,568	33,398,948	51,491,916	32,879,516	(519,432)	(18,612,400)
69									

2009 Revised Budget – Expense Category

Line	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	FY 2009 Revised Request	2008 Preliminary Actual vs. 2009 Revised Request		2009 Budget Approved 5/08 vs. 2009 Revised Request	
							\$ Variance	\$ Variance	\$ Variance	\$ Variance
70	Operations									
71	Labor & Benefits	29,983,214	34,224,478	40,960,292	34,983,499	42,764,068	40,455,878	5,472,378	(2,308,191)	
72	Contra Labor - Base Projects	(1,728,014)	(1,325,987)	(2,500,862)	(1,090,630)	(4,142,866)	(1,789,320)	(698,690)	2,353,546	
73	Contra Labor - Nodal Program	(2,489,772)	(5,904,523)	(9,153,888)	(7,189,019)	-	(12,406,908)	(5,217,889)	(12,406,908)	
74	Subtotal - Labor & Benefits	25,765,428	26,993,969	29,305,543	26,703,850	38,621,202	26,259,650	(444,200)	(12,361,552)	
75	Support Allocations - Nodal Program	(568,435)	(1,376,062)	(406,000)	(894,415)	-	(1,063,939)	(169,524)	(1,063,939)	
76	Backfill Allocations - Nodal Program	(335,022)	(1,127,757)	(1,000,000)	(1,263,632)	-	(921,764)	341,868	(921,764)	
77	Facilities Allocations - Nodal Program	-	-	-	-	-	-	-	-	
78	Subtotal - Allocations - Nodal Program	(903,457)	(2,503,819)	(1,406,000)	(2,158,047)	-	(1,985,703)	172,344	(1,985,703)	
79	Material, Supplies, Tools & Equipment	71,513	35,731	31,700	58,470	45,200	52,000	(6,470)	6,800	
80	Special Reviews	-	-	-	-	-	-	-	-	
81	Outside Services	2,902,695	5,580,626	7,375,266	6,820,116	6,583,771	7,483,111	662,995	899,340	
82	Utilities, Maintenance & Facilities	129,497	17,315	40,600	15,743	40,750	41,750	26,007	1,000	
83	HW/SW Renewable License & Maint.	1,143	21,858	-	4,108	-	-	(4,108)	-	
84	Insurance	-	-	-	-	-	-	-	-	
85	Employee Expenses	574,966	676,941	1,040,734	763,923	910,000	848,940	85,017	(61,060)	
87	Interest & Fees	-	-	-	20	-	-	(20)	-	
88	Property Taxes	-	-	-	-	-	-	-	-	
89	NERC Dues	-	963,138	-	-	-	-	-	-	
90	Other	333,410	288,570	417,100	316,133	239,700	353,700	37,567	114,000	
91	Total - Operations	28,875,196	32,074,329	36,804,942	32,524,316	46,440,623	33,053,448	529,132	(13,387,175)	

2009 Revised Budget – Staffing Authorization

Office & Department	Dept #	2008 Budget	2008 Current Authorized (As of 12.1.08)	2009 Budget Approved 5/08	2009 Revised	Increase/ (Decrease) vs. 2008 Current Authorized
ERCOT						
Corporate Administration		131	140	137	145	5
Information Technology		212	232	252	231	(1)
Operations		360	372	364	363	(9)
Total - ERCOT		703	744	753	739	(5)
Corporate Administration						
Executive Administration	101	4	3	4	2	(1)
Treasury & Credit Admin	111	9	10	10	10	-
Contract Admin & Procurement	112	12	11	10	11	-
Internal Control Management Program	113	3	3	3	3	-
Accounting & Budget	114	19	22	20	22	-
General Counsel	120	20	21	21	21	-
Human Resources & Org Dvlpmt	130	11	12	13	14	2
Internal Audit	180	7	8	7	9	1
Facilities & Site Development	325	14	17	15	19	2
Program Management Office	350	1	1	1	1	-
Corp Admin. Divisional Proj. Org.	351	6	6	6	6	-
PMO Planning, Quality & Reporting	352	6	7	7	7	-
Program Administration	353	4	4	4	4	-
Information Systems Security	370	11	11	11	11	-
Physical Security	371	4	4	4	4	-
Security	372	-	-	1	1	1
Total - Corporate Administration		131	140	137	145	5

2009 Revised Budget – Staffing Authorization

Office & Department	Dept #	2008 Budget	2008 Current Authorized (As of 12.1.08)	2009 Budget Approved 5/08	2009 Revised	Increase/ (Decrease) vs. 2008 Current Authorized
Information Technology						
Nodal Market Redesign	220	0	1	0	0	(1)
CIO Administration	300	7	6	6	6	-
IT Business & Customer Services	302	4	4	5	4	-
System Engineering & Administration	310	25	28	28	28	-
Storage Resource Management	315	-	-	-	-	-
Network & Deskside Services	330	18	20	19	20	-
EMMS Development	345	17	17	17	17	-
Enterprise Integration	347	10	10	10	10	-
Enterprise Information Services	354	19	16	16	16	-
Enterprise Architecture	355	8	9	8	8	(1)
Commercial Services	356	15	17	17	17	-
Corporate Applications	357	12	9	12	9	-
Web Applications	358	6	13	15	13	-
Database Administration	360	10	11	11	11	-
Console Operations	380	13	15	15	15	-
Release Management	385	7	8	10	8	-
IT Commercial Operations	390	19	24	35	24	-
EMMS Production Support	395	18	20	24	20	-
Info. Tech. Divisional Proj. Org.	396	4	4	4	5	1
Total - Information Technology		212	232	252	231	(1)

2009 Revised Budget – Staffing Authorization

Office & Department	Dept #	2008 Budget	2008 Current Authorized (As of 12.1.08)	2009 Budget Approved 5/08	2009 Revised	Increase/ (Decrease) vs. 2008 Current Authorized
Operations						
Market Rules & Stakeholder Support	170	9	9	9	9	-
System Operations Admin	402	4	3	3	4	1
Operating Administration	403	-	2	-	9	7
System Ops. Divisional Proj. Org.	405	4	4	4	4	-
Market/Operations Support	406	-	1	-	3	2
Market Operations Support	410	24	26	26	32	6
Operating Standards	415	4	6	6	6	-
Operations Support	420	3	4	4	4	-
Outage Coordination	421	12	11	12	11	-
Network Modeling	422	14	22	21	22	-
Operations Planning	423	8	7	8	8	1
Advanced Network Applications	424	8	8	9	8	-
Operations Engineering	426	12	12	11	12	-
System Operations Training	427	9	9	9	9	-
System Operations - Control Center	428	53	54	45	47	(7)
Congestion Anal. & Rev. Rights	450	7	6	8	-	(6)
Regulatory Support & Reporting	460	4	4	5	4	-
Planning Administration	470	4	4	4	2	(2)
Planning Services	471	6	8	8	8	-
Regional Planning	472	10	13	12	14	1
System Assessment	473	10	9	11	12	3
Compliance	480	-	1	-	1	-
CMO Administration	500	6	7	8	-	(7)
Settlement Metering	530	10	10	10	10	-
Energy Analysis & Aggreg	540	10	10	10	10	-
Settlements & Billing Operations	550	23	23	25	22	(1)
Retail Customer Choice	570	21	17	17	12	(5)
Comm Ops Data Intg & Adm	585	7	8	9	8	-
Market Ops Divisional Proj. Org.	605	16	9	9	9	-
Retail Market Analysis	630	4	4	4	4	-
Market Operations Testing	640	30	30	27	30	-
Retail Client Services	650	9	10	9	9	(1)
Wholesale Client Services	660	19	21	21	20	(1)
Total - Operations		360	372	364	363	(9)

2009 Revised Budget – Staffing Authorization

	Funding				Full Time Equivalency				FTE Increases / (Decreases)
	2006 Actual	2007 Actual	2008 Budget	2009 Revised Request	2006 Actual	2007 Actual	2008 Budget	2009 Revised Request	2008 Budget to 2009 Revised Request
ERCOT									
<i>Base Operations</i>	48,789,183	53,996,364	57,438,599	55,199,895	467	477	518	517	(1)
<i>Base Projects</i>	4,395,008	2,840,780	4,717,804	4,002,999	37	24	40	33	(6)
<i>Nodal Program</i>	4,981,666	12,521,964	17,177,909	22,790,420	42	106	145	189	43
<i>Labor & Benefits Total</i>	58,165,857	69,359,107	79,334,312	81,993,315	546	607	703	739	36
Corporate Administration									
<i>Base Operations</i>	9,859,443	12,921,844	11,559,838	11,997,164	98	109	119	135	16
<i>Base Projects</i>	(40,326)	111,557	1,030,393	442,494	-	1	9	4	(5)
<i>Nodal Program</i>	265,493	510,530	339,708	733,684	2	4	3	6	3
<i>Labor & Benefits Total</i>	10,084,610	13,543,931	12,929,939	13,173,342	100	114	131	145	14
Information Technology									
<i>Base Operations</i>	13,164,312	14,080,551	16,573,218	16,943,081	121	120	137	136	(1)
<i>Base Projects</i>	2,707,320	1,403,236	1,186,549	1,771,185	23	12	10	15	5
<i>Nodal Program</i>	2,226,401	6,106,911	7,684,314	9,649,829	19	51	65	80	15
<i>Labor & Benefits Total</i>	18,098,033	21,590,698	25,444,081	28,364,095	163	182	212	231	19
Operations									
<i>Base Operations</i>	25,765,428	26,993,969	29,305,543	26,259,650	247	250	261	245	(16)
<i>Base Projects</i>	1,728,014	1,325,987	2,500,862	1,789,320	15	11	21	15	(6)
<i>Nodal Program</i>	2,489,772	5,904,523	9,153,888	12,406,908	21	50	77	103	25
<i>Labor & Benefits Total</i>	29,983,214	34,224,478	40,960,292	40,455,878	283	311	360	363	3

Notes:

- (1) Data based on the organizational structure as it existed (exists) each year.
- (2) The former Compliance department is excluded from 2006; the Texas RE is excluded from 2007 - 2009.
- (3) The full-time equivalency columns are based on a calculation which may result in a slight variance due to rounding.
- (4) 2009 equivalency calculation has been modified to utilize 1,860 hours per year instead of 1,820 used in prior years. This change was necessary to ensure consistency with the Nodal Program budget.

