



**ERCOT Finance & Audit Committee Meeting:
Includes 2011 Budget Discussion
7620 Metro Center Drive, Austin, Texas
Met Center, Conference Room 206
November 15, 2010; 12:00pm – 3:00pm***

Item #	Agenda Item Type	Description/Purpose/Action Required	Presenter	Time
1.		Call to order Executive Session	C. Karnei	12:00pm
2.		2a. Announcement of proxies	C. Karnei	12:01pm
	Decision required	2b. Approval of executive session minutes (Vote) (10/18/10)	C. Karnei	12:02pm
	For discussion	2c. Internal Audit status report	B. Wullenjohn	12:03pm
	For discussion	2d. Internal Audit 2010 goals update	B. Wullenjohn	12:05pm
	For discussion	2e. Update on proposed 2011 Internal Audit plan	B. Wullenjohn	12:10pm
	Informative	2f. EthicsPoint update	B. Wullenjohn	12:20pm
	For discussion	2g. Executive management survey on adequacy & effectiveness of Internal Audit	T. Doggett / B. Wullenjohn	12:30pm
3.	Informative	Contracts, personnel, litigation and security	Various	12:40pm
4.	For discussion	Periodic discussion with independent auditors	Ernst & Young	12:50pm
		Recess Executive Session		
		Convene General Session		
5.	Decision required	Approval of general session minutes (Vote) (10/18/10)	C. Karnei	12:55pm
6.	Informative	Update on SAS 70 audit	C. Moseley / SAS 70 Solutions	12:56pm
7.	Decision required	Recommend selection of independent auditors for the upcoming year (Vote)	M. Petterson	1:15pm
8.	Decision required	Approval of independent auditor fees for upcoming year (Vote)	M. Petterson	1:20pm
9.	Informative	- Review of external auditor quality control procedures and independence - Review scope of annual financial audit	Ernst & Young	1:25pm
10.	Decision required	Recommend 2011 base operating budget and project priority list (Vote)	M. Petterson	1:45pm
11.	Decision required	- ERCOT credit status (Vote) - Credit Working Group status	C. Yager T. Nikazm	2:05pm
12.	Decision required	Review and recommend Investment and Financial Corporate Standards (Vote)	C. Yager	2:25pm
13.	Informative	Quarterly investment summary	C. Yager	2:45pm
14.	Informative	Committee Briefs (Q&A only)	All	2:50pm
15.	Informative	Future agenda items	M. Petterson	2:55pm
16.		Other business	M. Petterson	2:57pm
		Adjourn meeting	C. Karnei	3:00pm

** Background material is enclosed or will be distributed prior to meeting. All times shown in the agenda are approximate. The next Finance & Audit Committee Meeting will be held Monday, December 13, 2010, at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, in Room 206.*

Decision required
For discussion

5. Approval of General Session Minutes Clifton Karnei

Approval of General Session Minutes

- Vote 10/18/10

**DRAFT ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
MINUTES OF THE FINANCE & AUDIT COMMITTEE – GENERAL SESSION**

7620 Metro Center Drive (Room 206) – Austin, Texas 78744
October 18, 2010

Pursuant to notice duly given, the Finance & Audit Committee (Committee) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date. Committee Chairman Clifton Karnei confirmed that a quorum was present and called the meeting to order at approximately **12:30 p.m.** The Committee immediately went into Executive Session, where it remained until it recessed and reconvened in General Session at **1:45 p.m.**

General Session Attendance

Committee members:

Bermudez, Jorge	Unaffiliated Board Member	Unaffiliated Board Member	Present
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility	Present
Dreyfus, Mark	Austin Energy	Municipal	Present
Espinosa, Miguel (Vice Chair)	Unaffiliated Board Member	Unaffiliated Board Member	Present
Fehrenbach, Nick	City of Dallas	Commercial Consumers	Present
Karnei, Clifton (Chair)	Brazos Electric Power Cooperative	Cooperative	Present
Zlotnik, Marcie	StarTex Power	Independent REP	Present

Other Board Members and Segment Alternates:

Doggett, Trip	ERCOT	Chief Executive Officer	Present
Doll, Laura	Unaffiliated Board Member	Unaffiliated Board Member	Present
Gent, Michehl	Unaffiliated, Acting Board Chairman	Unaffiliated, Acting Board Chairman	Present
Givens, Sheri	Office of Public Utility Counsel	Consumer/Residential	Present
Helton, Bob	International Power America Services	Independent Generator	Present
Ryall, Jean	Constellation Energy	Independent Power Marketer	Present
Smitherman, Barry	Public Utility Commission of Texas	PUCT Chairman	Present
Walker, Mark	NRG Texas	Independent Generator	Present

Whittle, Brandon	DB Energy Trading	Independent Power Market Representative	Present
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ERCOT Staff and Guests:

Anderson, Kenneth	Public Utility Commission of Texas - Commissioner
Cleary, Mike	ERCOT – Chief Operating Officer
Magness, Bill	ERCOT – Vice President and General Counsel
Moseley, Cheryl	ERCOT – Manager, ICMP
Morehead, Juliana	ERCOT – Associate Corporate Counsel
Nikazm, Tamila	Austin Energy
Petterson, Mike	ERCOT – Controller
Wullenjohn, Bill	ERCOT – Director, Internal Audit
Yager, Cheryl	ERCOT - Treasurer

Approval of General Session Minutes – September 21, 2010 (Agenda Item 4)

Mr. Karnei entertained a motion to approve the September 21, 2010 General Session F&A Committee meeting minutes (Minutes).

Jorge Bermudez made a motion to approve the Minutes. Marcie Zlotnik seconded the motion. The motion passed unanimously by voice vote.

Review Assumptions for Preliminary Schedules for the 2011 Annual Operating Budget (2011 Budget) (Agenda Item 5)

Mike Petterson and the Committee discussed assumptions and preliminary schedules for the 2011 annual Operating Budget (2011 Budget or Budget). Mr. Petterson gave the Committee a review of prior budget discussions, summarized 2011 Budget preparations, and fielded questions concerning detailed Budget information. He emphasized that the proposed 2011 Budget assumed no change to the System Administration Fee (Admin Fee) or the Nodal surcharge. Mr. Petterson explained ERCOT could hold the Admin Fee and Nodal surcharge fees flat at current levels by using \$25.2M of the \$113M Board Discretionary Fund to pay for post go-live charges on the Nodal program. He added that \$11.9M of the funds would be used to pay recurring annual charges incurred as an ERCOT base operating cost starting in 2012, and the remaining \$13.3M would be used to pay non-recurring project charges incurred in 2011.

Mr. Espinosa asked for a more detailed description of these charges. Mr. Petterson described the recurring expenses (i.e., hardware and software systems licensing and maintenance costs) and non-recurring expenses (i.e. nodal market stabilization costs) that ERCOT would incur resulting from the transition into a Nodal market. Mr. Doggett emphasized that the proposed treatment of recurring expenses is consistent with ERCOT’s standard project accounting practices.

Commissioner Anderson asked for more details on the classification of reoccurring charges. Messrs. Petterson and Cleary enumerated the charges as licensing and maintenance fees for hardware and software systems, and dedicated vendor resources to help manage and maintain such applications in the future. Mr. Clearly defined the planning component associated with “Parking Deck” items as the prioritization, requirements definition, and design development that

would be undertaken during the course of 2011, in preparation for implementation in 2012. Mr. Cleary further informed the Committee that at present, ERCOT had 700 outstanding deferred defects, one-half of which are assumed to be resolved in 2011 using the \$2.55M as designated on page 14 of the meeting materials.

Mr. Espinosa and Mr. Petterson briefly discussed a change that Mr. Morgan brought to the Board in September 2010, which resulted in a change to the carryover amount from 2010.

Mr. Petterson then discussed the use of a portion of the Board Discretionary Fund to pay for post Nodal go-live charges. He noted that not using the Fund for post-go-live charges, as enumerated above, would cause approximately a 5.5 percent increase in the Admin Fee, which would raise the fee to \$0.4725 per MWh. Mr. Petterson then discussed the Admin Fee, should the Fund be used for such charges. Chairman Smitherman inquired as to whether the potential increase in the Admin Fee, should the Fund not be used for post-go-live charges, would be \$17M due to the 40/60 funding formula. Mr. Petterson replied in the affirmative. Mr. Petterson addressed the period of 2012–2016, and mentioned that the key drivers (hardware and software licenses and maintenance, incremental vendor services, nonrecurring items, and sales tax refund receipts) during that time would likely cause the fee to remain around \$0.46 per MWh.

Mr. Fehrenbach asked whether the money ERCOT would receive for the Nodal surcharge, if the Board Discretionary Fund was not used for post-go-live costs, would go to pay off the debt ERCOT incurred in building the Nodal program. Mr. Petterson answered in the affirmative. Mr. Fehrenbach noted that ERCOT would then be essentially using 100% debt to fund current year operations. Mr. Cleary noted that Mr. Fehrenbach's analysis was correct, and commented that his position could also be viewed as using the money ERCOT has saved to fund Nodal-related items in 2011. Mr. Karnei commented that the use of the Board Discretionary Fund for post-go-live costs was in the interest of keeping the Admin Fee flat.

Mr. Gent revisited the \$14.4M favorable financial variance currently forecasted for year-end 2010, and inquired as to whether such would go against the total expenses for 2010. Mr. Petterson said that it would, and that ERCOT assumed that the \$14.4M favorable variance (i.e., the money collected, but not used in 2010), would be carried forward and used to cover revenue requirements in 2011. Mr. Gent further asked what the total expenses were expected to be, regardless of where the revenue was derived. Mr. Petterson replied that the total ERCOT spending authorization for the 2011 Budget was expected to be \$215,194,000.00 without regard to the funding source, and the 2010 carry forward would be approximately \$14,420,000.00.

Mr. Dalton inquired as to the impact of using the Board Discretionary Fund for post-go-live purposes on ERCOT's debt/equity structure in 2011 and 2012. Ms. Yager replied that when the Nodal Surcharge was set at \$0.375 per MWh, it was presumed that ERCOT would be spending all of the Board Discretionary Fund, and that since the Board Discretionary Fund was not being fully expended on Nodal Program implementation costs the current Nodal Surcharge afforded equity contribution in excess of 40 percent.

Mr. Petterson confirmed that in November, management would present a recommended budget for 2011 and seek concurring recommendation from the Committee and subsequent approval of the recommended 2011 budget from the Board. Mr. Karnei specified that ERCOT management presented a plan to keep the Admin Fee flat, and asked that any Committee member in disagreement with management's plan make his/her opinion known sooner than later. Mr. Bermudez asked what the ultimate budgetary goal was. Mr. Karnei responded that the

cheapest way to fund ERCOT's operations was by having zero debt and funding everything with cash, which tends to make the Admin Fee extremely volatile. Historically, he noted, ERCOT has used debt financing to normalize the Admin Fee. From a political perspective, Mr. Karnei noted the ability to avoid an Admin Fee increase in 2011 by using the Board Discretionary Fund, albeit not the cheapest means of funding ERCOT's operations.

Messrs. Petterson and Magness clarified that ERCOT would be asking the Board to authorize its plan to use some of the Board Discretionary Fund at the meeting on October 19, 2010, as to allow ERCOT staff to prepare the 2011 Budget for Committee recommendation and Board approval at the November 2010 meeting. Mr. Fehrenbach noted that he was not opposed to using some of the Board Discretionary Fund for non-recurring charges, deferred defects, and Nodal stabilization, but that he had issue with using the Board Discretionary fund to pay for expenses that will reoccur such as hardware and software licenses and maintenance charges.

Mr. Smitherman referred to the chart on page 22 of the meeting materials and asked Mr. Petterson to prepare additional budget scenarios by varying forecasted load growth and expected project expenditures for the years 2012-2016., Mr. Petterson agreed to do so.

Mr. Helton asked whether the budgeted load growth was the same as the load growth in the latest Current Day Report (CDR). Mr. Doggett replied that the figures should be very close, but noted that the CDR data was calculated in May 2010, whereas the Budget data was calculated more recently. Thus, he said, there could be some slight timing difference in the load forecasts.

Concerning a modification to the Admin Fee, Ms. Zlotnik expressed significant concern that any change thereto would have to pass through to consumers. Mr. Crowder commented that ERCOT had an aggressive debt repayment schedule built into its budget, and that such should be kept in mind, to which Mr. Karnei agreed. Mr. Cleary followed-up on Ms. Zlotnik's concern and explained that ERCOT's executive team undertook a rigorous process to ensure that the figures making up the \$25.2M were adequately linked to real Nodal issues. Mr. Magness further noted that ERCOT was filing for approval to use the Board Discretionary Fund for post Nodal go-live charges, and as such, the public would be aware of ERCOT's proposal for use of the Fund. Mr. Karnei noted that ERCOT would be facing a future uptick in the Admin Fee, albeit not in 2011. He further elaborated that the Nodal fee would run its course, and if ERCOT could defer an Admin Fee increase for an additional year, it would be a positive move. Mr. Espinosa noted that in determining whether to increase the Admin Fee, ERCOT must consider political and market implications.

Nodal Credit (Agenda Item 6)

Oliver Wyman Report on Nodal Credit Policy and Practices

Michael Denton of Oliver Wyman reviewed Oliver Wyman's report on ERCOT's credit practices, provided the Committee with a benchmark analysis of key elements comparing ERCOT to other Independent System Operators (ISOs), as well as recommendations to further ERCOT's goals (see also Credit Risk Management Review and Benchmarking Study dated October 1, 2010 in meeting materials).

Mr. Dalton inquired about Market Participants that have access to unsecured credit, and those that were eligible for it. Ms. Yager clarified that as of September 30, 2010, 19 entities received unsecured credit directly, and 30 entities received it using guarantees. They discussed the

breakdown of figures, which demonstrated how much, on average, entities had in outstanding and unsecured credit.

Mr. Karnei commented that the presentation was very helpful.

Nodal Credit Risk Profile and Status

Ms. Yager reviewed the timeline for Nodal credit readiness, and noted that ERCOT successfully completed all of the various readiness tasks concerning systems, processes, and people. Ms. Yager then provided the Committee with an update on Nodal-related open credit items.

Concerning Congestion Revenue Rights (CRR) auction credit constraints, she noted that the Technical Advisory Committee (TAC) proposed that the Multiplier be changed from one (1) to zero (0), and the Adder from \$1.50 to \$0.75 per MWh. Ms. Yager further noted that ERCOT informed TAC that it preferred the Adder to be \$1.00 per MWh, but was satisfied with the move to \$0.75 per MWh.

Ms. Yager identified an issue involving Day-Ahead Market (DAM) credit constraints, and said that ERCOT planned to resolve this issue by November 5, 2010, in time for Nodal go-live. She also noted that ERCOT was working with Market Participants to determine how credit was consumed in the DAM, and would continue to address questions and resolve issues as they arose.

Ms. Yager informed the Committee that there were some credit constraints in the DAM that used a 95th percentile; (1) Real Time (RT) – Day Ahead (DA) spread used to collateralize Energy Only Offers; and (2) Point-to-Point (PTP) Obligation Bids. She noted that if one or two data points were high, then the values of the constraints could rise dramatically, which could affect credit for thirty-days forward. Ms. Yager noted that should such an event occur, ERCOT would not have the ability to respond quickly, since it does not have the discretion to modify these percentiles. However, she noted that ERCOT asked the market to consider changing the percentiles to provide for additional outliers, and defining a contingency and/or providing flexibility to address issues should they arise. She concluded by informing the Committee that the Board of Director may see something on this topic in November 2010.

Ms. Yager noted that ERCOT developed a “benchmark” tool, which would help ERCOT evaluate the reasonableness of the calculated Total Potential Exposure (TPE) in the new market. She noted that the tool would define low-end and high-end risks and identify outliers. Ms. Yager explained that the tool was still a work in progress and will evolve over time to meet ERCOT’s needs.

Ms. Yager revisited ERCOT’s maximum unsecured credit limit, noting that ERCOT reviewed it with the Credit Work Group (CWG) a couple years ago. Ms. Yager indicated that ERCOT would maintain its current internal limit on unsecured credit (\$75M) until CWG reviewed and reevaluated the cap following Nodal go-live. Mr. Crowder asked Ms. Yager for her opinion as to whether ERCOT’s method of granting unsecured credit was too stringent, given that ERCOT grants credit more conservatively than other ISOs. Ms. Yager replied that it was her opinion that the percentiles should not be increased at this time. Mr. Karnei inquired as to whether Ms. Yager felt comfortable continuing to use guarantees as unsecured credit. Ms. Yager responded that she was reasonably comfortable with the use of guarantees for the time being, given that the language in the guarantee form had been strengthened (revised in 2009). Mr. Crowder

asked what percent of the market was being granted unsecured credit (i.e., the percent of total financial transactions). Ms. Yager noted that, at September 30, 2010, 55% of the Estimated Aggregate Liability (EAL) was unsecured either directly or through guarantees, and forty-five percent (45%) was secured by cash or letters of credits.

Ms. Yager then noted that TAC certified full Nodal systems for Go-Live for December 2, 2010 based on the October 1, 2010 ERCOT Management Readiness Certification and the Nodal Advisory Task Force (NATF) recommendation. After reviewing the language in the draft Recommendation, Ms. Yager asked the F&A Committee for their recommendation that the Board vote to certify that all Market Readiness Criteria have been met for Nodal Market Go-Live for Operating Day, December 1, 2010 (based on recommendations from TAC, CWG, NATF, and ERCOT Management). Chairman Karnei asked to hear from the CWG before voting on this issue.

Credit Work Group's Status and Recommendation

Tamila Nikazm provided an overview of the CWG's recommendation concerning ERCOT's credit readiness in preparation for Nodal go-live. Ms. Nikazm stated that CWG's recommendation was to verify that (a) credit calculations were functioning per Nodal protocols based on the data available to CWG from market trials, and (b) credit risks in a Nodal market had been adequately addressed.

Ms. Nikazm noted an issue in the DAM credit constraint concerning the calculation for PTP obligation bids, as discovered on October 5, 2010. However, because ERCOT had a plan to resolve it by November 5, 2010, Ms. Nikazm stated that CWG confirmed that with the fix, DAM credit consumption is expected to adequately address the credit risk. CWG, with six segments voting, unanimously voted to make the above recommendation, she said. Also included in the recommendation, Ms. Nikazm said, was that CWG would like to see status updates regarding outstanding issues at future ERCOT Board meetings.

Ms. Nikazm then discussed CWG's review of the CRR Multiplier and Adder. She noted that the CWG voted to concur with the TAC modifications to the Adder and Multiplier, but that the vote was 3.5 to 1.5 by the segments. Ms. Nikazm stated that she believed the municipality and cooperative segments voted not to concur with TAC's changes. Mr. Karnei inquired as to the pro and con arguments concerning the \$0.75 Adder. Ms. Nikazm responded that the segment that voted for the \$0.75 Adder believed it could be reduced to a lower number. The segments voting against the \$0.75 Adder, she said, believed that it should not be reduced below \$1.00 since many CRRs would be collateralized at \$1.00 after the auction and should hold that amount during the auction. However, Ms. Nikazm informed the Committee that all parties agreed that there was not yet adequate data from the Nodal market for a full analysis.

Several Board members expressed their opinions concerning the CRR auction credit constraints Adder and Multiplier. Mr. Dreyfus stated that it was his opinion, as a member of the municipal community, that the Adder should be set closer to \$1.00, but noted that he was prepared to vote in support of the \$0.75. Ms. Zlotnik stated that the exposure was pretty limited for the market, and gave an advantage to the largest players, while discouraging participation, but noted that she was prepared to vote in support of the \$0.75. Ms. Yager clarified that at this time, ERCOT had only one mechanism to address low risk, low cost items, and high-risk, low cost items, but would like to find a way to better segregate out the risk items in the future. Ms. Zlotnik expressed that she would rather ERCOT be more lenient for the first 90 days, and then

reevaluate to see if it needed to increase the Adder. Mr. Bermudez expressed caution at lowering the Adder much below \$1.00 due to the inability to build a proper risk model for it. Mr. Helton agreed with Mr. Bermudez but noted the importance of considering that if collateral was too high and priced participants out of the market, there could be defaults. Mr. Karnei stated that he was concerned about lowering the Adder below \$1.00 due to the uncertainties of the market. He expressed the idea of tightening credit upfront, and thereafter reviewing it monthly to relax credit where needed. Mr. Karnei noted that reducing credit at the beginning of the market and thereafter tightening it is more difficult than starting tight and backing off later. Mr. Helton responded that Mr. Karnei's analysis was an example of why he was agreeing to vote for the \$0.75. Mr. Fehrenbach expressed his opinion that the greatest risk lies in the first 180 days following go-live (i.e., market and system problems, rather than individual defaults), and was concerned about credit pricing out small or undercapitalized Market Participants. Thus, albeit a risk, he supposed, in the initial period, he would favor being a little more lax on the credit. Mr. Bermudez commented that bringing the Adder down from \$1.50 to \$1.00 would accept and loosen some of the standards to an appropriate level, and that further adjustment could occur after the market has had experience in a Nodal market.

The credit parameters were then voted on, as set forth below.

Ms. Nikazm then briefly discussed other items the CWG was working on. She noted that the CWG voted to reduce ERCOT's 95th percentile to the 85th percentile, and clarify language such that ERCOT would have the authority to utilize each factor and moderate collateral requirement as needed, and that this issue would likely be up for Committee discussion at the November 2010 meeting. Ms. Nikazm told the Committee of concerns the CWG had about the Oliver Wyman Report. Specifically, the CWG wanted Oliver Wyman to: (1) review ERCOT's CRR credit readiness and evaluate its credit model for the CRR; (2) provide more clarification on ERCOT's standing with unsecured credit compared to other ISOs; and (3) provide a more in-depth review of ERCOT's credit exposure, albeit outside the scope of the Review concerning short-term life. Ms. Yager noted that Oliver Wyman agreed to address the first two points in their Report.

Mr. Karnei reintroduced the issue of ERCOT's credit readiness in preparation for Nodal go-live. Mr. Crowder inquired as to whether CWG believed the systems, processes, and people in place were available to support Nodal go-live. Ms. Nikazm replied that CWG only looked into the accuracy of the calculations in the systems based on Nodal protocols. As far as systems readiness was concerned, she said, CWG had sufficient evidence to confirm that systems were ready for Nodal go-live, but noted that CWG did not look into staffing independently of what the Nodal protocols directed for confirming systems readiness. Mr. Crowder asked Ms. Nikazm whether ERCOT's Market Participants seemed to have a good understanding of the credit requirements. Ms. Nikazm replied that it appeared to CWG that the Market Participants had a good grasp on credit requirements, but as far as readiness of their systems were concerned, the entities are working diligently to prepare for go-live. Mr. Crowder then asked Ms. Yager whether the November 5, 2010 deadline for fixing the issue regarding calculations for PTP obligation bids was reasonable. Ms. Yager responded in the affirmative, and noted that the fix was not a difficult undertaking. Mr. Cleary clarified that the patch (or fix) would be arriving on October 23, 2010 and ERCOT would have it tested and in production by November 5, 2010. He further noted that ERCOT was not concerned about fixing the problem by the November 5, 2010 deadline. Further, he said, should that not be the case, ERCOT would be certain to notify the Board.

Miguel Espinosa made a motion to recommend to the Board of Directors the change of the credit parameter Multiplier from “1” (one) to “0” (zero). Calvin Crowder seconded the motion. The motion passed by unanimous voice vote.

Calvin Crowder made a motion to recommend to the Board of Directors the change of the credit parameter Adder from \$1.50 to \$0.75. Nick Fehrenbach seconded the motion. The motion passed by majority vote, with two opposed (Messrs. Espinosa and Bermudez).

Mark Dreyfus made a motion to recommend that the Board vote to certify that all Market Readiness Criteria had been met for Nodal market go-live for Operating Day, December 1, 2010. Calvin Crowder seconded the motion and the motion passed by unanimous voice vote.

Discussion of SAS 70 Transition to Nodal (Agenda Item 7)

Cheryl Moseley provided a brief presentation on the SAS 70 transition to Nodal and fielded questions from Committee members. She noted that ERCOT staff recommended that ERCOT:

- (a) In 2010, issue a management letter concerning Zonal controls for October 1, 2010 through November 30, 2010, with exceptions due to network model and CRR controls going live before December 1, 2010; this letter would include a listing of controls that did not change, as well as the controls which changed in December 2010, resulting from Nodal go-live and the network model and CRR controls running prior to December 1, 2010; and
- (b) In January 2011, undertake a Type I audit, which would give ERCOT an opinion at a point in time concerning the design of the new controls (not operating effectiveness).

Mr. Karnei recalled that ERCOT had previously completed SAS 70 Type I audits, and then moved to Type II. Ms. Mosely agreed, and noted that undertaking another Type I audit was necessary due to the new set of controls.

Nick Fehrenbach made a motion that ERCOT: (1) In 2010, issue a management letter concerning Zonal controls for October 1, 2010 through November 30, 2010, inclusive of a list of controls that did not change, as well as controls which changed in December 2010; and (2) In January 2011, undertake a Type I audit. Marcie Zlotnik seconded the motion and the motion passed by unanimous voice vote.

Committee Briefs (Agenda Item 8)

No Committee Briefs were discussed.

Future Agenda Items (Agenda Item 9)

Mike Petterson noted that the Ernst & Young item would be on the November 2010 agenda.

The following items were identified as Future Agenda Items:

1. Standing approval of prior month's minutes
2. Standing Internal Audit agenda items

3. Standing EthicsPoint update
4. Standing Contracts, Personnel, Litigation and Security
5. Update on the 2010 SAS70 Audit
6. Appointment of independent financial auditors/fees
7. Review of independent financial auditor's procedures and independence
8. Review of scope of annual financial audit
9. Recommendation of the 2011 Base Operating Budget
10. Review of Investment and Financial Corporate Standards
11. Annual review of Committee Charter and structure
12. Standing Nodal Credit Status
13. Standing Review of investment strategy
14. Standing Committee briefs
15. Standing Future Agenda Items

Other Business (Agenda Item 10)

None.

Adjournment

Mr. Karnei adjourned the meeting at approximately **3:40 p.m.**

Juliana Morehead
Associate Corporate Counsel



ERCOT 2010 SAS 70 Audit Results

**Jason Rhoades, Shareholder
SAS 70 Solutions, Inc.**

**Lauren Edmonds, Manager
SAS 70 Solutions, Inc.**

**Finance & Audit Committee Meeting
November 15, 2010**

6. Update on SAS 70 Audit: 2010 SAS 70 Audit Highlights Cheryl Moseley and SAS 70 Solutions

- **SAS 70 Audit Report is ready for issuance pending F&A Committee approval**
- **The report will be issued with an unqualified opinion**
- **Test results impacting three control activities were identified for inclusion in the audit report**

6. Update on SAS 70 Audit: Discussion Topics Cheryl Moseley and SAS 70 Solutions

- **SAS 70 Audit Overview**
- **ERCOT 2010 SAS 70 Audit Results**
- **Considerations for Nodal Changes**
- **Transition to SSAE 16 in 2011**

6. Update on SAS 70 Audit: SAS 70 Audit Overview

Cheryl Moseley and SAS 70 Solutions

- **Statement on Auditing Standards No. 70 (SAS 70) is the audit standard for “Reports on the Processing of Transactions by Service Organizations”**
- **The 2010 SAS 70 audit examined the Settlement Operations for the period of October 1, 2009, to September 30, 2010**
- **SAS 70 Solutions worked with ERCOT process owners to modify control objectives and activities to align with current business processes**
- **15 Control Objectives were within the scope of the 2010 audit**
- **Audit testing was conducted in two phases – May 2010 and September 2010**

6. Update on SAS 70 Audit: ERCOT 2010 SAS 70 Audit Results Cheryl Moseley and SAS 70 Solutions

- **Testing exceptions (impacting one control activity)**

 - Management of Configuration and Program Area Changes:

 - Three developers were identified with access to the production servers sampled. Subsequent testing disclosed that access was revoked for the aforementioned developers.
 - Developer access was not properly authorized

- **Two testing disclosures (impacting two control activities)**

 - QSE Qualification and Credit Monitoring Processes:

 - No defaults or outstanding payments were identified during the review period

 - Meter Data Acquisition and Validation:

 - ERCOT began processing AMS transactions in November 2009 (disclosure impacts 2 control activities)