2009 Revised Budget - Development Schedule

Date	Budget Preparation, Review, and Approval Task
Friday, Oct. 10	Receive preliminary, revised 2009 Project Priority List (PPL) for base operations.
Monday, Oct. 20 - TBD	<p><u>Special Nodal Program Committee</u> At times to be established by the members of the Special Nodal Program Committee, review and approve the management recommended, revised Nodal Program schedule, resource requirement plan, and budget.</p>
Monday, Nov. 3	Receive preliminary, revised Nodal Program schedule, resource requirement plan, and budget.
Tuesday, Nov. 4 - Friday, Nov. 21	<p>Prepare consolidated resource requirement templates for all ERCOT departments.</p> <p>Calculate and compile categorical departmental budgets.</p> <p>Conduct budget review meetings with departmental managers, directors, and officers.</p>
Monday, Nov. 24 - Friday, Dec. 5	Discuss with departmental managers and directors budget modifications, questions, and issues identified by Budget Manager Review.
Friday, Nov. 28	Receive revised Nodal Program schedule, resource requirement plans and budget as approved by the Special Nodal Program Committee of the ERCOT Board of Directors.
Monday, Dec. 1	Prepare and present to the executive team a one-month base operating budget for activity and transactions in January 2009.
Tuesday, Dec. 2	Distribute the management recommended, one-month budget for activity and transactions in January 2009 to the ERCOT Board of Directors.
Monday, Dec. 8	Prepare and present to the executive team the preliminary, revised consolidated 2009 base operating budget and PPL. (1 st Review)
Tuesday, Dec. 9 - Friday, Dec. 12	Discuss with departmental managers and directors budget modifications, questions, and issues identified by the executive team.
Tuesday, Dec. 9	<p><u>Finance & Audit Committee and Public Input Meeting</u> Discuss, review, and obtain from the Finance & Audit Committee a recommendation for approval by the ERCOT Board of the one-month budget for activity and transactions in January 2009. (Vote)</p> <p><u>Board of Directors Meeting</u> Discuss and review the one-month budget for activity and transactions in January 2009 recommended by the Finance & Audit Committee.</p> <p>Obtain approval from the ERCOT Board for the one-month budget for activity and transactions in January 2009. (Vote)</p>
Friday, Dec. 12	Receive revised Nodal Program schedule, resource requirement plans and budget as approved by the Special Nodal Program Committee of the ERCOT Board of Directors.
Monday, Dec. 15	Prepare and present to the executive team the preliminary, revised 2009 base operating budget and PPL. (2 nd Review)
Tuesday, Dec. 16 - Friday, Dec. 26	Adjust, as necessary, the preliminary, revised 2009 base operating budget and PPL.
Friday, Dec. 19	Prepare and present to the executive team the preliminary, revised 2009 base operating budget and PPL. (3 rd Review)
Monday, Jan. 5	Prepare and present to the executive team the preliminary, revised 2009 base operating budget and PPL.
Monday, Jan. 12	Prepare and present to the executive team the final, revised 2009 base operating budget and PPL.
Tuesday, Jan. 13	Distribute the management recommended, revised 2009 base operating budget and PPL to the members of the ERCOT Board of Directors.
Tuesday, Jan. 20	<p><u>Finance & Audit Committee and Public Input Meeting</u> Discuss, review, and obtain from the Finance & Audit Committee a recommendation for approval by the ERCOT Board of the revised 2009 base operating budget and PPL (Vote)</p> <p><u>Board of Directors Meeting</u> Discuss and review the revised 2009 base operating budget and PPL recommended by the Finance & Audit Committee.</p> <p>Obtain approval from the ERCOT Board for the revised 2009 base operating budget and PPL (Vote)</p>



Appendix A

Financial Forecast

2009 Revised Budget – Assumptions 2010 thru 2014

Staffing

- Position Growth
 - 2010 – increased authorized staffing by 6 positions – from 739 to 745
 - 2011 – increased authorized staffing by 15 positions – from 745 to 760
 - 2012 – 2014 stable at 760 authorized positions
- Salary Adjustment
 - 3% annual merit increase
 - 1% promotion and other market adjustments

Contra Labor

- Capital Projects
 - % of Actual salary and benefits
- Nodal Program
 - 2010 - % of actual salary and benefits
 - 2011 - 2014 eliminated (Nodal implementation in 2010)

Employee Expenses

- 2% growth per year

Nodal Allocations

- Assumed stable through 2010
- 2011 - 2014 eliminated (Nodal implementation in 2010)

Outside Services

- Manager submissions
- Shifted Nodal bug fixes and backfill to 2011 post-Nodal implementation
- Update independent market monitoring based on executed contract

HW/SW Maintenance & Support

- Estimated by IT based on utilization
- Shifted Nodal-related renewals to 2011

Other Categories

- 2.2% growth based on CPI

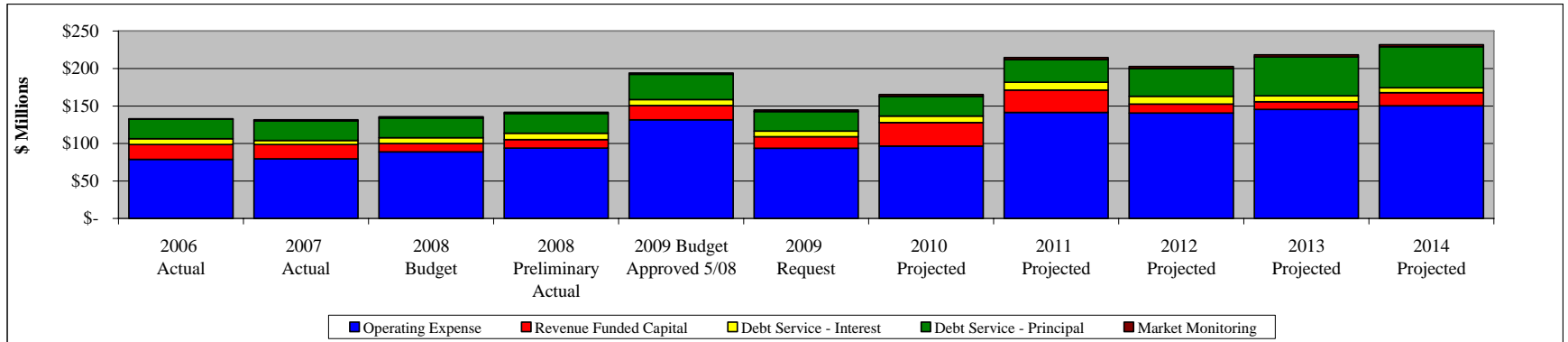
Interest Expense

- Updated based on estimated spend and debt requirements

Project Spending

- Updated with the 5 year forecast submitted by CART to PMO office

2009 Revised Budget - 5 Year Forecast



Line	(\$ Millions)	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	2009 Request	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
1	Operating Expense	79.0	79.6	89.0	93.9	131.7	93.7	96.6	141.4	140.7	145.4	150.3
2	Revenue Funded Capital	19.7	19.0	11.0	11.6	19.0	15.3	31.5	30.0	11.9	10.1	17.6
3	Debt Service - Interest	7.6	5.5	7.9	8.4	7.9	7.6	8.5	10.3	10.5	8.2	6.5
4	Debt Service - Principal	26.1	26.1	26.1	26.1	33.6	26.1	26.1	30.1	36.9	51.8	54.6
5	Protocol Services (Texas RE)	2.0	0.5	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1
6	Market Monitoring	0.6	1.7	1.8	1.8	1.7	2.1	2.6	2.7	2.8	2.8	2.8
7	Total Revenue Requirement	135.0	132.3	136.7	142.6	194.7	145.6	166.3	215.5	203.7	219.4	232.9
8	GWh	304.4	305.5	319.4	312.4	319.4	319.4	324.8	331.9	339.2	345.6	351.3
9	System Administration Fee	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.5698	\$0.4171	\$0.4731	\$0.6107	\$0.5623	\$0.5967	\$0.6249
10												
11	Total Project Spending	34.5	42.9	33.7	22.6	47.6	38.2	78.8	75.0	29.6	25.3	44.0
12												
13												
14	(\$ / MWh)											
15	Operating Expense	0.2441	0.2509	0.2717	0.2747	0.3854	0.2683	0.2748	0.4006	0.3883	0.3956	0.4034
16	Revenue Funded Capital	0.0608	0.0599	0.0336	0.0339	0.0557	0.0437	0.0896	0.0850	0.0327	0.0275	0.0472
17	Debt Service - Interest	0.0236	0.0172	0.0241	0.0245	0.0231	0.0217	0.0243	0.0293	0.0289	0.0223	0.0174
18	Debt Service - Principal	0.0808	0.0824	0.0798	0.0765	0.0983	0.0749	0.0744	0.0854	0.1019	0.1409	0.1465
19	Protocol Services (Texas RE)	0.0061	0.0015	0.0026	0.0025	0.0023	0.0025	0.0026	0.0027	0.0028	0.0029	0.0030
20	Market Monitoring	0.0019	0.0052	0.0053	0.0051	0.0050	0.0060	0.0074	0.0077	0.0077	0.0076	0.0075
21	Total Revenue Requirement	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.5698	\$0.4171	\$0.4731	\$0.6107	\$0.5623	\$0.5967	\$0.6249

- Notes:
- (1) Other revenue will supplement System Administration Fee to meet total funding requirement.
 - (2) Revenues collected in excess of funding requirement are generally utilized to reduce debt funding with Board approval.
 - (3) 2008 Total Project Spending includes \$6.2 million for the Met Center Replacement project which was authorized subsequent to the 2008 budget approval and has been reflected as 100% debt funded.

2009 Revised Budget - 5 Year Forecast

Line	(\$ Thousands)	2006 Actual	2007 Actual	2008 Budget	2008 Preliminary Actual	2009 Budget Approved 5/08	2009 Request	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
1	ERCOT O&M Expense											
2	Labor & Benefits	\$ 58,166	\$ 69,359	\$ 79,334	\$ 73,453	\$ 86,877	\$ 81,593	\$ 86,364	\$ 91,627	\$ 95,292	\$ 99,104	\$ 103,068
3	Contra Labor - Base Projects	(4,395)	(2,841)	(4,718)	(2,973)	(9,814)	(4,003)	(4,237)	(6,684)	(6,951)	(7,229)	(7,518)
4	Contra Labor - Nodal Program	(4,982)	(12,522)	(17,178)	(14,784)	-	(22,790)	(24,123)	-	-	-	-
5	Subtotal - Labor & Benefits	48,789	53,996	57,439	55,696	77,063	54,800	58,004	84,944	88,341	91,875	95,550
6	Support Allocations - Nodal Program	(1,673)	(4,957)	(1,673)	(4,254)	-	(4,728)	(4,728)	-	-	-	-
7	Backfill Allocations - Nodal Program	(403)	(1,593)	(1,545)	(1,771)	-	(1,297)	(1,297)	-	-	-	-
8	Facilities Allocations - Nodal Program	(120)	(2,813)	(2,500)	(2,839)	-	(1,373)	-	-	-	-	-
9	Subtotal - Allocations - Nodal Program	(2,196)	(9,363)	(5,718)	(8,863)	-	(7,398)	(7,398)	-	-	-	-
10	Materials, Supplies, Tools & Equipment	1,089	1,295	1,124	1,741	1,215	1,156	1,181	1,207	1,233	1,260	1,287
11	HW/SW Renewable License & Maintenance	7,740	9,406	9,304	10,535	12,132	9,628	9,903	15,104	15,421	15,745	16,091
12	Outside Services	9,104	11,226	12,768	14,170	16,195	12,229	11,104	14,903	9,876	10,125	10,366
13	Special Audits	575	-	-	-	-	-	-	-	-	-	-
14	Utilities, Maintenance & Facilities	6,940	6,880	7,392	7,631	8,468	7,484	7,649	8,724	8,958	9,198	9,444
15	Employee Expenses	1,227	1,388	2,012	1,825	1,883	1,745	1,780	1,815	1,852	1,889	1,927
16	Insurance	1,677	1,692	2,250	1,656	2,125	2,125	2,172	2,220	2,269	2,319	2,370
17	Property Taxes	998	903	1,100	1,533	1,500	1,100	1,124	1,149	1,174	1,200	1,226
18	NERC Dues	-	963	-	4,900	8,613	8,802	8,996	9,194	9,194	9,396	9,603
19	Other	3,028	1,189	1,346	3,042	2,467	2,215	2,263	2,313	2,364	2,416	2,469
20	Subtotal - O&M Expenses	78,970	79,577	89,017	93,865	131,660	93,697	96,585	141,374	140,682	145,422	150,334
21	Debt Service - Interest	7,632	5,471	7,905	8,381	7,902	7,580	8,547	10,342	10,457	8,197	6,466
22	Debt Service - Principal	26,137	26,137	26,137	26,137	33,600	26,137	26,137	30,125	36,925	51,785	54,585
23	Revenue Funded Capital	19,658	18,983	11,000	11,579	10,880	7,100	18,703	22,550	11,850	10,100	17,590
24	Revenue Funded Facility (Met Center Replacement)	-	-	-	-	8,160	8,160	12,800	7,440	-	-	-
25	Protocol Services (Texas RE)	1,963	477	849	849	779	872	916	961	1,009	1,060	1,113
26	Market Monitoring	600	1,650	1,750	1,750	1,700	2,100	2,600	2,700	2,800	2,800	2,800
27	Total Revenue Requirement	134,960	132,295	136,657	142,561	194,681	145,646	166,288	215,493	203,723	219,364	232,887
28	Less: Other Revenue	5,795	3,737	2,642	10,623	12,327	12,327	12,508	12,693	12,881	13,074	13,270
29	Less: Interest Income	2,200	1,138	800	1,624	375	100	100	100	100	100	100
30	Revenue Rqmt from System Admin Fee	126,964	127,420	133,215	130,314	181,979	133,218	153,679	202,700	190,742	206,190	219,517
31	GWh	304,374	305,482	319,400	312,403	319,355	319,392	324,831	331,940	339,191	345,560	351,255
32	% GWh Growth	1.9%	0.4%	4.6%	-2.2%	1.7%	0.0%	1.7%	2.2%	2.2%	1.9%	1.6%
33	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5698	\$ 0.4171	\$ 0.4731	\$ 0.6107	\$ 0.5623	\$ 0.5967	\$ 0.6249
34	Capital Spending - Revenue Funded	19,658	18,983	11,000	11,579	10,880	7,100	18,703	22,550	11,850	10,100	17,590
35	Capital Spending - % Revenue Funded	57%	44%	40%	54%	40%	40%	40%	40%	40%	40%	40%
36	Capital Spending - Debt Funded	14,807	23,888	16,500	9,909	16,320	10,650	28,054	33,825	17,775	15,150	26,385
37	Capital Spending - % Debt Funded	43%	56%	60%	46%	60%	60%	60%	60%	60%	60%	60%
38	Total Project Spending	34,465	42,871	27,500	21,488	27,200	17,750	46,757	56,375	29,625	25,250	43,975
39	Facility Spending - Revenue Funded	-	-	-	-	8,160	8,160	12,800	7,440	-	-	-
40	Facility Spending - % Revenue Funded	-	-	-	-	0	40%	40%	40%	-	-	-
41	Facility Spending - Debt Funded	-	-	6,200	1,113	12,240	19,200	11,160	11,160	-	-	-
42	Facility Spending - % Debt Funded	-	-	100%	100%	60%	60%	60%	60%	-	-	-
43	Total Facility (Met Center) Spending	-	-	6,200	1,113	20,400	20,400	32,000	18,600	-	-	-
44	Total Project/Facility Spending	34,465	42,871	33,700	22,601	47,600	38,150	78,757	74,975	29,625	25,250	43,975
45	Total ERCOT Spending Authorization	149,767	156,183	159,357	153,583	223,241	168,536	213,542	260,478	221,498	234,514	259,272

Note:
2008 Total Project Spending includes \$6.2 million for the Met Center replacement project which was authorized subsequent to the 2008 Budget approval and has been reflected as 100% debt funded.

2009 Revised Budget Comparison of Changes From Previously Approved 2009 Budget

(\$ in Thousands)

Line		2009	2010	2011	2012	2013	2014
1	Original 2009 Budget Approved in May 2008						
2							
3	Gross Revenue Requirements						
4	<i>Operating Expenses</i>	134,139	136,896	142,797	148,732	154,900	161,370
5	<i>Revenue Funded - Capital</i>	19,040	26,550	18,140	19,010	10,340	12,000
6	<i>Debt Service Principal</i>	33,600	27,900	36,100	36,800	47,040	46,640
7	<i>Debt Service - Interest</i>	7,902	8,292	8,604	8,017	6,105	4,448
8	Subtotal - Gross Revenue Requirements	194,681	199,638	205,641	212,559	218,385	224,458
9	Less: Revenue other than the ERCOT System Administrative Fee (SAF)	12,702	12,883	13,068	13,256	13,449	13,645
10	Revenue Requirement recovered from SAF	181,979	186,755	192,573	199,303	204,936	210,813
11	Load Forecast (000s of MWh)	319,355	326,257	332,938	338,982	344,812	350,225
12	System Administrative Fee (SAF)	0.5698	0.5724	0.5784	0.5879	0.5943	0.6019
13	Position Authorization	753	753	753	753	753	753
14							
15	Revised 2009 Budget Proposed in January 2009						
16							
17	Gross Revenue Requirements						
18	<i>Operating Expenses</i>	96,669	100,101	145,035	144,491	149,282	154,247
19	<i>Revenue Funded - Capital</i>	15,260	31,503	29,990	11,850	10,100	17,590
20	<i>Debt Service Principal</i>	26,137	26,137	30,125	36,925	51,785	54,585
21	<i>Debt Service - Interest</i>	7,580	8,547	10,342	10,457	8,197	6,466
22	Subtotal - Gross Revenue Requirements	145,646	166,288	215,493	203,723	219,364	232,887
23	Less: Revenue other than the ERCOT System Administrative Fee (SAF)	12,427	12,608	12,793	12,981	13,174	13,370
24	Revenue Requirement recovered from SAF	133,218	153,679	202,700	190,742	206,190	219,517
25	Load Forecast (000s of MWh)	319,392	324,831	331,940	339,191	345,560	351,255
26	System Administrative Fee (SAF)	0.4171	0.4731	0.6107	0.5623	0.5967	0.6249
27	Position Authorization	739	745	760	760	760	760
28							
29	Revised 2009 Budget Less Original 2009 Budget						
30							
31	Gross Revenue Requirements						
32	<i>Operating Expenses</i>	(37,470)	(36,795)	2,238	(4,241)	(5,618)	(7,123)
33	<i>Revenue Funded - Capital</i>	(3,780)	4,953	11,850	(7,160)	(240)	5,590
34	<i>Debt Service Principal</i>	(7,463)	(1,763)	(5,975)	125	4,745	7,945
35	<i>Debt Service - Interest</i>	(322)	255	1,738	2,440	2,092	2,018
36	Subtotal - Gross Revenue Requirements	(49,035)	(33,350)	9,852	(8,836)	979	8,429
37	Less: Revenue other than the ERCOT System Administrative Fee (SAF)	(275)	(275)	(275)	(275)	(275)	(275)
38	Revenue Requirement recovered from SAF	(48,761)	(33,076)	10,127	(8,561)	1,254	8,704
39	Load Forecast (000s of MWh)	37	(1,426)	(998)	209	748	1,030
40	System Administrative Fee (SAF)	(0.1527)	(0.0993)	0.0322	(0.0256)	0.0023	0.0230
41	Position Authorization	14	8	(7)	(7)	(7)	(7)