6. Update on SAS 70 Audit: Considerations for Nodal Changes

Cheryl Moseley and SAS 70 Solutions

- **Internal Audit / Internal Control Management personnel conducted an assessment of the impact of Nodal changes**
 - A reconciliation was completed to identify significant differences in control activities between the Zonal and Nodal Markets
 - The identified control activity deviations will be the basis for the scope of the Type 1 SAS 70 Audit for the Nodal Program
- **SAS 70 Solutions, Inc., will perform the Type 1 SAS 70 Audit in January 2011 for the controls affected by the transition**
- **The report will be issued with a qualified opinion to disclose that the scope is limited to only the controls deemed by management to be affected by the market change. The scope will not cover the entire Settlement Operations process.**

6. Update on SAS 70 Audit: Transition to SSAE 16

Cheryl Moseley and SAS 70 Solutions

- **Starting June 15, 2011, all service audit reports must be issued in accordance with SSAE 16. SSAE 16 is the standard that supersedes SAS 70.**
- **Conceptually, audits performed in accordance with the new standards are not significantly different from the current SAS 70 standard**
- **The new standards will require some modifications to the form and content of previous SAS 70 reports, with the most significant change being the addition of a “management assertion” section of the report**
- **After successfully transitioning standards, the level of effort to complete an audit in accordance with SSAE 16 is expected to be similar to that of the existing SAS 70 audit**
- **The professional fees under the new standard should not be substantially different than those that were required for a SAS 70 audit**

Questions and Closing

7. Recommend Selection of Independent Auditors for the Upcoming Year (Vote) – Mike Petterson

- **Section 4.10 of the ERCOT Bylaws establishes that the ERCOT Board of Directors must each year select a qualified public accounting firm (“Auditor”) to audit the financial statements of ERCOT.**
- **On June 19, 2009, at the direction of the F&A Committee, ERCOT staff issued requests for proposals for Audit and Accounting Services.**
- **On September 15, 2009, the F&A Committee appointed, and the Board of Directors ratified, the selection of Ernst & Young LLP (E&Y) as the Auditor for the 2009, 2010, and 2011 Financial Statement Audits.**
- **Management recommends selection of E&Y as the Auditor for the 2010 Financial Statement Audit.**
- **The proposed E&Y audit fees for the 2010 Financial Statement Audit range between \$89,000 and \$105,000.**

8. Approval of Independent Auditor Fees for Upcoming Year (Vote) **Mike Petterson**

Please see decision template in Board Agenda Item #18

9. Review of External Auditor Quality and Control Procedures and Independence and Review Scope of Annual Financial Audit

Presentation by Ernst & Young



Electric Reliability Council of Texas

2010 financial statement audit plan

November 5, 2010

The Finance and Audit Committee

Electric Reliability Council of Texas

Dear Members of the Finance and Audit Committee,

On November 15, 2010, we are meeting with you to discuss our audit approach and current year audit plan for ERCOT. We will outline the scope of our services, that will serve you and present some key considerations that will affect the 2010 audit. We are providing the enclosed materials so you can familiarize yourselves with them prior to our meeting.

Our audit is designed to express an opinion on the 2010 consolidated financial statements as of December 31, 2010. We are currently completing the planning phase of our audit. We will consider ERCOT's current and emerging business risks, assess those that could materially affect the financial statements and align our procedures accordingly. The plan will be responsive to your needs and will maximize audit effectiveness so we can deliver the high quality audit you expect.

We appreciate the opportunity to serve ERCOT for the 2010 audit. Our commitment to quality will be reflected in every aspect of our work.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Philip J. Gunn'.

Philip J. Gunn

Partner

Agenda

Deliverables

Global audit methodology

Key areas of audit emphasis

Appendix A - PCAOB proposed auditing standard *Communications with Audit Committees*

Appendix B - FASB/IFRS Convergence Projects

Appendix C - Independence

Appendix D - Ernst & Young's Quality Control Procedures

Appendix E - Timing of required communications

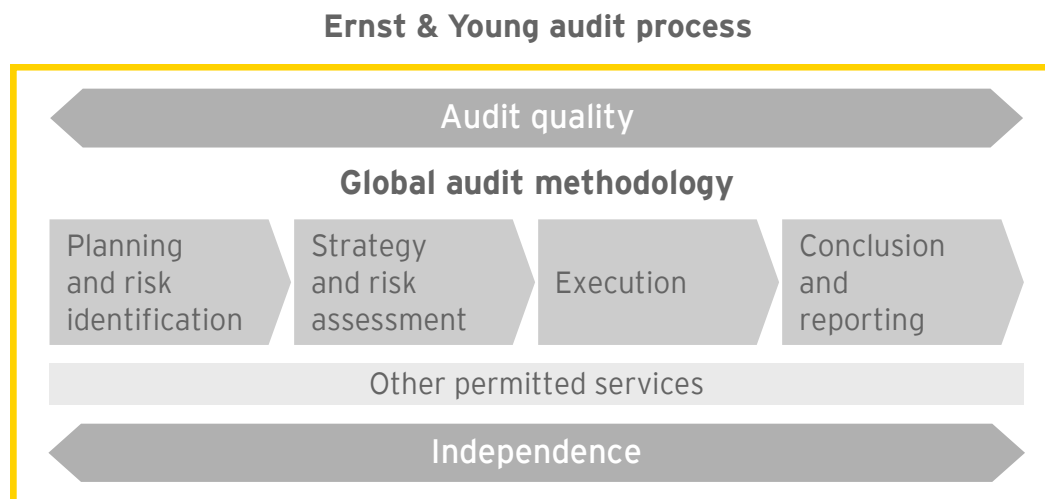
Deliverables

	Audit deliverables
Opinion	<ul style="list-style-type: none"> ▶ Express an opinion on the consolidated financial statements of ERCOT
Internal control communications	<ul style="list-style-type: none"> ▶ Issue a written communication to management and the audit committee describing significant deficiencies and material weaknesses , if any, identified during our audit ▶ Issue a management letter, if appropriate, that provides our recommendations regarding internal controls and opportunities for improvement or efficiency, based on observations made during the course of our audit

Note: Fees for the 2010 audit engagement were previously agreed upon in August 2009 as part of a three year fee arrangement. Fees for 2010 audit are anticipated to range from \$89,000 to \$105,000 based on a composite rate of \$162 per hour.

Global audit methodology

Overview of the audit process



Important planning matters for audit committee consideration

- ▶ Key areas of audit emphasis
- ▶ Fraud considerations and the risk of management override
- ▶ Accounting and auditing developments

Key areas of audit emphasis

Key areas of audit emphasis include:

- Revenue recognition - EY to test Entity's revenue recognition procedures, incorporating SAS 70 report
- Systems under development - EY to test all components capitalized for the Nodal Program throughout 2010. In addition, EY will test the establishment of Nodal as a depreciating asset, including reviewing proper depreciable lives.
- Long-term debt (including LOC and interest rate swaps)
- Capitalization of interest
- Regulatory liabilities

Fraud considerations and the risk of management override

We are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or by fraud (SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*).

Our audit procedures will encompass the requirements of SAS 99: brainstorming, gathering information to facilitate the identification of and response to fraud risks and performing mandatory procedures to address the risk of management override (including examining journal entries, reviewing accounting estimates and evaluating the business rationale of significant unusual transactions).

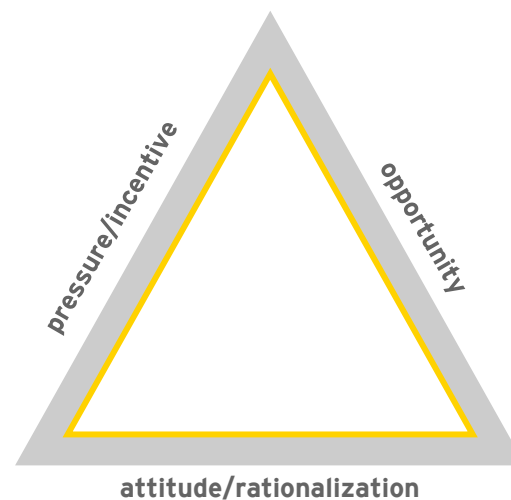
We evaluate the risk of fraud, including the risk of management override, using the fraud triangle and consider the actions management has taken to respond to those risks.

We consider, among other things:

- ▶ Code of conduct/ethics
- ▶ Effective and independent oversight by audit committee
- ▶ Process for dealing with whistle-blower allegations
- ▶ Adequacy of internal audit oversight of activity
- ▶ Entity's risk assessment processes

Role and oversight responsibilities of the audit committee:

- ▶ Management's assessment of the risks of fraud
- ▶ Programs and controls to mitigate the risk of fraud
- ▶ Process for monitoring multiple locations for fraud
- ▶ Management communication to employees on its views on business practices and ethical behavior



Occupational Fraud and Abuse, by Joseph T. Wells, CPA, CFR
(Obsidian Publishing Co, 1997);
Fraud Examination, by W. Steve Albrecht (Thomson South-Western Publishing, 2003)

Appendix A

PCAOB proposed auditing standard

Communications with Audit Committees

PCAOB proposed auditing standard

Communications with Audit Committees

Retains the requirement for audit committees to oversee the appointment, compensation and retention of the registered public accounting firm. The proposed standard is designed to:

- ▶ Enhance the relevance and effectiveness of the communications between the auditor and the audit committee
- ▶ Emphasize the importance of effective, two-way communications between the auditor and audit committee to better achieve the audit's objectives

PCAOB proposed auditing standard

Communications with Audit Committees

Matters to be communicated

- ▶ Significant issues discussed with management prior to the auditor's appointment or retention
- ▶ Establish a mutual understanding of the terms of the audit committee and to document that understanding in an engagement letter (*expanded*)
- ▶ Overview of the audit strategy and timing of the audit (*new*)

Issues arising from the audit

- ▶ Accounting policies, practices and estimates (*expanded*)
- ▶ Auditor evaluation of the quality of the company's financial reporting (*expanded*)
- ▶ The auditor's responsibility for other information in documents containing audited financial statements
- ▶ Management consultations with other accountants
- ▶ Going concern (*new*)
- ▶ Corrected and uncorrected misstatements
- ▶ Departure from the standard auditor's report (*new*)
- ▶ Disagreements with management
- ▶ Difficulties encountered in performing the audit
- ▶ Other matters (*new*)

Appendix B

FASB/IASB -- Convergence Projects

FASB/IASB - Convergence projects

The FASB and the IASB (the Boards) have several joint convergence projects now underway. On 24 June 2010 the FASB issued its second quarter progress report on the convergence standards. As part of this progress report, the FASB presented changes to the initial project plan. These changes are represented in the chart below. Although some projects have been slowed down, many of the proposals have been or are due to be issued this year and finalized by the end of next year.

Individually, many of these projects have the potential to introduce significant changes in accounting, presentation and reported earnings. Taken together, the scope and breadth of the changes are unprecedented.

*** denotes standards not expected to be applicable to ERCOT

Project	Exposure draft	Final guidance issued	Summary	Potential effect(s)
Accounting for financial instruments	Issued 26 May 2010	Q2-11	The guidance in the proposed update would require more use of fair value measurement through income for financial assets and liabilities. Amortized cost would be permitted for certain types of own debt and fair value changes through other comprehensive income (OCI) would be permitted for certain debt instruments. Changes to impairment, interest income recognition and hedge accounting will also be required. Comment period ends 30 September 2010.	<ul style="list-style-type: none"> ▸ Increased volatility in earnings ▸ Credit losses may be recognized sooner
***Statement of comprehensive income	Issued 26 May 2010	Q4-10	Because of the increased use of OCI anticipated in the financial instruments project, the Boards issued a separate proposed update that would require one continuous statement of comprehensive income including net income and other comprehensive income. This required presentation would remove the current presentation alternatives, which permit the display of comprehensive income in a separate statement or as part of the statement of changes in equity. Comment period ends 30 September 2010.	<ul style="list-style-type: none"> ▸ Changes to financial systems and processes
Revenue recognition	Issued 24 June 2010	Q2-11	The proposed update requires a single revenue recognition model that would replace the current risks-and-rewards-based model and would generally apply to all industries. The model would apply to all contracts with customers. Under the new model, companies would (a) identify contracts with customers, (b) identify the separate performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the separate performance obligations and (e) recognize revenue when the entity has satisfied each performance obligation by transferring control to the customer. Comment period ends 22 October 2010.	<ul style="list-style-type: none"> • New model that all industries will be required to adopt. • Will affect timing and gross reporting of revenue for many companies.