2009 Revised Budget – 5 Year Project Forecast

5 Year Project Forecast by CART						
	2009	2010	2011	2012	2013	2014
CO	\$27,895,000	\$35,482,000	\$23,175,000	\$3,550,000	\$2,500,000	\$2,500,000
IO	4,995,000	35,775,000	35,300,000	8,575,000	10,250,000	28,125,000
MO	520,000	1,500,000	3,500,000	3,500,000	2,000,000	2,350,000
RO	3,390,000	5,000,000	7,000,000	6,000,000	6,000,000	6,000,000
SO	1,350,000	1,000,000	6,000,000	8,000,000	4,500,000	5,000,000
Totals	\$38,150,000	\$78,757,000	\$74,975,000	\$29,625,000	\$25,250,000	\$43,975,000



Appendix B

Outside Services

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
2	COO	550	Zonal backfill for FTEs working on Nodal Program - 9 contractors	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	1,834,239	ERCOT FTEs are focused on nodal development and testing. Contract staff is trained to operate zonal settlement and billing through termination of the zonal market. Once the zonal market activities cease (2009 - 2010), the contract staff will roll off.	Not possible or feasible. 19 additional FTEs would need to be hired for zonal operations and then laid off/fired when zonal market ceases. Additionally, we couldn't ramp up to the number of FTEs we need fast enough.	No resources to operate the zonal market.
3	COO	630	Outsourced 24X7 call center; postcard printing and mailing; switch cancellation processing and databases services.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	1,263,960	This activity is required under the ERCOT Protocols and the Public Utility Regulatory Act as stated in the Customer Protection Rules of the Public Utility Commission of Texas.	This function would require ERCOT to operate and maintain a 24X7 customer call center, as well as operate a mass volume printing and mailing service for the creation and distribution of the daily notices. To date, the outsourced solution has been a more viable option from a cost perspective.	Non-compliance of protocols and state utility regulations.
4	CO	114	Performance of required Statement on Auditing Standard SAS70 Type II External Audit	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	808,500	These audits are required by ERCOT By-Laws and Sarbanes-Oxley requirements that are in place for our Market Participants. PwC is performing the audit in 2007 and PwC is ERCOT's external auditor. Protocol Section 1.4 Operational Audit, requires an annual operational or "settlements" audit, otherwise commonly known as the SAS70 Type II Audit. Note: The SAS70 budget for 2009 is escalated by an additional 5 percent (plus an expected inflation adjustment of 5 percent) above the 2008 budget to allow for the uncertainties caused by the transition from Zonal to Nodal. The transition from Zonal to Nodal during the 2009 SAS70 Audit testing period of October 1, 2008, through September 30, 2009, will create an undetermined amount of additional work on the part of the external audit team.	SAS70 Audits are required to be performed by an external independent certified public accounting firm.	ERCOT could not express an independent opinion on the adequacy and effectiveness of the internal control environment. ERCOT would not be in compliance with Protocol Section 1.4 Operational Audit. This Protocol requires an annual operational or "settlement"
5	CO	101	Expenses associated with the ongoing support and administration of the Board of Directors <ul style="list-style-type: none"> • Independent member compensation • Member replacement • Business expense reimbursement • Special meetings and retreats as necessary 	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	600,000	ERCOT is governed by a board of directors made up of independent members, consumers and representatives from each of ERCOT's electric market segments.	Governance structure requires board oversight and inclusion of independent members.	Failure to comply with governance requirements.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
6	CO	120	Outside Legal Services regarding litigation or areas requiring specialized legal knowledge and skills not possessed by in-house legal staff.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	550,000	The services are necessary because with a Legal Dept. as small as ERCOT's, it is impossible to have attorneys who possess all the knowledge and skills required for all legal issues confronting the company (e.g. Employee Retirement Income Security Act (ERISA), bankruptcy, antitrust, litigation, etc.).	The services are necessary because with a Legal Dept. as small as ERCOT's, it is impossible to have attorneys who possess all the knowledge and skills required for all legal issues confronting the company.	The legal services could not be provided and the company could decide to take the risk of not complying with the law and/or governmental rules and regulations.
7	COO	410	Staff augmentation to assist with analysis and reporting	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	476,000	The existing "Zonal" staff in place has been minimized to help reduce costs. There is no bandwidth available from these resources to support zonal system enhancements. Historically, ERCOT development and EMMS Support Services has relied on the use of the home staff within Market Operations Support (MOS) to help write the requirements for these enhancements as well as perform significant portions of the testing prior to putting them into production.	The current resources have no additional bandwidth.	Resources would have to be pulled off the MMS Nodal project to help augment the zonal staff which would have a high probability of impacting the nodal schedule.
8	COO	422	Contractors to provide backfill support to network modeling team	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	414,720	This is needed to support the Zonal system, transition to Nodal, and support cross training of ERCOT FTEs necessary to transition to Nodal.	There are not enough ERCOT FTE's to perform both Zonal and Nodal modeling functions at the level required. Additionally the modeling systems are completely different in terms of technology and process.	The Zonal and Nodal modeling systems will both suffer in terms of quality because of the lack of support. Additionally the implementation of NMMS would be delayed which could cause Nodal Go-Live to be delayed.
9	IO	360	Contractors to backfill for staff working on Nodal	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	407,680	ERCOT database administrators will maintain both zonal and nodal databases through 2009. Once the zonal market activities cease completely, the contract staff will roll off.	Not feasible to hire the additional FTEs to manage both zonal and nodal databases and then lay off when zonal ceases.	Not enough resources to maintain both zonal and nodal databases
10	IO	301	Lawson Hosting	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	309,750	ERCOT is in the second year of a five year contract to provide infrastructure, patching, and management services for Lawson.	Datacenter capacity previously used to host Lawson has been reallocated to other ERCOT functions and no additional capacity exists.	ERCOT will not have an ERP system which performs accounting, procurement, payroll, and other services.
11	CO	130	Immigration Assistance	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	307,400	These fees cover the specialized legal expertise in the immigration area as well as the filing fees associated with the hiring of non-US citizens. These fees are increasing at a rapid rate and are required to recruit for power engineers and certain Information Technology functions.	The legal expertise in immigration is a very specialized area and ERCOT does not require a full-time position. Approximate 1/2 of the expense in this area is for legal services and the rest covers the actual fees.	If we do not pay for the immigration process for our new employees, we would not be able to staff many of the functions or meet the required needs of the nodal project. Ongoing expenses for current employees are approximately 70%.
12	IO	345	Areva Software Support for Non-Standard Products	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	300,000	These cost are not covered by the Standard Product Areva support agreement and these are critical to Energy and Market Monitoring Systems (EMMS) production operation.	Some Software source is not provided by Areva and some internals of the Market Operating System (MOS) are best modified by Areva.	Areva could refuse to service critical parts of the Zonal Market operating system and some sections of the Energy Monitoring System leading to excessive downtime.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
13	IO	395	Contractors to backfill for staff working on Nodal	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	282,460	ERCOT production support will maintain the zonal and develop nodal systems through 2009. Once the zonal market activities cease completely, the contract staff will roll off.	Not feasible to hire the additional FTEs to support both zonal and nodal market systems and then lay off when zonal ceases.	Not enough resources to maintain both zonal and nodal market systems.
14	IO	354	Operations and Maintenance deliverables (SIR) development work	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	225,000	These services are needed in conjunction with the post delivery of capital project deliverables. Should a consultant fulfill the task of delivering a solution for ERCOT, that consultant may be called upon to provide support or required to provide enhancement work, post stabilization for any given product component.	ERCOT staff may not have availability or necessary skills to resolve these urgent ERCOT, an outage of information services violating PUCT, or Market facing issues on a component recently delivered by the highly qualified consultant.	ERCOT, the PUCT, or the Market could face an outage of information services violating protocols or other service expectations.
15	COO	472	Dynamic Analysis study of the Low Voltage Ride-Through (LVRT) of Wind Generation and Validation of Dynamic Models	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	215,000	Requested by Technical Advisory Committee (TAC) and Board of Directors.	Outside consultant brings independence and expertise that is not available within current ERCOT resources.	Could impact system reliability and could result in loss of load, blackouts, and cascading outages. Wind generation is becoming a bigger component of generation pattern within ERCOT. Inability to provide this capability may result in loss of too much generation resulting in load loss and possible system collapse.
16	CO	130	Two contract Recruiters	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	189,800	Provide staffing support for nodal and zonal projects	Too many openings for employees and contractors.	Not providing the staffing needed for nodal and zonal projects.
17	CO	114	Financial Audit - Price Waterhouse Cooper	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	175,000	Mandatory to be compliant with Public Utility Commission of Texas (PUCT) rules.	Must be performed by External auditing firm.	Inability to get credit, obtain affordable insurance, or establish reasonable vendor relations.
18	CO	370	Security assessment of a sample of ERCOT's applications for vulnerabilities and exploits. The assessment will identify exploitable Application vulnerabilities that exist in the ERCOT Information Technology systems. Creation of a remediation action plan for all identified security issues.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	170,600	In order to show due diligence and non partiality, it is best practice to have these types of assessments performed by an external party. In addition, ERCOT cannot be compliant for North American Electric Reliability Corporation (NERC) CIP 7 R8 which states "The Responsible Entity shall perform a cyber vulnerability assessment of all Cyber Assets within the Electronic Security Perimeter at least annually."	A significant contribution of this type of service is the peer review concept where the use of outsiders confirms or corrects the staff view of the security model.	ERCOT's security posture may be compromised because of changing application vulnerabilities, exploits or threats.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
19	CO	370	Security assessment of a sample of ERCOT's databases for vulnerabilities that may lead to exploits where critical information may be destroyed, altered or disclosed. Creation of a remediation action plan for all identified security issues.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	170,600	In order to show due diligence and non partiality, it is best practice to have these types of assessments performed by an external party. In addition, the assessment results will be used for SAS70 CO 14.1.4 which states "System configuration requirements have been established for operating systems, databases, and firewalls which include security hardening, and documented exceptions. " and NERC CIP 7 R8 which states "The Responsible Entity shall perform a cyber vulnerability assessment of all Cyber Assets within the Electronic Security Perimeter at least annually."	A significant contribution of this type of service is the peer review concept where the use of outsiders confirms or corrects the staff view of the security model.	ERCOT's security posture may be compromised because of changing database vulnerabilities, exploits or threats.
20	CO	352	Contractor expense to backfill for staff working on Nodal	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	166,800	Nodal Backfill	Will be working on the Nodal project	Not providing department hours needed for working on the Nodal project.
21	CO	370	Security assessment of ERCOT's Electronic Security Perimeter around Critical Cyber Assets in accordance with requirement R4 of North American Electric Reliability Corporation (NERC) CIP 005-01. The testing will identify exploitable access point vulnerable	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	153,500	In order to show due diligence and non partiality, it is best practice to have these types of assessments performed by an external party. In addition, ERCOT cannot be compliant for NERC CIP 5.4 which states "Cyber Vulnerability Assessment — The Responsible Entity shall perform a cyber vulnerability assessment of the electronic access points to the Electronic Security Perimeter(s) at least annually."	A significant contribution of this type of service is the peer review concept where the use of outsiders confirms or corrects the staff view of the security model.	ERCOT's security posture may be compromised because of changing Internet facing vulnerabilities or threats. Failure of North American Electric Reliability Corporation (NERC) CIP 5 R4.
22	CO	114	Property Tax services (Rash & Associates)	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	140,000	To ensure property tax rates from taxing authorities are accurate. Amount paid is directly linked to savings achieved for ERCOT.	ERCOT accounting staff does not have necessary expertise in property valuations and associated tax strategies to effectively represent ERCOT with tax authorities.	May over pay property taxes.
23	CO	130	UT Co-Op program and curriculum development	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	125,000	Services required to develop university curriculum, provide studies and internship programs.	This service will be performed along with ERCOT staff.	Missed opportunity of bringing on interns that may qualify to be future long-term employees.
24	CO	111	Cash/Banking Services - Bank service fees including wire fees, account maintenance fees and lockbox deposits.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	120,000	ERCOT will be required to increase its banking services under the Nodal market primarily due to the addition of the Day-ahead and the Congestion Revenue Rights (CRR) markets.	Bank services are required.	Inability to process cash payments and/or deposits.
25	IO	396	Staff augmentation for administrative work relating to software license compliance activities and contract administration	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	120,000	Renewal of hardware/software maintenance and renewable license agreements and activities related to software license compliance. ERCOT compliance.	Lack of internal resources to perform tasks	Potential non-compliance with software license agreements and late renewal of hardware and software maintenance contracts.
26	COO	420	Analyze, and produce software to analyze a unit trip in the ERCOT service area to validate units dynamic parameters from phasor and scada measurements.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	100,000	Necessary to produce the tools which will allow ERCOT staff to validate dynamic parameters in the future.	Research and design work performed by various stakeholders.	ERCOT staff unable to validate dynamic parameters in the future.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
27	COO	420	Student intern services	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	100,000	It is anticipated that Interns will be useful in several areas - Network Modeling, Operations Engineering, and Operations Planning. The most cost-effective use of these students will be in the Network Modeling department; where one of these students will displace one Professional Services contractor.	Lack of internal resources to support both Nodal project and Base operations.	Missed opportunity of bringing on interns that may qualify to be future long-term employees; short term net savings of approximately \$90K per year.
28	IO	301	Project Server Hosting	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	94,248	In 2008, ERCOT's Program Management Office (PMO) entered a contract for hosting, patching, and maintenance of Microsoft Project Server. This request represents year one of three total years on the contract.	In addition to hosting services, ERCOT's Program Management Office (PMO) receives professional services and support from the vendor.	ERCOT will transition Microsoft Project Server to internal hosting infrastructure.
29	COO	473	Analysis of Impact of Energy Efficiency on Long-Term Load Forecast	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	90,000	Recent state legislation mandates an increase in energy-efficiency initiatives to reduce peak load growth in ERCOT. This study will provide an analysis of methods to incorporate the impacts of these energy efficiency initiatives into the long-term load forecasting process.	Outside consultant brings independent viewpoint, technical expertise, market knowledge, and software that is not cost effective to maintain within ERCOT.	ERCOT System Assessment will not be able to provide a credible analysis of long-term conditions, as required by statute, without this service.
30	COO	473	Validation Study of Wind Dynamic Models	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	90,000	ERCOT System Planning requires models simulating the response of specific wind units to system disturbances in order to conduct system analyses of transient stability and the likelihood of voltage collapse. Development of generic models allows system studies to be shared with market participants. Several of these models have been developed, and are being used in system analyses. However, these models have not been validated through field tests, which are required in order to ensure their accuracy.	Outside consultant brings independent viewpoint, technical expertise, market knowledge, and software that is not cost effective to maintain within ERCOT.	Misidentification of stability limits within the system will lead either to excessive market costs (a result of overly conservative transfer limits) or unacceptable levels of risk of transient instability resulting from system disturbances. Field validation is required in order to ensure accuracy of simulation models, and therefore to validate the results of system wide dynamic analyses.
31	IO	357	Remedy and Atrium Configuration Management Data Base (CMDDB) Maintenance	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	88,000	Specific application knowledge is required to more efficiently and effectively upgrade the software.	This service will be performed along with ERCOT staff. Specific application expertise will be needed.	Unsupported software
32	CO	130	Compensation review and update of salary information. Membership in the Executive Counsel for compensation data and benchmarking.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	85,400	To provide support to our compensation program.	ERCOT does not have access to the resources on market data on compensation levels.	Paying employee above or below market and resulting consequences of overpayment or underpayment and turnover.
33	CO	130	Performance Management	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	85,400	Create easily understood metrics that establish the effectiveness of ERCOT in fulfilling duties.	Third party objectivity in developing metrics and the cost of creating our own software would triple the cost of this project.	Inadequate metrics to evaluate success or failure company-wide.

ERCOT Fiscal Year 2009 Budget
Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
34	CO	370	Security assessment of ERCOT's internal network assets from an external and internal perspective. The security assessment will identify exploitable vulnerabilities that exist on the ERCOT network and operating systems.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	85,300	In order to show due diligence and non partiality, it is best practice to have these types of assessments performed by an external party. In addition, ERCOT cannot be compliant for North American Electric Reliability Corporation (NERC) CIP 7 R8 which states "The Responsible Entity shall perform a cyber vulnerability assessment of all Cyber Assets within the Electronic Security Perimeter at least annually."	A significant contribution of this type of service is the peer review concept where the use of outsiders confirms or corrects the staff view of the security model.	ERCOT's security posture may be compromised because of changing security vulnerabilities, exploits or threats.
35	CO	130	Management Training	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	80,600	To provide training for our managers and supervisors on employment laws and improved understanding of how to manage others.	Current staff will assist in the administration of this service but we are not staffed to perform the training. About 1/2 of the cost is related to the diagnostic tools required.	Increased turnover and potential of employment litigation for failure to train managers on how to properly handle disciplinary actions, performance coaching, selection and terminations.
36	CO	130	Career Builder, Monster, Dice and Energy Central	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	80,700	These are recruiting tools to attract candidates for staffing open positions.	Services are necessary to provide for candidate searches.	Inability to fill open positions.
37	COO	420	Participate in joint effort with Electrical Power Research Institute (EPRI) to develop a display conversion standard	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	80,000	ERCOT has procured in the NMMS an automatic display generating software package which produces displays in xxx protocol. Unfortunately, our EMS system does not support that display, and there is not a standard for placing EMS controls into these displays. Although ERCOT could contract for software to convert the displays into the AREVA EMS; without a standard addressing this functionality the software would be subject to frequent, expensive, and recurring update costs.	To produce a standard; there must be industry consensus. ERCOT cannot force such consensus. EPRI is an industry funded entity designed specifically to produce such consensus and standards.	Continued expense and some risk (low) of receiving non-compliance fines from NERC for poor operator awareness.
38	CO	114	Invoice Imaging	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	79,000	This is being proposed to assist with cost savings and efficiencies.	Requires unique expertise for invoice imaging process.	Continue using existing processes.
39	IO	310	External Health check review for SAN, SAN Fabric, and Backups	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	73,000	Expert consulting services to maintain these storage area networks (SAN).	Lack of internal expertise with these systems.	Inefficient use of this infrastructure.
40	IO	300	Information Technology Committee (ITC) Independent System Operators (ISO) Council - ERCOT's share of consulting fees for a council of the Chief Information Officers of the Independent System Operators that meet quarterly.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	70,000	ERCOT's share of consulting fees for a council of the Chief Information Officers for the Independent System Operator's that meet quarterly.	Council is made up of the Chief Information Officers of the Independent System Operators.	ERCOT may not be able to participate in the quarterly Information Technology Committee meetings.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
41	COO	460	REC or Labeling Program Enhancements per Legislative and PUCT mandate	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	66,000	Changes to the Texas Renewable Energy and the Emissions Labeling programs have occurred at each legislative session since the program started in 2002. Further changes to these programs are currently being discussed by various stakeholders. Between 2005 and 2007, ERCOT spent about \$200,000 in maintenance and enhancement activities for the Renewable Energy and the Emissions Labeling programs.	Current IT staff is working at maximum capacity at this time. Rule changes the characteristically have extremely short development time lines. Next change may require very significant changes to the REC program.	ERCOT would be out of compliance with PUCT Rules.
42	COO	473	Completion of a Loss of Load Expectation (LOLE) Study	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	65,000	The relationship between system reserve margin and the risk of loss of load events varies depending on system characteristics. Regulators and market participants expect ERCOT to analyze and report on the risks associated with system conditions.	Outside consultant brings independent viewpoint, technical expertise, and software that is not cost effective to maintain within ERCOT.	ERCOT will not be able to maintain the required level of reliability of the transmission system without completion of a loss-of-load expectation study.
43	COO	427	Computer Based Training (CBT) software for system operators to maintain NERC certification	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	64,800	Currently, all system operators are enrolled in this program. Anticipated personnel turnover will require new hires to be enrolled in the course since it is non-transferable.	This service augments the overall ERCOT training program.	Loss of operator certification.
44	CO	111	Moody's KMV - The credit risk analysis tools -- Credit Edge and Risk Calc provide information on default probabilities for publicly held entities and also help ERCOT to analyze privately held entities.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	55,000	To provide more "real time" insight into credit quality of market participants. This tool factors in bond and stock prices and other factors that provide more current information on potential defaults by ERCOT market participants.	ERCOT staff does not have the background or tools (e.g. Bloomberg info, etc) to efficiently conduct this analysis.	Credit function will not have adequate information to make credit decisions concerning ERCOT counterparties.
45	COO	660	Business Analyst staff augmentation	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	54,000	Business Analyst augmenting staff to support a number of tasks, included expected increase in settlement disputes, support of MPIM MPUSA responsibilities, and scheduled registration system projects. The contract staff assistance will provide bandwidth to ERCOT staff to support market education through second half of 2009.	Expectation that staff will have the bandwidth for anticipated increased workload	ERCOT may not be able to meet timeline for completing settlement disputes according to protocol and to support the need for market education through the first three quarters of 2009.
46	CO	120	Expert witness fees, court reporter fees and related items.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	50,000	The services are necessary because ERCOT does not possess all the knowledge and skills required for all issues confronting the company (e.g. property values, legal fees, etc.). Also, ERCOT must obtain copies of transcripts (from court reporters) to know exactly what transpired at legal proceedings.	The services are necessary because ERCOT does not possess all the knowledge and skills required for all issues confronting the company (e.g. property values, legal fees, etc.). Also, ERCOT must obtain copies of transcripts (from court reporters) to know exactly what transpired at legal proceedings.	ERCOT's regulatory and litigatory positions would be badly compromised without expert advice and testimony or without accurate transcripts.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
47	CO	113	Professional services from Trustwave to develop reports for ControlPath	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	50,000	The system currently does not have executive dashboard reports.	The reporting function in the system does not contain dashboard reports and is not very user friendly. The vendor told us the reports that we want would be custom reports.	We won't have dashboard reports or we will have to extract information from ControlPath and produce a dashboard report using a Microsoft Office product (Excel, Powerpoint).
48	CO	350	ERCOT PMO OPM3 Re-assessment	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	50,000	In 2005/2006, a consulting firm was hired (KEMA) to assess the maturity level of ERCOT's PMO and provide recommendations for improvement. As a result of this assessment, several recommendations were made to improve the maturity level and a commitment was made for continuous improvement. Some of the recommendations were implemented in 2006 and 2007. In 2007 we hired a professional services company to perform an initial assessment and in 2008 performed a re-assessment. As part of a continuous effort to improve maturity and be able to prove out progress we will perform another re-assessment in 2009.	PMO has adopted Organization Project Management Maturity Model (OPM3), which utilizes industry best practices to assess maturity, develop an improvement plan, implement improvements and provide a re-assessment. We utilize OSS to provide and independent review and also provides certified assessor services which includes the tools that we do not have in-house.	PMO will be limited to the progression of the maturity level of project delivery.
49	IO	356	Siebel Technical Account Manager package. This package allows for a certain number of technical hours to aid in analysis and development.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	46,440	We currently use the Siebel System to support our Retail Choice Registration System. Based on the complexity of the business model and the fact that there is not another system even similar, it would be advantageous to have the Software Vendor engaged in our design and deployments.	ERCOT is not the software company for the development of the Siebel application and has no visibility into its code.	Does not allow vendor company to take into account ERCOT's special deployment. May cause vendor to make application changes that will adversely effect our ability to upgrade.
50	IO	357	Lawson Integration	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	45,000	These interfaces are necessary to provide services for the Corporate Operations division and all ERCOT employees. Without the interfaces, there would be a very high volume of manual work. ERCOT does not have the resources to do the work manually and it would not be cost effective.	The hosting vendor has already developed interfaces with all the major organizations such as Cigna, Fidelity, etc. It is much more cost effective to have them implement a solution they already have than it would be to write one from scratch.	Data could not be shared easily with external partners for payroll, 401K, MPP, healthcare, etc.
51	COO	472	Risk Based and Probabilistic Planning in Power System study	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	45,000	NERC standards mandate the ability to identify critical transmission facilities.	Outside consultant brings independence and expertise that is not available within current ERCOT resources.	Could impact system reliability or result in loss of load, blackouts, and cascading outages. NERC standards mandate review of Power System Stabilizer (PSS) settings and having all PSS in-service.
52	COO	472	Power System Stabilizer (PSS) settings review.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	45,000	NERC standards mandate periodic review of Power System Stabilizer (PSS) settings to determine if there is a need for any Power System Stabilizer (PSS) to be tuned for inter-area modes.	Outside consultant brings independence and expertise that is not available within current ERCOT resources.	Could impact system reliability or result in loss of load, blackouts, and cascading outages.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
53	COO	472	Electrical Power Research Institute (EPRI) Gen Dynamic Model Parameters Identification and Validation	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	45,000	Provide modern tools and techniques for performance of generator parameter estimation of a regular basis will enable ERCOT to satisfy industry reliability mandates.	Outside consultant brings independence and expertise that is not available within current ERCOT resources.	Could impact system reliability or result in loss of load, blackouts, and cascading outages.
54	COO	473	Analysis of Methods to Develop Load Forecasts for Stochastic Planning Studies	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	43,000	ERCOT System Assessment is required by statute to complete a Long-Term System Assessment every even-numbered year. NERC requirements also specify completion of long-term analyses of expected system conditions. A key input to the analysis of future system conditions is the type and potential locations of future generating units.	Outside consultant brings independent viewpoint, technical expertise, market knowledge, and software that is not cost effective to maintain within ERCOT.	ERCOT System Assessment will not be able to provide a credible analysis of long-term conditions, as required by statute, without this service.
55	CO	113	Temporary Staff Augmentation	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	36,000	Temporary staff augmentation services to cover staff out on leave.	Department will have only one staff member available during this time to provide coverage for three positions.	If the services are not procured, a reduced amount of work will be completed.
56	COO	473	Continuation of Wind Generation Modeling Project	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	35,000	ERCOT System Planning requires models simulating the response of specific wind units to system disturbances in order to conduct system analysis of the likelihood of voltage collapse and transient stability. Development of generic models allows system studies to be shared with market participants. These studies are required to comply with NERC requirements and to maintain acceptable levels of system reliability.	Outside consultant brings independent viewpoint, technical expertise, and software that is not cost effective to maintain within ERCOT.	Not identifying stability limits within the system will lead either to excessive market costs (a result of overly conservative transfer limits) or unacceptable levels of risk of transient instability resulting from system disturbances.
57	COO	473	Econometric Data for Load Forecast Development	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	35,000	ERCOT System Assessment is responsible for the annual development of the long-term load and demand forecast. Econometric forecasts are required as an input to the process used to develop the long-term load and demand forecast. The long-term load and demand forecast is provided to regulators and stakeholders, is included in the annual system analysis of forecasted capacity and demand, and is utilized in all system planning modeling and analyses. Development of the long-term load forecast is required to meet PUC regulations, NERC requirements, and numerous requests from stakeholders including State legislative committees.	Outside consultant brings independent viewpoint, technical expertise, market knowledge, and software that is not cost effective to maintain within ERCOT.	The long-term load and demand forecast cannot be developed without thoroughly researched econometric analysis and forecasts. Without a credible long-term load forecast, ERCOT System Planning will not be able to perform its required job functions of analysis of system reliability and transmission upgrades.
58	COO	640	International Institute of Software Testing Training	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	35,000	These classes support the education and training of the Testing Team to remain proficient.	Lack of expertise in this area.	No detrimental consequences.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
59	COO	660	L-Soft-ListPlex outsourcing service for "List Net" email distribution services, which provides self-serve access to a list of email distribution lists for market participant communications (ERCOT Governance, ERCOT Market Notices, etc).	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	32,400	There are numerous references in ERCOT Protocols specifying the Independent System Operator's (ISO's) responsibilities for timely communications with market participants, governance groups, and regulatory parties.	The ListPlex service was selected over setting up and maintaining this service in house due to cost and available resources.	ERCOT would not be able to meet obligation for timely market notification and governance communications per protocol.
60	COO	550	Consultant review of Reliability Must Run (RMR) actual cost submittals	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	31,992	To verify the appropriateness of costs submitted by Reliability Must Run units.	External consultants with industry wide knowledge and experience offer independence and confirmation of accurate costs submitted by Reliability Must Run units.	Possibility of inaccurate Reliability Must Run contracts costing the market millions of dollars.
61	CO	111	Fitch ratings service and data feed to ERCOT's new credit program for Nodal from Rome. The use of these services is contingent on the Board of Directors approving creditworthiness standards that include Fitch ratings.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	30,000	The current draft of proposed updates to the creditworthiness standards include the use of Fitch ratings. This item covers the cost of that service. The service is contingent upon approval of creditworthiness standards by the Board of Directors with include the use of Fitch.	Some level of credit analysis is performed by ERCOT staff as well; however, not at the depth provided by Fitch.	Inability to comply with Protocols and Creditworthiness Standards.
62	CO	114	Inventory/Fixed Asset Review	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	30,000	Public Utility Commission of Texas (PUCT) / Board of Directors directive to ensure ERCOT's fixed assets are properly maintained and tracked.	Bringing in outside specialists provides greater expertise with the fixed asset inventory process. A third party also provides greater internal controls with the inventory process .	Existing Fixed Asset Staff would perform inventory.
63	COO	471	Competitive Constraint Modeling	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	30,000	Necessary to allow model to better match actual operation of system and improve estimation of the benefits of proposed transmission.	Manual processes for doing this could be developed, but it would have ongoing costs in addition to a similar fixed cost for developing the process and databases. If this is automated in Uplan software, the other ERCOT users of Uplan can also utilize the increased functionality.	Will need to incur similar fixed costs and develop in house databases and processes that will have ongoing costs not incurred if included in the Uplan software.
64	COO	650	Perception Survey (deliver and report results) for Market Participants, Market Committees, and Board of Directors.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	30,000	ERCOT Executive management requests this type of survey in order to obtain perceptions from external stakeholders for various services offered to the market such as meeting management, website revisions, Lessons Learned, etc.	Third party provider offers confidentiality, objectivity, and professional expertise.	Non-compliance with the request from CEO and CMO, in regards to confidentiality and objectivity.
65	IO	356	Meta Data changes to the LODESTAR Database Schema	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	30,000	Any need to add meta-data to support the Settlements process and generally tied to ERCOT Protocols.	We can actually do the changes, but if the changes are not included in the vendor product (which is what we are paying for), we will be unable to upgrade or patch the product as the meta data definition would cause a data relationship issue.	We would not be able to upgrade or patch our LODESTAR application.
66	CO	130	Drug Testing and background check program	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	29,000	Drug testing and Background checks as required by standards and/or North American Electric Reliability Corporation (NERC).	Third party must provide these services.	We would be out of compliance.