Convergence projects

Project	Exposure draft	Final guidance issued	Summary	Potential effect(s)
Fair value measurement	Issued 29 June 2010	Q1-11	This proposed update would converge the fair value measurement guidance under IFRS and US GAAP. The FASB has indicated that, in most cases, it did not intend for the proposed amendments to change existing practice under US GAAP. However, some of the proposed amendments would represent a change to principles in ASC 820. The proposed update would also require increased disclosure, including the effect (if significant) of using other reasonable and observable inputs for recurring Level 3 measurements. Comment period ends 7 September 2010.	<ul style="list-style-type: none"> ▶ Will require assessment of the effect of any finalized amendments on existing valuation policies and procedures
Leases	Q3-10	Q2-11	The tentative decisions to date require lessees to recognize an intangible asset for their right to use the leased item and a corresponding liability for their obligation for the rental payments. A hybrid accounting model would be required for lessors. Under that hybrid model, the lessor would use a performance obligation approach to lessor accounting for leases that expose the lessor to significant risks and benefits associated with the underlying asset. A derecognition approach would be applied to all other leases.	<ul style="list-style-type: none"> ▶ For lessees, all leases will be on the balance sheet ▶ Financial statement metrics (e.g., debt-to-equity ratios, return on assets) and debt covenant calculations
***Financial statement presentation	Q1-11	Q4-11	The guidance would require all of the financial statements to be organized into operating, investing, financing and equity sections. The financial statements would also be disaggregated by function, nature and measurement. The guidance would also require a direct method cash flow statement (instead of the indirect method, which is currently used) with a reconciliation of operating income to operating cash flows in the notes to financial statements, as well as disclosure of operating cash flow by segment. Full retrospective adoption is expected to be required.	<ul style="list-style-type: none"> ▶ Significant changes to financial reporting systems and processes
Reporting discontinued operations	Q1-11	Q4-11	The Boards have tentatively agreed to use IFRS's definition of a discontinued operation, which focuses on a component that represents a separate line of business or major geographic area or is part of a single plan to dispose of a separate line of business or major geographic area. There will also be increased disclosures for discontinued operations and disposals of components that are not reported as discontinued operations.	<ul style="list-style-type: none"> ▶ Generally, less discontinued operations

Appendix C

Independence

The independence landscape

Auditor independence rules are founded on four general principles - that auditors and their clients engage in no relationship or provision of service that, in either fact or appearance:

- ▶ Creates a mutual or conflicting interest between the auditor and the audit client
- ▶ Places the auditor in the position of auditing his or her own work
- ▶ Results in the auditor acting as management or an employee of the audit client
- ▶ Places the auditor in a position of being an advocate for the audit client

Based on these general principles, independence rules can be summarized within two categories: **Relationships** and **Services**

Relationships

- ▶ *Financial Relationships* - prohibits auditors and certain family members from investments in, and other types of financial relationships with, an audit client
- ▶ *Employment Relationships* - prohibits auditors and certain family members, and retired partners, from entering into certain employment or directorship arrangements with an audit client
- ▶ *Business Relationships* - prohibits auditors from having business relationships with an audit client, or any person associated with the audit client in a decision-making capacity, unless the relationship is for the provision of professional services or the auditor is a consumer in the ordinary course of business

Services

- ▶ *Non-Audit Services* - prohibits auditors from providing certain non-audit services to audit clients
- ▶ *Contingent Fees* - prohibits auditors from charging audit clients a contingent fee or a commission for any service
- ▶ *Partner Compensation* - prohibits audit partner compensation to be based on selling non-audit services to audit clients

We are not presently aware of any relationships or services with ERCOT that may reasonably be thought to bear on our independence. We will complete our independence procedures near the completion of our audit in March, 2011

Ernst & Young's focus on independence

Independence is fundamental to EY, our audit clients, and the public interest. Our approach to maintaining independence includes implementing policies, processes and systems with both “prevent” and “detect” type controls to provide reasonable assurance that a breach of independence will not occur and, in the event one does, will not go undetected nor unremediated. We proactively reexamine, monitor and test our policies, processes and systems so that they are current, thorough and effective. We reinforce our policies, processes and systems through continuous independence training of our professionals. We continually reinforce to all our people that compliance with our independence policies is essential, and that non-compliance has consequences.

Independence Organization

- ▶ Global network of independence leaders in every country where we operate
- ▶ Independence specialists support the global network
- ▶ Clear accountability - centralized independence functions report to Global Managing Partner - Quality and Risk Management (Q&RM) and Americas Vice Chair - Q&RM

Independence Processes and Systems

- ▶ Monitoring of compliance with our firm's independence requirements relating to matters such as investment holdings, lending relationships and family employment relationships, which are periodically confirmed by our professionals
- ▶ Monitoring business relationships between EY and our audit clients and their officers, directors, and substantial shareholders
- ▶ Maintaining and periodic updating of audit client subsidiary and affiliate information
- ▶ Detailed programs and procedures to assert independence in connection with client acceptance, IPOs and issuance of independence letters under PCAOB Rule 3526
- ▶ Consultation processes and documented conclusions

Independence Policies

- ▶ EY Global independence policies based on International Federation of Accountants (IFAC) and SEC rules
- ▶ Issued a comprehensive independence manual with rules all in one place
- ▶ A Code of Conduct that highlights the importance of maintaining our objectivity and independence and with which our personnel are required to confirm their compliance annually

Independence Training and Compliance

- ▶ Mandatory, continuous independence training for all professionals globally
- ▶ Independence content is included in many other core learning and industry related programs
- ▶ Conducting ongoing compliance audits of partners and other professionals regarding personal independence
- ▶ Global Independence Compliance Team focused on scope of services and business relationships

Appendix D

Ernst & Young's Quality Control Procedures

Ernst & Young's Quality Control Procedures

Ernst & Young's internal quality control policies

Our reputation for providing quality professional services in an independent, objective, and ethical manner is key to our success as independent auditors. Our strong commitment to quality services has led the firm to adopt a comprehensive set of quality control policies and other safeguards that are applicable to every audit engagement. Like any other system of internal control, no single control or safeguard provides us with the assurance that our professionals comply in all instances with applicable professional standards and the firm's standards of quality. Working in tandem, however, these controls and safeguards provide a comprehensive system that serves to prevent or detect in a timely manner matters that without corrective action could result in substandard performance. As a result, we believe that the firm's system of quality control for our accounting and auditing practice meets the requirements of quality control standards adopted by the Public Company Accounting Oversight Board for a public company accounting and auditing practice. The following is a summary description of some of Ernst & Young's quality control policies and other safeguards for our accounting and auditing practice.

Instilling professional values

Tone at the top – Ernst & Young's Executive Board and senior management regularly communicate and reinforce the firm's expectations and the importance of performing quality work and complying with the firm's policies. The Ernst & Young culture strongly supports collaboration and consultation and places special emphasis on the importance of consultation in dealing with complex and/or subjective accounting, auditing, reporting, SEC and independence matters. We also emphasize the importance of determining that the client has correctly followed our advice when necessary.

Organizational structure built around quality – Reflective of our commitment to quality, the firm's Quality and Risk Management (Q&RM) function, led by one of the firm's vice chairs, is responsible for overseeing firm-wide quality initiatives in each of our service lines. For example, the Q&RM group is responsible for establishing firm policies and processes and consulting on independence matters for all of our service lines.

The independence function within the Q&RM group is comprised of a dedicated centralized group of partners and professionals, as well as independence partners who are physically located in each of the firm's geographic operating sub-areas. They work closely with the technical resources located in our sub-area practices to identify and resolve independence issues affecting clients. The Vice Chair of Quality and Risk Management reports directly to the Chairman of the firm and is a member of the Executive Board.

The Assurance and Advisory Business Services (AABS) Professional Practice and Risk Management function, also led by one of the firm's vice chairs, is responsible for establishing firm policies and methodologies and consulting on accounting, auditing, and SEC reporting matters, as well as practice monitoring and risk management activities for our accounting and auditing practice. The Professional Practice and Risk Management function is comprised of highly-qualified, seasoned partners and senior managers in technical support groups such as the National Accounting group in New York, the National SEC group in Washington, and the National Standards & Methodology group in Cleveland. In addition, the Professional Practice and Risk Management function includes a National Professional Practice Director (PPD) network comprised of partners and senior managers physically located in each of the firm's geographic operating sub-areas. The PPD network is a key part of our consultation process so having them geographically located within the operating sub-areas helps the network be more knowledgeable about our people and clients, as well as more easily accessible for consultations with audit engagement teams and our clients. It is important to note that although the PPD network is located within the operating sub-area it is independent of the operating sub-area leadership. The partners in the network report to and are evaluated and compensated by the Vice Chair of AABS Professional Practice and Risk Management to provide greater assurance on the objectivity of our consultation process.

Given the volume and complexity of new accounting, reporting, and regulatory matters facing our audit engagement teams and our clients, we continue to evaluate our resources dedicated to improving the quality of our work and are committed to increasing them when needed.

Ernst & Young's Quality Control Procedures

Code of professional conduct – The Ernst & Young Code of Conduct was developed to provide an ethical framework for all of our activities. Each partner and employee are asked to sign an annual confirmation statement that they have read the Code of Conduct carefully, have become familiar with the elements of the Code, understand their responsibilities with respect to its requirements and agree to abide by its provisions as a condition of continued employment or association.

Ethics hotline/website and Ethics Oversight Board – The firm's leadership has clearly communicated to our partners and employees an expectation of personal responsibility to pursue an understanding of any matter pertaining to ethics. Although, in most instances consultation with client service partners, business unit leaders, or others will resolve a matter, our EY/Ethics Hotline and EY/Ethics website, which supplements the phone-based hotline, were designed to provide another – and confidential – way for our people to raise concerns about unethical or illegal actions, violations of professional standards, or other actions inconsistent with the Ernst & Young Code of Conduct. In addition, our Ethics Oversight Board, reporting directly to the Executive Board and comprised of senior partners in the firm, provides ongoing monitoring of the practices and principles that guide the way we do business.

Independence – Ernst & Young has a comprehensive set of independence policies. The firm's written policies cover relationships with restricted entities (e.g., audit clients) as well as all other professional and regulatory independence requirements. Our independence policies and processes comply with the SEC's auditor independence rules. Compliance with the firm's policies and procedures is tested in several ways. Professionals who do not comply with professional or regulatory requirements are subjected to disciplinary sanctions.

Document retention – The firm has a comprehensive Retention of Records policy that applies to all of our service lines. This policy is intended to ensure that professional standards on working papers are complied with and that appropriate documents are retained as long as necessary for business, legal and regulatory purposes. The policy emphasizes that all documents must be preserved whenever any person becomes aware of any actual or reasonably anticipated claim, litigation, investigation, subpoena or other government proceeding involving Ernst & Young or one of our clients that may relate to our work.

Audit performance

Audit methodology – As a result of substantial investment and our focused efforts to continually maintain state-of-the-art audit methodologies and supporting tools, our auditors are well equipped to perform audits of the financial statements of companies of varying sizes and complexities, including integrated audits of internal controls over financial reporting when required. The Ernst & Young Global Audit Methodology provides a framework for application of a consistent thought process to all audits. The methodology contemplates team-based audit service delivery and allows alternative solutions depending on client circumstances, professional judgment and audit team input. We make enhancements to our audit methodology on a regular basis as a result of new standards, emerging auditing issues or implementation experiences.

Technology enablers – Numerous technology enablers are used by our audit engagement teams to assist in executing and documenting the work performed in accordance with the Ernst & Young Global Audit Methodology.

Formation of audit engagement teams – Ernst & Young requires an annual review of partner assignments for public companies by geographic operating sub-area leadership and the National Professional Practice Directors located in the geographic operating sub-areas to make sure that the partners serving our public company clients possess the appropriate competencies to fulfill their engagement responsibilities.

Ernst & Young's Quality Control Procedures

Policies for review and consultation

Reviews of audit work – Firm policies describe the requirements for timely, direct executive participation on audits and various levels of reviews of the work performed.

An independent look at all our audits – A professional and regulatory requirement for audits of public companies is that a partner independent of the audit team reviews the audit report on the financial statements (and where applicable the audit reports on internal controls over financial reporting) and performs certain other procedures prior to issuance of the report(s). We require such reviews on all audits, of both public and private companies.

Consultation requirements – Our consultation processes and related policies are designed to take advantage of all of the firm's resources in reaching our conclusions on complex and/or subjective accounting, auditing, reporting, SEC and independence matters. Consultation is a decision-making process, not just a process to provide advice. For complex and sensitive matters, Ernst & Young requires consultation outside of the audit team with other personnel who have more experience or specialized knowledge, with the goal of deciding the appropriate firm position regarding these matters. We have an extensive list of matters that require consultation on any engagement where the situation is encountered, and we supplement the list of required consultations to focus on emerging matters. Our people are expected to, and do, consult regularly on other significant accounting, auditing, reporting, SEC and independence matters, as well as on other sensitive issues or sensitive communications to clients or others outside the firm.

Audit engagement team disagreement resolution process –

Ernst & Young has a collaborative culture and encourages its people to speak up if a professional-practice disagreement arises or they are uncomfortable about something having to do with a client engagement. The firm's policies provide all of our people with the authority to demand a hearing for their views and an understanding that the firm considers all points of view when resolving key issues. When a matter that goes beyond the audit engagement team is ultimately resolved, firm policies require it to be documented.

Internal accountability

Audit partner rotation – As required by the SEC's independence rules, on audit engagements for public companies our firm will rotate the lead audit partner, the reviewing partner (i.e., partner independent of the audit team), and other audit partners (as defined) no less frequently than the maximum years of service permitted by the SEC.

Conflicts resulting from employment relationships – Ernst & Young has policies and procedures to address the potential for actual or perceived impairment of independence for situations where the firm's professionals accept employment at the firm's audit clients. Our policies in this area address the SEC's one-year cooling off requirement, and set forth consultation protocols within the firm for certain job positions so that compliance is achieved with respect to both the letter and the spirit of the SEC's rules.

Partner evaluation and compensation methods – Ernst & Young evaluates and compensates its partners based on several factors, which are aligned to the firm's overall strategy and direction. We do not compensate our audit partners on the sale or delivery of non-audit services to their audit clients. Our compensation approach reflects the firm's deep commitment to provide quality service to our clients as well as our professional obligation to maintain our independence.

Staff evaluations – Ernst & Young's performance management and development process is designed to provide timely, specific feedback on job performance. The purpose of the process is to help our people grow in their careers and to understand how their personal development is linked to the firm's values, strategy and overall success.

Ernst & Young's Quality Control Procedures

Client acceptance and continuance – Ernst & Young's audit client acceptance process involves a careful consideration of the risk characteristics of a prospective client and several due diligence procedures. Our approval process is rigorous, and no new audit client may be accepted without the prior approval of the National PPDs located in the geographic operating sub-areas. Additionally, as part of audit client acceptance, an independence review is performed prior to accepting an initial engagement pursuant to the standards of the PCAOB. The National PPDs also are very involved in the client continuance process and must be satisfied with the geographic operating sub-area leadership's decisions. Both client acceptance and client continuance decisions depend on, among other things, the absence of any perception that a company's management pressures the audit engagement team to accept inappropriate accounting and reporting. Our considerations and conclusions on the integrity of management are essential to our acceptance and continuance decisions.

Internal and external practice monitoring – Ernst & Young conducts an annual internal inspection program (Assurance Quality Review or AQR) that assesses the quality of our audit work for a cross-section of engagements. The objective of the AQR program is to evaluate the design and operating effectiveness of the firm's quality control policies and procedures for our accounting and auditing practice. The AQR program also aids our efforts to continue to identify areas where we can improve our performance or enhance our policies and procedures.

The PCAOB performs annual inspections of the firm's public company accounting and auditing practice and our non-public company practice is reviewed on a triennial basis as part of the AICPA peer review program.

People management

Recruitment and hiring – One of Ernst & Young's strategic objectives is to attract and build lifelong relationships with extraordinarily talented people. For the most part, the firm hires only candidates who have qualified academically to sit for the CPA examination in the state for which they are being recruited.

Professional development – Ernst & Young has requirements for continuing professional education that apply to all professionals. Our commitment to lifelong learning results in an improved ability to meet personal and professional goals and provide the highest quality service to our clients. An individual's professional development principally occurs through formal learning and on-the-job training. The core training courses are supplemented by training programs that are developed in response to changes in accounting and reporting standards, professional standards, and emerging practice issues.

Internal communications

Communication technology and knowledge databases – Ernst & Young makes significant investments in its knowledge and communications networks to assist our professionals. Examples of electronic mail communications and knowledge databases are: a daily newsletter that reports on the latest news and information about the firm and its services, a periodic newsletter that reports on recent accounting and auditing standard-setter activities and other important matters, and several intranet repositories providing information on important accounting, auditing and industry related topics.

Appendix E

Timing of required communications

Timing of required communications

	Communicate when event occurs	Communicate on a timely basis, at least annually
Communications required on all audits		
Our responsibility under GAAS and/or PCAOB standards, including other information in documents containing audited financial statements		X
Major issues discussed with management in connection with initial or recurring retention	X	
Significant audit adjustments		X
Unrecorded audit differences considered by management to be immaterial		X
Our judgments about the quality of the Company's accounting principles		X
Disagreements with management	X	
Consultations with other accountants	X	
Serious difficulties encountered in dealing with management when performing the audit	X	
The adoption of, or a change in, an accounting principle	X	
Methods of accounting for significant unusual transactions and for controversial or emerging areas	X	
Sensitive accounting estimates		X
Fraud and illegal acts involving senior management and fraud and illegal acts that cause a material misstatement of the financial statements	X	
Significant deficiencies and material weaknesses identified during audit		X

Timing of required communications

	Communicate when event occurs	Communicate on a timely basis, at least annually
Additional communications required on audits of non-SEC clients		
Overview of planned scope and timing of the audit		X
Representations the auditor requests from management		X
Significant findings or issues arising from the audit that were discussed with management		X
Events or conditions that cause us to conclude that there is substantial doubt about the entity's ability to continue as a going concern	X	

Ernst & Young

Assurance | Tax | Transactions | Advisory

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Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 135,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

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Strong independent assurance provides a timely and constructive challenge to management, a robust and clear perspective to audit committees and critical information for investors and other stakeholders. The quality of our audit starts with our 60,000 assurance professionals, who have the experience of auditing many of the world's leading companies. We provide a consistent worldwide audit by assembling the right multidisciplinary team to address the most complex issues, using a proven global methodology and deploying the latest, high-quality auditing tools. And we work to give you the benefit of our broad sector experience, our deep subject matter knowledge and the latest insights from our work worldwide. It's how Ernst & Young makes a difference.

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10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

- Cost consciousness coupled with recent financial performance relating to the Nodal Program enable a scenario where ERCOT would need no change in fees for 2011
- System Administration Fee remains at \$0.4171 per MWh
 - Proposing utilization of excess funds from 2010
 - Board Approved utilization of \$25.2M from the Board Discretionary Fund for charges directly related to Nodal Post Go-Live

10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

Line	(\$ Thousands)	2010 Budget	2010 Forecast	2011 Proposed Budget
1	ERCOT O&M Expense	92,790	85,467	101,252
2	Debt Service - Interest	5,272	2,539	3,515
3	Debt Service - Principal	26,137	26,137	26,200
4	Revenue Funded Projects	18,520	21,637	16,758
5	Subtotal - Revenue Requirement	142,720	135,780	147,725
6	Less: Other Revenue	3,164	3,844	4,006
7	Less: Interest Income	81	5	-
8	Less: Extraordinary Item Revenue	12,760	18,570	5,000
9	2010 Carry Forward	-	(14,420)	14,420
10	Subtotal - Revenue Requirement from Sytem Admin Fee	\$ 126,715	\$ 127,781	\$ 124,299
11	Subtotal - System Administration Fee	\$ 0.4049	\$ 0.4069	\$ 0.4004
12	NERC Dues	2,462	8,295	11,975
13	NERC Electric Reliability Organization fee	(2,462)	(8,295)	(11,975)
14	Protocol Services	1,500	787	2,466
15	Market Monitoring	2,300	2,417	2,700
16	Subtotal - Mandated Costs	\$ 3,800	\$ 3,204	\$ 5,166
17	Subtotal - System Administration Fee - Mandated	\$ 0.0121	\$ 0.0102	\$ 0.0166
18	Total - Revenue Rqmt from System Admin Fee	\$ 130,515	\$ 130,985	\$ 129,465
19	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171
20	GWh	312,922	314,000	310,410
21	% GWh Growth	1.6%	0.3%	-0.8%
22	Debt Funded Projects	27,780	32,455	25,138
23	Total Base Project/Data Center/Facility Capital Spending	46,300	54,092	41,896
24	Total ERCOT Spending Authorization	176,762	179,734	190,003

10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

Workpapers and Appendices

ERCOT Fiscal Year 2011 Budget

Revenue Requirements

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,975	3,524	3,155	2,870	2,666
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	12,000	12,000	14,000	14,000	16,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	153,971	155,118	159,413	161,854	166,441
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 149,453	\$ 151,701	\$ 156,397	\$ 158,789	\$ 163,326
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4671	\$ 0.4595	\$ 0.4638	\$ 0.4632	\$ 0.4696
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0158	\$ 0.0157	\$ 0.0158	\$ 0.0160	\$ 0.0162
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 154,499	\$ 156,895	\$ 161,739	\$ 164,280	\$ 168,967
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4829	\$ 0.4752	\$ 0.4796	\$ 0.4792	\$ 0.4859
28	GWh	308,126	312,922	314,000	310,410	319,926	330,145	337,237	342,793	347,770
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	3.1%	3.2%	2.1%	1.6%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	18,000	18,000	21,000	21,000	24,000
31	Total Base Project/Data Center/Facility Capital	31,523	46,300	54,092	41,896	30,000	30,000	35,000	35,000	40,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	189,244	190,795	198,500	201,358	209,368

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements

(in Thousands)

Line	(\$ Thousands)	2010 Budget	2011 Proposed Budget	Variance	Explanations
1	ERCOT O&M Expense				
2	Labor	59,012	69,947	(10,935)	Reallocating staff from Nodal Program to Base Operations resulting in increase of \$6.1M; Credit allocations eliminated \$4.6M; Reward and Recognition program reduced by \$.3M; Interns cost included at \$.2M
3	Equipment & Tools	1,227	881	346	Reduction in costs for office supplies, equipment maintenance, and non-capitalizable hardware indirectly related to reduction in employee and contractor headcount
4	Outside Services	9,751	2,973	6,778	\$3.5M reduction for staff augmentation; \$2.1M eliminated services primarily in System Planning and Financial Services; \$1.1M savings for cost reductions; \$.2M recategorized to Other; \$.1M for Web-based training and courier services new for 2011
5	Utility, Maintenance, & Facilities	8,137	12,599	(4,462)	\$2.8M increase related to addition of Bastrop (BCC) and Taylor (TCC3) facilities; \$1.5M increase resulting from discontinuation of facilities credit allocation from Nodal and Texas RE
6	Hardware & Software License & Maint.	9,101	9,861	(760)	License true-up and inflationary growth
7	Employee Expenses	1,552	1,021	531	Reduction from \$2,100 average for 739 positions to \$1,747 average for 584 positions; lower average based on 2010 spending trend
8	Other Expenses	4,010	3,970	40	
9	Subtotal - O&M Expense	92,790	101,252	(8,461)	
10	Debt Service - Interest	5,272	3,515	1,757	Savings resulting from lower debt balances and lower-than-budgeted interest rates
11	Debt Service - Principal	26,137	26,200	(63)	
12	Revenue Funded Projects	18,520	16,758	1,762	Primarily acceleration of Data Center hardware purchase from 2011 to 2010
13	Subtotal - Revenue Requirement	142,720	147,725	(5,005)	
14	Less: Other Revenue	3,164	4,006	842	Department of Energy grant not included in the 2010 budget and reduction in anticipated generation interconnect studies
15	Less: Interest Income	81	-	(81)	
16	Less: Extraordinary Item Revenue	12,760	5,000	(7,760)	Decreased sales tax refund available for utilization in 2011
17	2010 Carry Forward	-	14,420	14,420	Anticipated favorable 2010 budget-to-actual variance to be utilized in 2011
18	Subtotal - Revenue Requirement from Sytem Admin	\$ 126,715	\$ 124,299	\$ 2,416	
19	Subtotal - System Administration Fee	\$ 0.4049	\$ 0.4004	\$ 0.0045	
20	NERC Dues	2,462	11,975	(9,513)	Increase due to Texas RE budget increase following the divestiture in mid 2010
21	NERC Electric Reliability Organization fee	(2,462)	(11,975)	9,513	
22	Protocol Services	1,500	2,466	(966)	Anticipated increase in cost of protocol services performed by third party vendor and transition costs related to Texas Reliability Entity
23	Market Monitoring	2,300	2,700	(400)	Contractual increase of \$.2M and Nodal program no longer cost sharing \$.2M
24	Subtotal - Mandated Costs	\$ 3,800	\$ 5,166	\$ (1,366)	
25	Subtotal - System Administration Fee - Mandated	\$ 0.0121	\$ 0.0166	\$ (0.0045)	
26	Total - Revenue Rqmt from System Admin Fee	\$ 130,515	\$ 129,465	\$ 1,050	
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.0000	
28	GWh	312,922	310,410	2,512	
29	% GWh Growth	1.6%	-0.8%	0.8%	
30	Debt Funded Projects	27,780	25,138	2,642	
31	Total Base Project/Data Center/Facility Capital	46,300	41,896	4,404	
32	Total ERCOT Spending Authorization	176,762	190,003	(13,242)	

33
34

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Summary of Estimated Income Sources

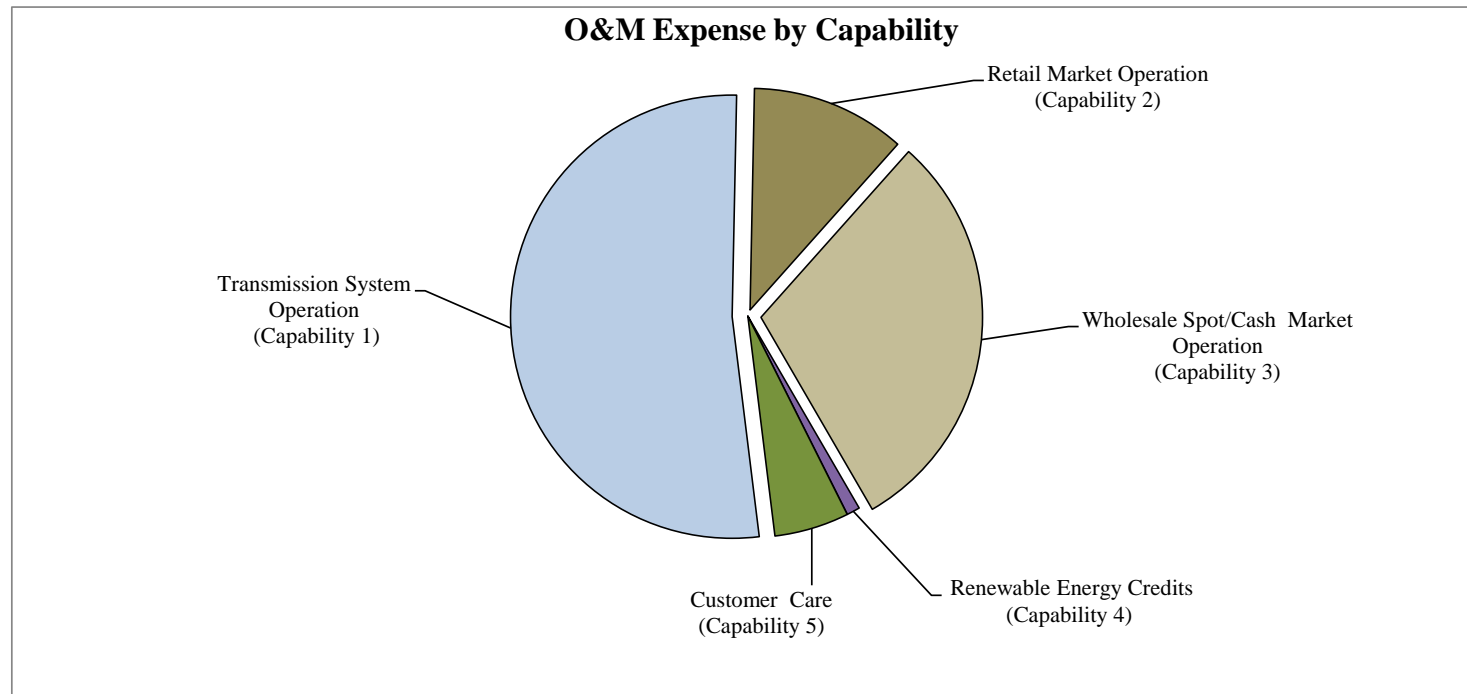
Line	Description	Protocols Reference	Calculation/Rate/Comment	2011 Proposed Budget		2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
				\$	%					
1	ERCOT system administration fee	9.7.1	\$0.4171 per MWh	\$ 129,465,056	89.0%	\$ 154,499,348	\$ 156,895,281	\$ 161,739,438	\$ 164,280,515	\$ 168,967,073
2	NERC Electric Reliability Organization fee	NA	A federally mandated, pass-through charge established to recover an amount approved by FERC for the ERCOT region's share of the annual operating costs of the Electric Reliability Organization.	11,974,880	8.0%	12,226,352	12,483,106	12,745,251	13,012,901	13,286,172
3	Private wide-area network fees	9.7.6	Recovery of a portion of expended costs; actual cost of using third party communications network, initial equipment installation cost not to exceed \$18,000, and monthly network management fee not to exceed \$865	2,208,221	2.0%	2,254,594	2,301,940	2,350,281	2,399,637	2,450,029
4	Grant Funding	NA	Department of Energy	1,165,213	1.0%	1,599,091	450,050	-	-	-
5	Membership dues	NA	\$2,000 for corporate members and \$500 for associate and adjunct members	320,000	0.0%	320,000	320,000	320,000	320,000	320,000
6	Generation interconnection study fees	NA	• Security screening study fee • Modeling fee	263,025	0.0%	263,025	263,025	263,025	263,025	263,025
7	Blackstart Training	NA	Cost Sharing	32,500	0.0%	65,000	65,000	65,000	65,000	65,000
8	Qualified scheduling entity application fee	9.7.5	\$500 per entity	7,500	0.0%	7,500	7,500	7,500	7,500	7,500
9	Competitive retailer application fee	9.7.5	\$500 per entity	7,500	0.0%	7,500	7,500	7,500	7,500	7,500
10	Map sale fees	NA	\$20 - \$40 per map request	1,000	0.0%	1,000	1,000	1,000	1,000	1,000
11	Mismatched schedule processing fee	9.7.4	\$1 per mismatched event	1,000	0.0%	1,000	1,000	1,000	1,000	1,000
12										
13			Total	<u>\$ 145,445,895</u>	100.0%	<u>\$ 171,244,410</u>	<u>\$ 172,795,402</u>	<u>\$ 177,499,994</u>	<u>\$ 180,358,078</u>	<u>\$ 185,368,299</u>

14
15 Note:
16 In addition to the items listed above, ERCOT also collects a Nodal market surcharge which is currently \$0.3750 per MWh. The Nodal Surcharge will remain in effect until the costs of implementing the Nodal Program, as approved by the
17 Public Utility Commission of Texas, are fully recovered.