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Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
67	COO	473	Membership in the Utility Wind Integration Group and the Operating Impact and Wind Plant Modeling Users Groups	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	27,000	An increasing amount of wind capacity is being connected to the ERCOT transmission system. These uncontrolled generating facilities create challenges for transmission planning. Participation in the Utility Wind Integration Group provides a forum for discussions with other utility and Regional Transmission Organization (RTO) planning organizations regarding wind integration issues.	Outside consultant brings independent viewpoint and technical expertise that is not cost effective to maintain within ERCOT.	ERCOT will not be able to maintain the required level of reliability of the transmission system without the information that the Utility Wind Integration Group (UWIG) provides. Without the technical expertise of this organization, ERCOT will not be able to adequately analyze the optimal methods for limiting the risks associated with increasing wind integration.
68	IO	347	Contract labor to support Build and Deployment	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	27,000	Supporting Builds and Deployments to test environments is a key function of the EI group as we continue to support the Nodal program. With the increased frequency of Builds during the Integrated Release testing, it is critical that we support this process while minimizing the impact on our productivity.	Requiring ERCOT staff to perform these tasks will reduce time available to support more critical Nodal tasks and impact the EI team's ability to transition to Nodal responsibilities.	Delayed delivery. Increased time required to correct defects, ultimately resulting in schedule impacts.
69	IO	310	Offsite storage and retrieval services for tape cartridges	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	27,000	In order to meet Protocol and audit requirements, cartridges must be stored offsite for disaster recovery.	Storing tape cartridges in an employees house or garage is not recommended.	Failure to meet protocol, audits and potential disaster recovery policies.
70	CO	130	Determine the Financial Accounting Standards Board (FASB) 106 Liability for post retiree medical benefits for ERCOT (Rudd and Wisdom Actuaries)	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	26,600	Accounting support for determining the Financial Accounting Standards Board (FASB) 106 liability for ERCOT.	This is performed by actuaries.	We would have compliance and tax reporting issues.
71	IO	330	Time and materials for Private Branch Exchange (PBX) and voicemail maintenance.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	25,500	Services are critical to maintaining communication systems.	Not enough ERCOT staff with the skills necessary to maintain these systems.	Improperly maintained systems may be subject to malfunctions.
72	CO	130	Diversity and Harassment Training	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	23,700	Provide training for our managers and supervisors on employment laws which require training on diversity and sexual harassment.	We are currently not staffed to provide training and if we staffed up for this training, it would be more costly.	Non-compliance with legal requirements and potential for increased employment litigation or administrative charges.
73	CO	325	Architectural services to ERCOT for space planning and design layout.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	20,000	These services are necessary when planning and designing new space like for example, TCC2 2nd floor build out, Independent Market Monitoring (IMM)/Texas Regional Entity (TRE) construction at the Met Center and expansion of the TCC2 parking lot.	Requirements go above and beyond ERCOT staff capabilities.	Without this service ERCOT would likely spend a more time and money designing the most efficient and cost effective layout of space.