ERCOT Fiscal Year 2011 Budget

O&M Expense by Capability

(in Thousands)



Line	(\$ Thousands)	Transmission System Operation (Capability 1)	Retail Market Operation (Capability 2)	Wholesale Spot/Cash Market Operation (Capability 3)	Renewable Energy Credits (Capability 4)	Customer Care (Capability 5)	Total
1	ERCOT O&M Expense						
2	Labor for Base Operations	\$ 36,303	\$ 7,319	\$ 21,702	\$ 701	\$ 3,922	\$ 69,947
3	Equipment & Tools	458	101	265	9	48	881
4	Outside Services	1,051	1,041	752	20	110	2,973
5	Utility, Maintenance, & Facilities	6,584	1,420	3,786	122	687	12,599
6	Hardware & Software License & Maint.	5,550	1,034	2,657	86	535	9,861
7	Employee Expenses	591	103	260	19	47	1,021
8	Other Expenses	2,376	386	1,005	27	175	3,970
9	Total - O&M Expense	\$ 52,913	\$ 11,404	\$ 30,427	\$ 983	\$ 5,524	\$ 101,252
10							
11	Percentage of Total	52.3%	11.3%	30.1%	1.0%	5.5%	100.0%



ERCOT Fiscal Year 2011 Budget

Labor Workpapers

ERCOT Fiscal Year 2011 Budget

Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT Service Total	ERCOT Group Total	Variance by Group	
1	1 TRANSMISSION SYSTEM OPERATION					
2	1.1 System Planning	35.00		34.97	(0.03)	
3	1.1.1 Transmission Adequacy Assessment	-	10.08	-	-	
4	1.1.2 Transmission Planning	-	17.78	-	-	
5	1.1.3 Interconnection Planning	-	0.82	-	-	
6	1.1.4 Generation/Resource Adequacy Assessment	-	3.92	-	-	
7	1.1.5 Generation & Load Planning	-	2.37	-	-	
8	1.2 Transmission Connection Management	8.51		5.15	(3.36)	1 Generation Interconnection policing efforts not an ERCOT function.
9	1.2.1 Connection Analysis/Studies	-	3.05	-	-	
10	1.2.2 Connection Scheduling	-	-	-	-	
11	1.2.3 Connection Oversight & Management	-	2.10	-	-	
12	1.2.4 Connection Commissioning	-	-	-	-	
13	1.3 Grid Security Management	23.00		27.08	4.08	2 Unable to reach study recommendation - Extensive workarounds must be eliminated before staffing efficiencies can be achieved. Efficiencies achievement estimate - 1.1.2012
14	1.3.1 Transmission Reliability Assessment	-	6.91	-	-	
15	1.3.2 Security/Contingency Analysis	-	14.92	-	-	
16	1.3.3 Security Coordination	-	3.01	-	-	
17	1.3.4 System Restoration Planning	-	1.06	-	-	
18	1.3.5 Ancillary Services Requirement Determination	-	1.18	-	-	
19	1.4 Outage Coordination/Planning	10.00		10.08	0.08	
20	1.4.1 0	-	8.14	-	-	
21	1.4.2 Resource Outage Coordination/Planning	-	1.94	-	-	
22	1.5 Real-Time System Control	27.51		27.21	(0.30)	
23	1.5.1 Monitor and Control Transmission Network	-	10.67	-	-	
24	1.5.2 Monitor and Control Interconnectors	-	2.00	-	-	
25	1.5.3 Instruct and Monitor Facilities	-	4.02	-	-	
26	1.5.4 Frequency Control (Facilities Real-Time Control)	-	10.52	-	-	
27	1.5.5 Manage System Restoration	-	-	-	-	
28	1.6 Scheduling & Dispatch	-	-	-	-	Dispatching a function of real-time control today, but will not be necessary in Nodal market.
29	1.6.1 Facilities Scheduling (inc. Unit Commitment)	-	-	-	-	
30	1.6.2 Facilities Dispatch (Energy & Ancillary Services)	-	-	-	-	
31	1.6.3 Interconnection Scheduling	-	-	-	-	

ERCOT Fiscal Year 2011 Budget
Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT Service Total	ERCOT Group Total	Variance by Group	
32	1.7 Forecasting	5.00		5.86	0.86	1 Function of greater importance in ERCOT region than other ISOs
33	1.7.1 Load Forecasting	-	5.26	-	-	
34	1.7.2 Wind Forecasting	-	0.60	-	-	
35	1.8 Operational Testing and Performance Management	3.01		5.46	2.45	1 Increased emphasis on testing and performance management offsets
36	1.8.1 Generator Commissioning Testing	-	-	-	-	
37	1.8.2 Generator Operational Testing	-	1.13	-	-	
38	1.8.3 Generator Black Start Testing	-	0.50	-	-	
39	1.8.4 Generator Performance Assessment	-	1.40	-	-	
40	1.8.5 Load-Participation Performance Assessment	-	2.43	-	-	
41	1.9 Commercial Management	1.00		0.60	(0.40)	
42	1.9.1 Manage Interconnection Capacity Rights Reservation	-	0.60	-	-	
43	1.9.2 Manage Interconnection Capacity Rights Trading	-	-	-	-	
44	1.9.3 Ancillary Services Procurement (Non-Market)	-	-	-	-	
45	1.9.4 Transmission Loss (Adjustment) Factor Determination	-	-	-	-	
46	1.9.5 Network Code/Agreement Management	-	-	-	-	
47	1.9.6 Monitor Network Code/Agreement Compliance	-	-	-	-	
48	1.10 Operational Support	11.50		14.73	3.23	1 Ad hoc reporting requirements can not be eliminated. Study assumption will never be realized.
49	1.10.1 Operations Analysis and Reporting	-	5.71	-	-	
50	1.10.2 Operator Training	-	9.02	-	-	
51	1.11 Compliance Monitoring & Reporting	20.51		21.25	0.74	
52	1.11.1 Dispatch Compliance	-	4.50	-	-	
53	1.11.2 Policy & Procedure Compliance	-	16.75	-	-	
54	1.12 Standards Development	-		1.50	1.50	3
55	1.12.1 Standards Development	-	1.50	-	-	
56						
57	Capability 1 Totals	145.04	153.89	153.89	8.85	
58						

ERCOT Fiscal Year 2011 Budget

Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT		Variance by Group	
			Service Total	ERCOT Group Total		
59	2 RETAIL MARKET OPERATION					
60	2.1 Retailer Registration	3.50		3.41	(0.09)	
61	2.1.1 Retailer Registration & Qualification	-	3.41	-	-	
62	2.2 Customer Switching/Registry	6.52		6.52	-	
63	2.2.1 Customer Choice Information Provision (Awareness Programs)	-	-	-	-	
64	2.2.2 End Customer Registration	-	1.70	-	-	
65	2.2.3 End Customer Transfer	-	4.82	-	-	
66	2.3 Load Profile Determination and Management	3.50		1.20	(2.30)	1 Function primarily captured in Cap. 1.7
67	2.3.1 Load Profile Customer Segment Determination	-	0.50	-	-	
68	2.3.2 Load Profile Management	-	0.20	-	-	
69	2.3.3 Load Profile Parameter Calculation	-	0.50	-	-	
70	2.4 Accumulation Metering, Data Collection and Data Aggregation	1.00		0.83	(0.17)	
71	2.4.1 Meter Installation	-	-	-	-	
72	2.4.2 Meter Maintenance	-	-	-	-	
73	2.4.3 Meter Registration	-	0.36	-	-	
74	2.4.4 Meter Data Collection	-	-	-	-	
75	2.4.5 Meter Data Validation & Substitution	-	0.47	-	-	
76	2.4.6 Profiled Usage Estimation	-	-	-	-	
77	2.4.7 Usage Data Aggregation	-	-	-	-	
78	2.5 Interval/Smart Metering, Data Collection and Data Aggregation	1.00		0.88	(0.12)	
79	2.5.1 Meter Installation	-	-	-	-	
80	2.5.2 Meter Maintenance	-	-	-	-	
81	2.5.3 Meter Registration	-	0.46	-	-	
82	2.5.4 Meter Data Collection	-	-	-	-	
83	2.5.5 Meter Data Validation & Substitution	-	0.42	-	-	
84	2.5.6 Meter Data Aggregation	-	-	-	-	
85	2.6 Bulk Transfer Management	0.49		0.91	0.42	
86	2.6.1 Bulk Transfer Activation	-	0.38	-	-	
87	2.6.2 Bulk Customer Transfer Management	-	0.34	-	-	
88	2.6.3 End Customer Notification	-	0.19	-	-	

ERCOT Fiscal Year 2011 Budget

Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT Service Total	ERCOT Group Total	Variance by Group	
89	2.7 Market Information	2.50		2.70	0.20	
90	2.7.1 Switching Analysis and Reporting	-	1.66	-	-	
91	2.7.2 Retail Market Notice Publication	-	1.04	-	-	
92	2.8 Retail Market Development	6.99		6.96	(0.03)	
93	2.8.1 Policy Definition	-	0.24	-	-	
94	2.8.2 Market Design Definition	-	0.47	-	-	
95	2.8.3 Rules Definition	-	1.50	-	-	
96	2.8.4 Rules Administration	-	2.44	-	-	
97	2.8.5 Procedure Definition	-	0.97	-	-	
98	2.8.6 Procedure Administration	-	1.33	-	-	
99	2.9 Market Oversight	1.50		2.50	1.00	2 Efficiency realization estimated 7.1.2011
100	2.9.1 Policy/Rules Compliance	-	1.45	-	-	
101	2.9.2 Process/Procedure Compliance	-	1.05	-	-	
102	2.10 Dispute Management	3.01		3.06	0.05	
103	2.10.1 Dispute Management	-	3.06	-	-	
104		-		-	-	
105	Capability 2 Totals	30.01	28.97	28.97	(1.04)	
106						

ERCOT Fiscal Year 2011 Budget

Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study			Variance by Group	Comments
		Study	ERCOT Service Total	ERCOT Group Total		
107	3	WHOLESALE SPOT/CASH MARKET OPERATION				
108	3.1	Participant Registration				
109	3.1.1	Participant Registration & Qualification Management	2.50	6.60	4.10	
			-	6.60	-	2 Web enabled registration not yet available but on Nodal Parking deck. Efficiency achieved in 1.1.2012.
						3 Study did not account for LARs and EIS (technical requirements/site visits)
110	3.2	Bidding, Scheduling and Pricing				
111	3.2.1	Bid/Offer Receipt and Management	15.99	16.69	0.70	
112	3.2.2	Real-Time Market Execution (Dispatch and Pricing)	-	1.21	-	
113	3.2.3	Day-Ahead Market Execution (Unit Commitment/Scheduling & Pricing)	-	5.68	-	
114	3.3	Wholesale Metering, Data Collection and Data Aggregation				
115	3.3.1	Meter Installation	11.50	14.18	2.68	1 Study assumed meter registration efficiencies around EPS site approvals. Value add to the market related to settlement accuracy. Market rules change would be necessary to realize efficiencies.
116	3.3.2	Meter Maintenance	-	-	-	
117	3.3.3	Meter Registration	-	6.59	-	
118	3.3.4	Meter Data Collection	-	2.17	-	
119	3.3.5	Meter Data Validation & Substitution	-	2.17	-	
120	3.3.6	Meter Data Aggregation	-	3.25	-	
121	3.4	Billing, Settlement & Credit Management				
122	3.4.1	Market Settlement	11.95	15.05	3.10	2 Rule change required relating to verifiable costs. (1 FTE)
123	3.4.2	Billing	-	10.05	-	1 Shadow Settlement efficiency (2 FTEs)
124	3.4.3	Payment Management	-	2.90	-	If approved, efficiency achieved 1.1.2012.
125	3.5	Credit Management				
126	3.5.1	Credit Risk Management	6.00	6.00	-	
127	3.5.2	Treasury (Cash and Collateral) Management	-	5.00	-	
128	3.5.3	Financial Default Process Management	-	1.00	-	
129	3.6	Market Information				
130	3.6.1	Market Data Publication	9.99	14.05	4.06	2 Study recommends limiting ad hoc reporting and non-monitored automated reporting. Estimated efficiency achievement - 7.1.2011
131	3.6.2	Market Analysis	-	9.25	-	
132	3.6.3	Market Notice Publication	-	3.67	-	
			-	1.13	-	

ERCOT Fiscal Year 2011 Budget

Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT Service Total	ERCOT Group Total	Variance by Group	
133	3.7 CRR/FTR Management	6.00		6.30	0.30	
134	3.7.1 Congestion Revenue Rights Allocation	-	3.00	-	-	
135	3.7.2 Congestion Revenue Rights Auction	-	3.05	-	-	
136	3.7.3 Maintain CRR Registry	-	0.25	-	-	
137	3.7.4 Manage Secondary Trading of CRRs	-	-	-	-	
138	3.8 Wholesale Market Development	14.03		12.17	(1.86)	
139	3.8.1 Policy Definition	-	2.23	-	-	
140	3.8.2 Market Design Definition	-	1.70	-	-	
141	3.8.3 Rules Definition	-	1.50	-	-	
142	3.8.4 Rules Administration	-	4.22	-	-	
143	3.8.5 Procedure Definition	-	0.80	-	-	
144	3.8.6 Procedure Administration	-	1.72	-	-	
145	3.9 Market Oversight/Monitoring	1.99		2.36	0.37	
146	3.9.1 Policy/Rules Compliance	-	2.28	-	-	
147	3.9.2 Process/Procedure Compliance	-	0.08	-	-	
148	3.9.3 Market Surveillance	-	-	-	-	
149	3.9.4 Trade Surveillance	-	-	-	-	
150	3.10 Dispute Management	3.99		4.70	0.71	2 Dispute process rule change required for staffing efficiency. Estimated change 1.1.2012
151	3.10.1 Dispute Management	-	4.70	-	-	
152						
153	Capability 3 Totals	83.94	98.09	98.09	14.15	
154						