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Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
74	IO	354	COGNOS System Administrator advanced training, User training	<input checked="" type="checkbox"/> Staff Augmentation <input type="checkbox"/> Professional Service	20,000	COGNOS training for internal ERCOT business users should be occurring as a deliverable of a capital project.	Enterprise Information Services (EIS) lost key COGNOS resources last year. Some training has been provided but no one has a proficiency to instruct business users as of yet. Contract staff with COGNOS abilities are involved in Enterprise Data Warehouse (EDW) project for nodal effort and do not have bandwidth to do training. There is some advanced training that will need to occur to bring existing Enterprise Information Services (EIS) staff up to an advanced level to be able to support COGNOS related efforts going forward.	Inability of business users to use tools required by nodal. Inability of Enterprise Information Services (EIS) personnel to support COGNOS related efforts.
75	CO	130	Benefit Audit (401K and Medical Claims)	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	19,000	Federal law requires that ERCOT include audited benefit plan financial statements with its annual Internal Revenue Service (IRS) Form 5500 filing.	The benefit plan audits must be performed by an independent audit firm.	Loss of the qualified tax status of the benefit plans resulting in significant liability to the company and possible ERCOT employees.
76	CO	325	Indoor Environmental Consultants provide indoor air quality sampling and infrared thermo graphic inspection for all ERCOT buildings.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	18,900	ERCOT's facilities experience water penetration events and internal water leaks over the course of each year which could negatively impact indoor air quality. It is appropriate to verify the indoor air quality of ERCOT's facilities to ensure the safety and health of all occupants.	It is most cost effective to utilize outside services to perform ERCOT's air quality analysis. To perform the work internally would require additional staffing, purchase of air quality sampling and analysis equipment and on going training.	If this service isn't procured ERCOT runs the risk of employees becoming ill due to inhalation of toxic air.
77	CO	113	Development of training materials	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	15,000	ERCOT needs effective and efficient training on business processes so staff understands expectations and requirements.	Training materials/modules developed by a training professional would probably be more interesting and engaging for the audience.	We receive comments that the current training is not engaging and less effective than desired.
78	COO	471	CIM (Common Information Model) for planning (development and training)	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	15,000	Necessary to improve the transmission planning process by improving the ability to exchange models through a common format.	This is a highly specialized area and there are consultants that are subject matter experts in CIM that can perform tasks more efficiently to develop the CIM for planning.	Incorrect exchange of planning data can lead to delay and unknown errors in the planning of transmission facilities.
79	IO	355	ITIL Capacity and Lifecycle Planning	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	15,000	ERCOT has adopted ITIL as a methodology for IT operations. Capacity and lifecycle planning is a component of ITIL.	This work may require expertise that ERCOT staff does not currently possess	ERCOT staff will spend more time researching.
80	CO	114	Tax Service -Internal Revenue Service (IRS) Form 990 (Price Waterhouse Cooper)	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	12,000	This is a required statutory audit.	External audit is required.	Non compliance with U.S. law.
81	COO	540	Consulting services for the development or review of Renewable Generation Load Profiles	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	10,000	To assist load profiling staff in analysis required by Protocols.	Given the volume of current workload, these types of ad-hoc analyses can be performed using consulting services without requiring additional Full Time Equivalents.	Analysis may not be completed on-time. Other high priority work items may be impacted as well.
82	COO	540	Statistical consulting services in the areas of load profiling, sample design, or other related areas.	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	10,000	To assist load profiling staff in analysis required by Protocols.	Given the volume of current workload, these types of ad-hoc analyses can be performed using consulting services without requiring additional Full Time Equivalents.	Analysis may not be completed on-time. Other high priority work items may be impacted as well.

ERCOT Fiscal Year 2009 Budget

Outside Services Expense Detail

Line	Office	Dept	Description of Service(s)	Type of Service	2009 Request	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
83	CO	114	1099-Misc and 1099-INT Programming portion only for Reporting Service (NEPS)	<input type="checkbox"/> Staff Augmentation <input checked="" type="checkbox"/> Professional Service	1,000	NEPS's proprietary software requires coding from the same company.	Additional Lawson expertise must be obtained to ensure modifications are done properly.	Violation of Federal Tax requirements to issue 1099 tax forms.
84					<u>14,328,989</u>			

85
86
87

Note:
Texas RE excluded



Appendix C

Project Priority Listing

2009 Project Initiatives by Priority Ranking

CART	Priority	Merged Rank	Revised Position	Project Name / Type	Project Number	Budget Range
CO	1-Critical	1	New	Taylor Data Center Expansion	80047_01	\$5M-\$10M
MO	0-Previously Approved	2	Continue As Planned	ERCOT System Throughput for IDR (Advanced Metering)	70057_01	<\$50k
RO	0-Previously Approved	3	Continue As Planned	Small Renewables/Distributed Generation - RMWG	80028_01	<\$50k
SO	0-Previously Approved	4	New	Reliability Assessment Tool	90001_01	\$100k-\$250k
SO	0-Previously Approved	5	New	Large Wind Power Production Ramp Forecasting	90002_01	\$100k-\$250k
RO	0-Previously Approved	6	Continue As Planned	Advanced Metering - Mkt Changes for PUCT 34610 (fka RMWG/TX SET)	80027_01	\$250k-\$500k
RO	0-Previously Approved	7	Continue As Planned	MarkeTrak Enhancements (Workflow & Reporting)	70007_01	\$50k-\$100k
IO	1-Critical	8	New	Spectel Server Replacement	90003_01	\$500k-\$1M
IO	1-Critical	9	Partial Execution	Data Storage	90004_01	\$1M-\$2M
RO	0-Previously Approved	10	Continue As Planned	Website Enhancements for ERCOT Outages PhII	70006_02	<\$50k
RO	0-Previously Approved	11	Defer	ERCOT Outage Evaluation Phase 3 (SCR745)	60006_01	\$ -
RO	0-Previously Approved	12	New	TIBCO_Siebel Integration	80040_01	\$250k-\$500k
RO	0-Previously Approved	13	Continue As Planned	EDW EAI Transition Phase 1 (inc. PaperFree & NAESB)	50061_01	\$50k-\$100k
MO	1-Critical	14	Continue As Planned	MPIM integration with Siebel	90005_01	\$50k-\$100k
MO	1-Critical	15	New	Information Lifecycle Management (Comm Ops Systems)	90006_01	\$250k-\$500k
Nodal		16		Nodal Program Delivery		