ERCOT Fiscal Year 2011 Budget

Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT Service Total	ERCOT Group Total	Variance by Group	
155	4 RENEWABLE ENERGY CREDITS					
156	4.1 REC Definition	0.19	0.19	0.19	-	
157	4.2 Facility Accreditation	0.15	0.15	0.15	-	
158	4.3 Determine REC Obligations and Verify Compliance	0.09	0.09	0.09	-	
159	4.4 Facility Registration	0.19	0.19	0.19	-	
160	4.5 REC Issuance and Retirement	0.37	0.37	0.37	-	
161	4.6 Verify REC Validity	1.47	1.47	1.47	-	
162	4.7 REC Title Tracking	0.22	0.22	0.22	-	
163	4.8 Information Publication	0.28	0.19	0.19	(0.09)	
164						
165	Capability 4 Totals	2.96	2.87	2.87	(0.09)	
166						
167	5 CUSTOMER CARE					
168	5.1 Training & Education Delivery	3.50	2.80	2.80	(0.71)	
169	5.2 Helpdesk Management	3.00	0.55	0.55	(2.45)	
170	5.3 Account Management	8.00	12.55	12.55	4.55	
171						
172	Capability 5 Totals	14.50	15.89	15.89	1.39	4 Increased support work for Level 1 & 2 QSEs and CRR account holders
173						

ERCOT Fiscal Year 2011 Budget

Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT Service Total	ERCOT Group Total	Variance by Group	
174	6 INFORMATION TECHNOLOGY					
175	6.1 IT Application Services	93.00		100.76	7.76	
176	6.1.1 Database Administration	-	11.28	-	-	1 Down 3.42 FTEs from Study - necessary for base support with minor betterments - changes to databases will be captured as projects
177	6.1.2 Corporate Applications	-	7.48	-	-	1 Down 2.53 FTEs from Study- classification adjustment
178	6.1.3 Systems Operations Applications	-	23.44	-	-	1 Up 4.69 FTEs from Study
179	6.1.4 Wholesale Market Operations Applications	-	20.17	-	-	4 Up 1 FTEs from Study because of CMM self support. Disagree with support level of wholesale transaction processing 1
180	6.1.5 Retail Market Operations Applications	-	17.45	-	-	2 Up 7.45 FTEs from Study- potential staffing efficiency possible 1.1.2012 by consolidating tasks and training. Testing is not included as recommended by Study
181	6.1.6 Enterprise Integration	-	7.35	-	-	Down .08 FTE from Study
182	6.1.7 Vendor Management	-	3.00	-	-	
183	6.1.8 Release Management	-	6.14	-	-	
184	6.1.9 Other Application Services	-	4.45	-	-	3 Up .45 FTEs from Study - fewer resources for Openview; however, missed capability in data extracts and reporting.
185	6.2 IT Infrastructure Services	46.50		53.24	6.74	
186	6.2.1 Network and Telecom Services	-	10.71	-	-	Down 1.29 FTEs from Study - combined field services, deskside support, deskside imaging, and asset management
187	6.2.2 Server Support	-	15.78	-	-	Down .15 FTE from Study
188	6.2.3 Enterprise Architecture	-	2.50	-	-	Down .74 FTE from Study
189	6.2.4 Enterprise Storage	-	10.55	-	-	1 Up 2.21 FTEs from Study
190	6.2.5 IT Security	-	11.70	-	-	3 Up 4.7 FTEs from Study - Transferred access management effort from IT.
191	6.2.6 Other IT Infrastructure Services	-	2.00	-	-	3 Capacity performance (short term); performance tuning
192	6.3 IT Support	15.00		14.77	(0.23)	
193	6.3.1 Help Desk	-	8.27	-	-	
194	6.3.2 Field Services	-	6.50	-	-	
195	6.3.3 Other IT Support Services	-	-	-	-	
196	6.4 IT Strategy & Planning	6.00		6.96	0.96	
197	6.4.1 IT Strategic Planning, Budgeting	-	2.25	-	-	3 Increased for software compliance management
198	6.4.2 IT Standards	-	1.39	-	-	
199	6.4.3 Other IT Strategy & Planning	-	3.32	-	-	
200						
201	Capability 6 Totals	160.50	175.73	175.73	15.23	
202						

ERCOT Fiscal Year 2011 Budget
Staffing by Capability with Comparison to Study Recommendations

Line	Capability/Group/Service	Comparison to Study				Comments
		Study	ERCOT Service Total	ERCOT Group Total	Variance by Group	
203	7 OTHER SUPPORT & MANAGEMENT FUNCTIONS					
204	7.1 Executive Support	4.50		4.75	0.25	
205	7.1.1 Office of the CEO	-	3.00	-	-	
206	7.1.3 Board Support	-	1.75	-	-	
207	7.2 Administrative Support	17.51		14.90	(2.61)	
208	7.2.1 Administrative Support	-	14.90	-	-	
209	7.3 Strategy & Business Planning	2.00		2.00	-	
210	7.3.1 Strategy & Business Planning	-	2.00	-	-	
211	7.4 Internal Audit	6.00		5.75	(0.25)	
212	7.4.1 Internal Audit	-	5.75	-	-	
213	7.5 Legal	10.00		15.00	5.00	
214	7.5.1 Regulatory	-	7.50	-	-	
215	7.5.2 Corporate	-	7.50	-	-	2/3 Contract efficiency not realized until 1.1.2012
216	7.6 Finance	18.50		18.50	-	
217	7.6.1 General Accounting & Finance	-	11.50	-	-	
218	7.6.2 Purchasing & Contract Administration	-	6.00	-	-	
219	7.6.3 Payroll	-	1.00	-	-	
220	7.7 Human Resources	8.00		8.00	-	
221	7.7.1 Human Resources	-	8.00	-	-	1 Increase for Compensation & Benefits effort 2 Outsourcing payroll & benefits function - efficiency to be achieved by 7.1.2011.
222	7.8 Facilities/Security	20.00		21.30	1.30	
223	7.8.1 Facilities Management	-	16.00	-	-	3 Increased for Health & Safety Coordination
224	7.8.2 Physical Security	-	5.30	-	-	
225	7.9 Stakeholder Relations	6.00		5.15	(0.85)	
226	7.9.1 Government and Regulatory Relations	-	3.15	-	-	
227	7.9.2 Communications	-	2.00	-	-	
228	7.10 Project / Program Management	5.00		8.34	3.34	1 Required staff for continuity
229	7.10.1 Project and Program Management	-	8.34	-	-	
230	7.11 Internal Controls & Risk Management	-		5.00	5.00	
231	7.11.1 Internal Controls & Risk Management	-	5.00	-	-	1 2 Staffing Efficiency anticipated 7.1.2011 4 Risk capability not included in Study
232						
233	Capability 7 Totals	97.51	108.69	108.69	11.18	
234						
235						
236	Totals	534.46	584.13	584.13	49.67	

Note:	
Variance explanations provided based on the following four categories:	
1. Disagree with Study assumption(s)	8
2. Study assumption(s) not implemented/realized	28
3. Study missed Capability	11
4. Increased scope of work since Study performed	<u>3</u>
Total	50



ERCOT Fiscal Year 2011 Budget

Outside Services Workpapers

ERCOT Fiscal Year 2011 Budget
Outside Service Detail - Mandated

Line	Department	2011 Proposed Budget	Description of Service(s)
1	Retail Client Services & Analysis	\$ 814,560	PUCT mandated End User Switch and Provider Of Last Resort (POLR) notifications.
2	General Counsel	600,000	Outside Legal Counsel: Outside Legal Services regarding litigation or areas requiring specialized legal knowledge and skills not possessed by in-house legal staff. Expert witness fees, court reporter fees, employment/employee benefits, information technology, intellectual property, security/compliance, tax/financing, governance, insurance/risk management, records management, and related items. The services are necessary to obtain expert advice on all legal issues confronting the company (e.g. Employee Retirement Income Security Act (ERISA), bankruptcy, antitrust, litigation, etc.).
3	Board of Directors	554,000	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
4	Accounting & Financial Reporting	125,000	Annual financial statement audit: Mandatory to be compliant with Public Utility Commission of Texas (PUCT) rules. Must be performed by external auditing firm.
5	Internal Control Management Program	86,100	SAS 70 Audit is required to be performed by an external independent certified public accounting firm.
6	Settlements & Billing Operations	31,992	Necessary to satisfy protocol requirement for audit of Reliability Must Run (RMR) - Zonal Protocols Section 22, Attachment F, Section 13; Nodal Protocols Section 22, Attachment B, Section 13.
7	Accounting & Financial Reporting	20,000	Annual IRS form 990 review and filing: This is a required statutory audit that must be performed externally.
8	Human Resources	15,000	Support for determining the Financial Accounting Standards Board (FASB) 106 Liability for post retiree medical benefits for ERCOT.
9	Human Resources	15,000	401k Audit: 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.
10	Subtotal - Mandated Outside Services	\$ 2,261,652	

ERCOT Fiscal Year 2011 Budget
Outside Service Detail - Discretionary

Line	Department	2011 Proposed Budget	Description of Service(s)
1	Technology Services Administration	\$ 321,360	Lawson Hosting - Lower cost to host externally, would require hardware and 3 support specialists to host internally.
2	Human Resources	190,000	Immigration Assistance: 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 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. Approximately half of the expense in this area is for legal services and the rest covers the actual fees.
2	Human Resources	60,000	Web Based e-Learning Program: Enables business organizations to maximize business performance through a combination of comprehensive e-learning content, online information resources, flexible learning technologies and support services. It is a 24x7 program with a course library of over 4,000 courses related to Business Development and IT. Program will be used to enhance competencies for job skills and reduce travel costs.
3	Human Resources	60,000	External data and compensation reviews/comparisons, as requested, for specific positions.
4	Facilities Management	50,000	Courier Services required for mail collection, routing and distribution in lieu of FTE.
5	Credit Administration	30,000	Ratings service and data feed to ERCOT's new credit program for Nodal. The use of these services is contingent on the Board of Directors approving creditworthiness standards that include ratings.
6	Subtotal - Discretionary Outside Services	\$ 711,360	
7			
8	Total - Base Operations Outside Services	\$ 2,973,012	

ERCOT Fiscal Year 2011 Budget
Requested Outside Services Not Funded

Line	Department	2011 Proposed Budget	Description of Service(s)
1			
2	Critical Infrastructure Security	\$ 300,000	Energy Management and Market Systems (EMMS) security assessment.
3	Long Term Planning & Policy	200,000	Development of three-phase (PSCad or similar) models of west Texas ERCOT system to allow evaluation of sub-cycle system dynamics. Potential issues include sub synchronous interaction, sub-synchronous resonance, optimization of shunt reactive devices to support wind generation.
4	Mid Term Planning	175,000	Recent dynamic studies have indicated that the load models used for these studies is highly important in determining the results of those studies. Since these studies are increasingly resulting in real costs to the system (congestion, dynamic reactive devices, etc.) in the order of \$100Ms, it is important to validate the appropriateness of these models against real world response.
5	Internal Audit	195,000	Contract labor staff augmentation
6	Long Term Planning & Policy	150,000	Procurement of wind generation patterns, based on actual location of wind farms in ERCOT and actual historical weather data and assuming actual wind turbine technologies installed, for use in planning models to better understand diversity of wind patterns and likely system congestion.
7	Critical Infrastructure Security	150,000	Security penetration assessment of the network perimeter, email and remote access.
8	Retail Client Services & Analysis	130,000	Prepare, distribute, and collect results of market participant survey. Perception surveys are conducted on various services offered to the market such as meeting management, website revisions, etc.
9	Human Resources	125,000	University Co-Op program and curriculum development: Services required to develop university curriculum, provide studies and internship programs. This service would be performed along with ERCOT staff.
10	Long Term Planning & Policy	100,000	Procurement of new model for analysis of expected Loss-Of-Load Events (LOLE), assessment of target reserve margin, and expected load carrying capability of variable generation. New model would allow evaluation of the impact of transmission congestion on deliverability of generation reserves.
11	Physical Security	88,000	A 3-year Remote Managed Services Contract with the access control system vendor to provide patching, software upgrades, software updates, corrective procedures and planning, hardware and software specifications and procurement instructions, system network environment schematics and requirement instructions, database system layout, forms and credentials design, access level and alarm configuration. This contract would prevent system down time and possible loss of control of access to critical cyber asset areas. Currently support is being provided by a security analyst in the Critical Infrastructure Security department on an as available basis.
12	Human Resources	60,000	Benefits Audit(s)/Survey(s): Third party administrator to audit claims paid by benefit providers (medical, dental, vision, etc.) to make sure claims are not being overpaid, as well as, benefit surveys to ensure ERCOT is in line with the market. The audits/surveys do not have to be performed annually, so the estimated cost is based on a couple per year that would be rotated.
13	Mid Term Planning	50,000	Dynamic studies are increasingly being used to determine system limits and determine system equipment needs. The costs of these limits and equipment is in the order of \$100Ms. It is therefore increasingly important to validate that these models accurately reflect the actual performance of units on the system.
14	Physical Security	50,000	External cyber vulnerability assessment of the Physical Access Control System.
15	Total Requested Outside Services Not Funded	\$ 1,773,000	