2009 Project Initiatives by Priority Ranking

CART	Priority	Merged Rank	Revised Position	Project Name / Type	Project Number	Budget Range
RO	0-Previously Approved	17	Continue As Planned	Data Research and Reporting (formerly ETS Transition to EDW)	50088_01	\$250k-\$500k
CO	0-Previously Approved	17.1	Continue As Planned	ACL Audit Exchange	80038_01	<\$50k
CO	0-Previously Approved	17.2	Continue As Planned	ERCOT / TRE Accounting Structure	80036_01	<\$50k
IO	0-Previously Approved	17.3	Continue As Planned	WAN Refresh	80021_01	<\$50k
IO	0-Previously Approved	17.4	Continue As Planned	Enterprise Visibility	80026_01	\$50k-\$100k
IO	0-Previously Approved	17.5	Continue As Planned	Tape Backup Hardware Replacement	80044_01	\$50k-\$100k
RO	2-High	18	Continue As Planned	Advanced Metering – Long-Term Settlement Solution	90007_01	\$1M-\$2M
CO	2-High	19	Continue As Planned	MET Center Disposition	80001_01	>\$5M
IO	2-High	20	Continue As Planned	Minor Capital	099909	\$1M-\$2M
SO	2-High	21	Continue As Planned	Mid-Term Load Forecast Phase II	60084_02	<\$50k
SO	2-High	22	Continue As Planned	Improvements to VSA/DSA (TSAT/VSAT) - Phase II	50029_01	\$500k-\$1M
RO	2-High	23	Continue As Planned	MarkeTrak Phase 3	80030_01	\$100k-\$250k
RO	2-High	24	Continue As Planned	Retail Application Upgrades	80031_01	\$250k-\$500k
IO	2-High	25	Continue As Planned	Infrastructure Monitoring Enhancement Project (Remedy Phase 3)	90009_01	\$500k-\$1M
CO	2-High	26	Continue As Planned	Cyber Security Project #1	60075_01	\$100k-\$250k
CO	2-High	27	Continue As Planned	Employee Performance Management	80003_01	<\$50k

2009 Project Initiatives by Priority Ranking

CART	Priority	Merged Rank	Revised Position	Project Name / Type	Project Number	Budget Range
CO	2-High	28	Continue As Planned	Vendor Contract Management (Phase 2)	70034_01	<\$50k
CO	2-High	29	Continue As Planned	Microsoft Project Server Upgrade	60058_01	\$100k-\$250k
IO	2-High	30	Continue As Planned	Monitoring & Reporting Tools	90010_01	\$500k-\$1M
RO	0-Previously Approved	31	Continue As Planned	EDW EAI Transition Phase 2 (including PaperFree & NAESB)	50061_02	\$100k-\$250k
RO	0-Previously Approved	32	New	Advanced Metering - Retail Market Interface	90011_01	\$500k-\$1M
CO	2-High	33	Continue As Planned	Cyber Security Project #2	70046_01	\$100k-\$250k
CO	2-High	34	Continue As Planned	Cyber Security Project #3	80008_01	\$100k-\$250k
CO	2-High	35	Continue As Planned	Cyber Security Project #6	90012_01	\$50k-\$100k
CO	2-High	36	Continue As Planned	Cyber Security Project #4	80016_01	\$100k-\$250k
CO	2-High	37	Continue As Planned	Physical Security Project #1	70014_01	\$50k-\$100k
CO	2-High	38	Continue As Planned	Corporate Document Management (ENTERPRISE)	60029_01	\$250k-\$500k
SO	2-High	39	New	Additional Zonal Projects Requested After Determination of New Nodal Go-Live Date	90019_01	\$500k-\$1M
Cutline - \$18,150,000						
CO	2-High	40	New	Blue Building Evacuation Route	90013_01	\$100k-\$250k
CO	3-High/Medium	41	Continue As Planned	Cyber Security Project #7	90014_01	\$250k-\$500k
CO	3-High/Medium	42	Continue As Planned	Procurement Process Flows	80007_01	\$100k-\$250k
CO	3-High/Medium	43	Continue As Planned	Process Flows - HR	70020_01	\$100k-\$250k

2009 Project Initiatives by Priority Ranking

CART	Priority	Merged Rank	Revised Position	Project Name / Type	Project Number	Budget Range
CO	3-High/Medium	44	Continue As Planned	Finance Process Flows	80013_01	\$100k-\$250k
MO	3-High/Medium	45	Partial Execution	Web-enabled Registration	90015_01	<\$50k
CO		46	Complete	Cyber Security Project #5	N/A	\$ -
CO	0-Previously Approved	47	Continue As Planned	Physical Security Project #2	60094_01	<\$50k
CO	3-High/Medium	48	Partial Execution	Physical Security Project #3	80002_01	\$100k-\$250k

Capability Line - Additional \$1.2M - Projects above this line are authorized to begin to help maximize 2009 project delivery (Ranks 40-48)

CO	4-Medium	50	New	Intranet Replacement	90016_01	\$250k-\$500k
MO	4-Medium	51	New	Serena Collage Upgrade	90017_01	\$250k-\$500k

Parking Lot Items Below This Line - Total Unfunded Not in Parking Lot = \$640,000 (Rank 50-51)

CO	9-Parking Lot	96	Defer	Taylor Reconfiguration	90008_01	\$ -
CO	9-Parking Lot	97	Defer	Lawson Security	70015_01	\$ -
CO	9-Parking Lot	97	Defer	VCM Replacement	80004_01	\$ -
SO		98	Transfer to Nodal	OTS (Operator Training Simulator)		\$ -
MO	9-Parking Lot	99	Defer	Demand Response for Settlement		\$ -
MO	9-Parking Lot	99	Defer	Verifiable Cost Management System		\$ -
MO	9-Parking Lot	99	Defer	Nodal.ercot.com Retirement		\$ -
MO	9-Parking Lot	99	Defer	Enhancements to API for Disputes		\$ -
MO	9-Parking Lot	99	Defer	NPRRs & Mandates		\$ -
MO		99	Cancel	COMS Extract, Report & Web Services Monitoring & Usage Statistics		\$ -
CO	9-Parking Lot	99	Delete	Corporate Document Management		\$ -

2009 Project Initiatives by Priority Ranking

CART	Priority	Merged Rank	Revised Position	Project Name / Type	Project Number	Budget Range
CO	9-Parking Lot	99	New	Cyber Security Project #8		\$ -
CO		99	Cancel	Intranet Assessment POC		\$ -
CO	9-Parking Lot	99	Defer	Cyber Security Project #9		\$ -
CO	9-Parking Lot	99	Defer	Credit NPRRs		\$ -
CO	9-Parking Lot	99	Defer	E-Procurement		\$ -
CO	9-Parking Lot	99	Defer	Asset Management Integration (Altiris, Remedy, Lawson)		\$ -
CO	9-Parking Lot	99	Defer	SharePoint Hosting		\$ -
IO	9-Parking Lot	99	Defer	Network - Switches		\$ -
IO	9-Parking Lot	99	Defer	Computing Hardware - Desktops		\$ -
IO	9-Parking Lot	99	Defer	Network - Firewalls		\$ -
IO	9-Parking Lot	99	Defer	Computing Hardware - X-series Replacement		\$ -
IO	9-Parking Lot	99	Defer	Storage - Misc.		\$ -
RO	9-Parking Lot	99	Defer	TML Transition to MIS		\$ -
SO	9-Parking Lot	99	Defer	MMS Multiple Network Models		\$ -
SO		99	Complete	MMS Dynamically scheduled resource incremental and decremental energy offer curves.		\$ -
SO		99	Complete	MMS S&B Information only calculations		\$ -
SO	9-Parking Lot	99	Defer	NPRRs & Mandates		\$ -

2009 Project Initiatives by Priority Ranking

CART	Priority	Merged Rank	Revised Position	Project Name / Type	Project Number	Budget Range
SO	9-Parking Lot	99	Defer	IMM & ERCOT Market Operations Support Study Tools		\$ -
SO	9-Parking Lot	99	Defer	ERCOT System Operations User Interfaces & Alarm Improvements		\$ -
SO	9-Parking Lot	99	Defer	CRR API		\$ -
SO	9-Parking Lot	99	Defer	NMMS API		\$ -
SO	9-Parking Lot	99	Defer	MMS A/S Deliverability Evaluation Function (DEF) Enhancements		\$ -
SO	9-Parking Lot	99	Partial Complete	MMS Weekly RUC Enhancements		\$ -
SO		99	Complete	Implementation of "shelf-ready" functionality for co-optimizing energy and A/S for self-committed resources in DAM		\$ -
SO	9-Parking Lot	99	Defer	MMS Save Case Format Enhancement		\$ -
SO	9-Parking Lot	99	Defer	MMS CCT Data Enhancement		\$ -
SO	9-Parking Lot	99	Partial Complete	MMS Credit Check Performance Enhancement		\$ -
SO	9-Parking Lot	99	Defer	Outage Scheduler Enhancements		\$ -