ERCOT Fiscal Year 2011 Budget
Outside Service Detail - Mandated

Line	Department	Description of Service(s)	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	EMMS Development	Resources required for defect fixes, performance issues, security patch management, etc. on proprietary and custom software critical to the Market.	\$ 4,165,680	\$ 4,253,159	\$ 4,342,476	\$ 4,433,668	\$ 4,526,775
2	Retail Client Services & Analysis	PUCT mandated End User Switch and Provider Of Last Resort (POLR) notifications.	831,666	849,131	866,962	885,169	903,757
3	General Counsel	Outside Legal Counsel: Outside Legal Services regarding litigation or areas requiring specialized legal knowledge and skills not possessed by in-house legal staff. Expert witness fees, court reporter fees, employment/employee benefits, information technology, intellectual property, security/compliance, tax/financing, governance, insurance/risk management, records management, and related items. The services are necessary to obtain expert advice on all legal issues confronting the company (e.g. Employee Retirement Income Security Act (ERISA), bankruptcy, antitrust, litigation, etc.).	612,600	625,465	638,599	652,010	665,702
4	Board of Directors	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 	565,634	577,512	589,640	602,023	614,665
5	Accounting & Financial Reporting	Annual financial statement audit: Mandatory to be compliant with Public Utility Commission of Texas (PUCT) rules. Must be performed by external auditing firm.	127,625	130,305	133,042	135,835	138,688
6	Internal Control Management Program	SAS 70 Audit is required to be performed by an external independent certified public accounting firm.	87,908	89,754	91,639	93,563	95,528
7	Settlements & Billing Operations	RMR Contractor to satisfy protocol requirement for audit of RMR (Zonal Protocols Section 22, Attachment F, Section 13; Nodal Protocols Section 22, Attachment B, Section 13). Cost based on historical billing.	32,664	33,350	34,050	34,765	35,495
8	Accounting & Financial Reporting	Annual IRS form 990 review and filing: This is a required statutory audit, that has to be performed externally.	20,420	20,849	21,287	21,734	22,190
9	Human Resources	Support for determining the Financial Accounting Standards Board (FASB) 106 Liability for post retiree medical benefits for ERCOT.	15,315	15,637	15,965	16,300	16,643
10	Human Resources	401k Audit: 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.	15,315	15,637	15,965	16,300	16,643
11		Subtotal - Mandated Outside Services	\$ 6,474,827	\$ 6,610,798	\$ 6,749,625	\$ 6,891,367	\$ 7,036,086

ERCOT Fiscal Year 2011 Budget

Outside Service Detail - Discretionary

Line	Department	Description of Service(s)	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	Technology Services Administration	Lawson Hosting - Lower cost to host externally, would require hardware and 3 support specialists to host internally	328,109	334,999	342,034	349,217	356,550
2	Human Resources	Immigration Assistance: 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 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.	193,990	198,064	202,223	206,470	210,806
3	Human Resources	Web Based e-Learning Program: Enables business organizations to maximize business performance through a combination of comprehensive e-learning content, online information resources, flexible learning technologies and support services. It is a 24x7 program with a course library of over 4,000 courses related to Business Development and IT. Program will be used to enhance competencies for job skills and reduce travel costs.	61,260	62,546	63,860	65,201	66,570
4	Human Resources	External data and compensation reviews/comparisons, as requested, for specific positions.	61,260	62,546	63,860	65,201	66,570
5	Facilities Management	Courier Services required for mail collection, routing and distribution in lieu of FTE.	51,050	52,122	53,217	54,334	55,475
6	Credit Administration	Ratings service and data feed to ERCOT's new credit program for Nodal. The use of these services is contingent on the Board of Directors approving creditworthiness standards that include ratings.	30,630	31,273	31,930	32,600	33,285
7		Subtotal - Discretionary Outside Services	\$ 726,299	\$ 741,551	\$ 757,123	\$ 773,023	\$ 789,256
8		Total - Base Operations Outside Services	\$ 7,201,125	\$ 7,352,349	\$ 7,506,748	\$ 7,664,390	\$ 7,825,342
9							



ERCOT Fiscal Year 2011 Budget

Facilities & Equipment Workpapers

ERCOT Fiscal Year 2011 Budget Facilities Summary

Line	Building	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	Number of Locations	2	2	2	3	3	2	2	2	2
2	Number of Buildings	4	4	4	6	6	5	5	5	5
3	Total Square Footage	215,400	215,400	215,400	275,700	275,700	230,700	230,700	230,700	230,700
4	Total Facilities Costs	\$ 9,146,984	\$ 9,603,536	\$ 9,644,545	\$ 12,599,245	\$ 12,302,673	\$ 11,539,936	\$ 11,782,274	\$ 12,029,702	\$ 12,282,326
5										
6	Cost per Square Foot	\$ 42.47	\$ 44.58	\$ 44.78	\$ 45.70	\$ 44.62	\$ 50.02	\$ 51.07	\$ 52.14	\$ 53.24
7										
8										
9										
10										
11										

Notes:

1. Facilities costs exclude allocation credits from Nodal and Texas RE in 2009 and 2010.
2. 2012 includes rent for the Met Center location through June 2012, as well as, the contract termination fee of \$243K payable in July 2012.

ERCOT Fiscal Year 2011 Budget
Facilities & Equipment Summary by Account

Line	Description	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	Building Maintenance									
2	Bldg. Security Services	\$ 896,643	\$ 955,000	\$ 905,231	\$ 1,385,000	\$ 1,370,300	\$ 1,355,173	\$ 1,383,632	\$ 1,412,688	\$ 1,442,355
3	Building Maintenance	599,598	238,000	613,462	1,193,777	1,145,388	1,097,464	1,120,510	1,144,041	1,168,066
4	Miscellaneous Facilities Services	133,925	173,050	139,998	179,638	175,908	172,250	175,868	179,561	183,332
5	Custodial Service	242,582	273,000	226,717	270,378	244,813	218,055	222,635	227,310	232,083
6	Grounds Maintenance	49,300	45,000	46,529	96,995	99,032	101,112	103,235	105,403	107,616
7	Subtotal - Building Maintenance	1,922,048	1,684,050	1,931,937	3,125,787	3,035,441	2,944,055	3,005,880	3,069,003	3,133,452
8										
9	WAN	2,940,547	3,130,000	2,826,673	3,095,676	3,160,685	3,227,060	3,294,828	3,364,019	3,434,664
10										
11	Property Tax	912,515	1,325,706	1,381,572	2,443,048	2,494,352	2,546,733	2,600,215	2,654,819	2,710,571
12										
13	Utilities									
14	Electricity	1,632,750	1,670,000	1,590,307	2,042,000	1,917,429	1,786,871	1,824,395	1,862,708	1,901,824
15	Water/Gas/Sewer/Trash	97,242	75,000	76,473	112,894	107,080	100,972	103,092	105,257	107,467
16	Fuel Oil	14,099	12,000	12,959	25,421	25,955	26,500	27,056	27,625	28,205
17	Water Service	-	-	-	-	-	-	-	-	-
18	Subtotal - Utilities	1,744,091	1,757,000	1,679,739	2,180,315	2,050,463	1,914,342	1,954,544	1,995,589	2,037,496
19										
20	Rent									
21	Office Rental	936,336	864,000	1,046,897	882,144	671,914	-	-	-	-
22	Storage Rental	91,898	55,200	73,132	81,460	83,171	84,917	86,700	88,521	90,380
23	Miscellaneous Rental	24,750	-	24,751	25,270	25,801	26,342	26,896	27,460	28,037
24	Subtotal - Rent	1,052,985	919,200	1,144,780	988,874	780,885	111,260	113,596	115,981	118,417
25										
26	Telecom									
27	Web Conferencing	198,303	365,000	329,208	368,960	376,708	384,619	392,696	400,943	409,363
28	Telephone - Long Distance	126,426	122,930	126,060	153,060	156,274	159,556	162,907	166,328	169,821
29	Internet Service	161,559	171,600	144,935	150,517	152,904	155,356	158,619	161,950	165,351
30	Telephone - Local	63,187	68,600	72,549	78,797	80,452	82,141	83,866	85,628	87,426
31	Data/Voice Circuits	21,671	21,600	4,994	11,063	11,296	11,533	11,775	12,022	12,275
32	PBX Lease for ISO	-	-	-	-	-	-	-	-	-
33	Telephone - Conf. Calls	3,651	37,850	2,097	3,147	3,213	3,280	3,349	3,419	3,491
34	Subtotal - Telecom	574,798	787,580	679,844	765,545	780,847	796,486	813,212	830,290	847,726
35										
36	Nodal & Texas RE Allocations	(1,207,930)	(1,466,092)	(1,047,264)	-	-	-	-	-	-
37										
38	Total - Facilities	\$ 7,939,054	\$ 8,137,444	\$ 8,597,280	\$ 12,599,245	\$ 12,302,673	\$ 11,539,936	\$ 11,782,274	\$ 12,029,702	\$ 12,282,326
39										
40	Materials, Supplies, & Equipment									
41	Equipment & Tools < \$1,000	\$ 240,949	\$ 200,000	\$ 207,878	\$ 200,000	\$ 204,200	\$ 208,488	\$ 212,866	\$ 217,336	\$ 221,900
42	Hardware < \$1,000	81,388	237,200	150,236	148,723	151,846	155,035	158,290	161,614	165,008
43	Software < \$1,000	88,436	153,100	127,894	143,704	146,722	149,803	152,949	156,161	159,440
44	Equipment Maintenance	116,629	235,000	112,741	122,571	125,145	127,773	130,456	133,196	135,993
45	Office Supplies	113,988	292,716	108,925	117,553	120,022	122,542	125,116	127,743	130,426
46	Equipment Rental	88,012	68,000	61,720	84,580	86,356	88,170	90,021	91,912	93,842
47	Chemical Supplies	55,999	30,000	44,486	50,405	47,712	45,038	45,984	46,950	47,936
48	Vehicle Maintenance	12,887	9,000	10,573	12,624	12,889	13,160	13,436	13,719	14,007
49	Misc Equip Repairs	796	2,000	536	406	415	423	432	441	451
50	Total - Equipment	\$ 799,084	\$ 1,227,016	\$ 824,990	\$ 880,566	\$ 895,306	\$ 910,432	\$ 929,551	\$ 949,072	\$ 969,002
51										
52	Total - Facilities & Equipment	\$ 8,738,138	\$ 9,364,460	\$ 9,422,270	\$ 13,479,810	\$ 13,197,980	\$ 12,450,368	\$ 12,711,826	\$ 12,978,774	\$ 13,251,328
53										

Notes:

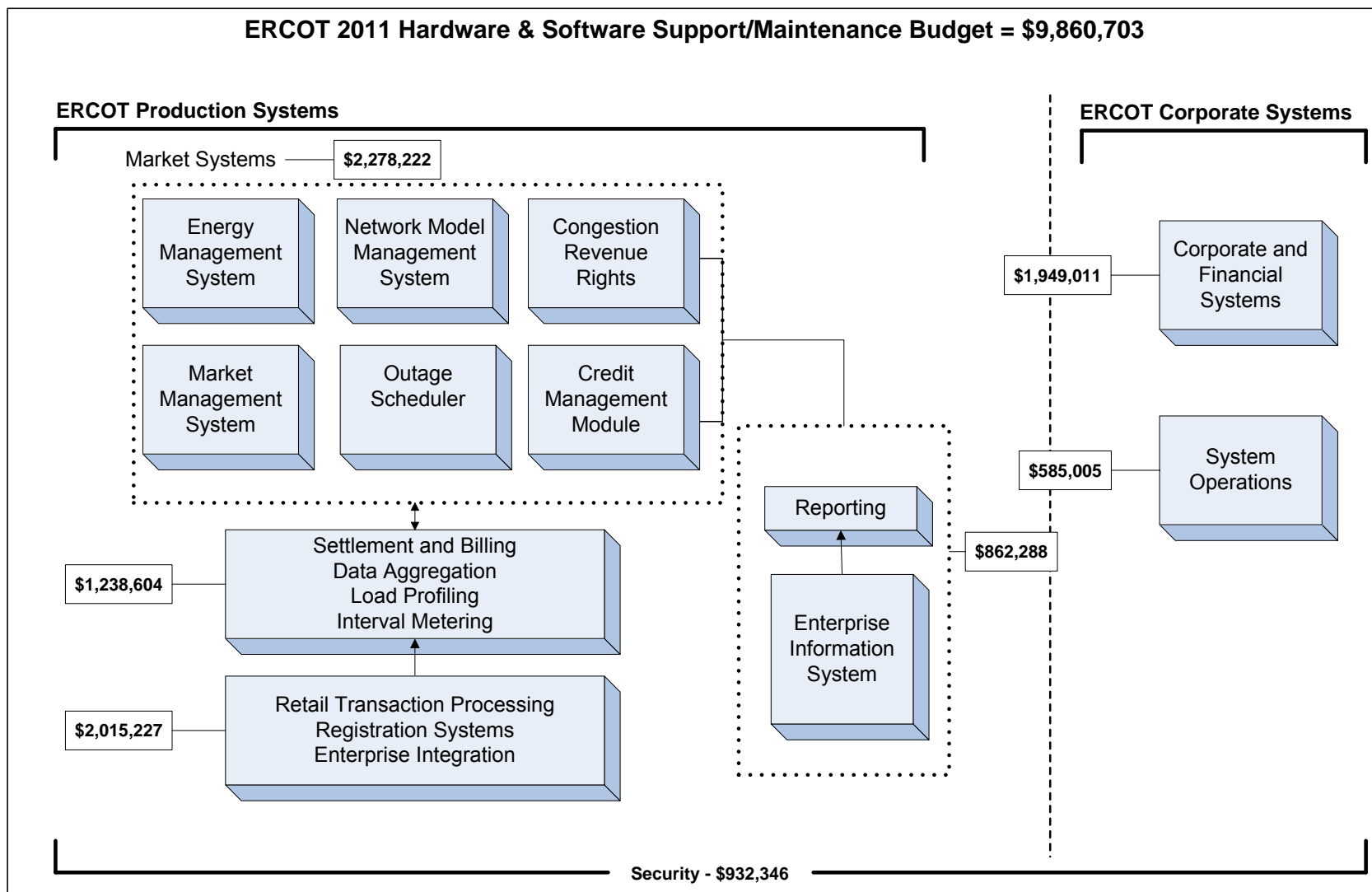
1. Nodal & Texas RE Allocation includes recovery for facility and information technology utilization.
2. Office rent includes rent for the Met Center location through June 2012 as well as the contract termination fee of \$243K payable in July 2012.



ERCOT Fiscal Year 2011 Budget

Hardware/Software Maintenance & License **Workpapers**

ERCOT Fiscal Year 2011 Budget
Hardware & Software Support/Maintenance



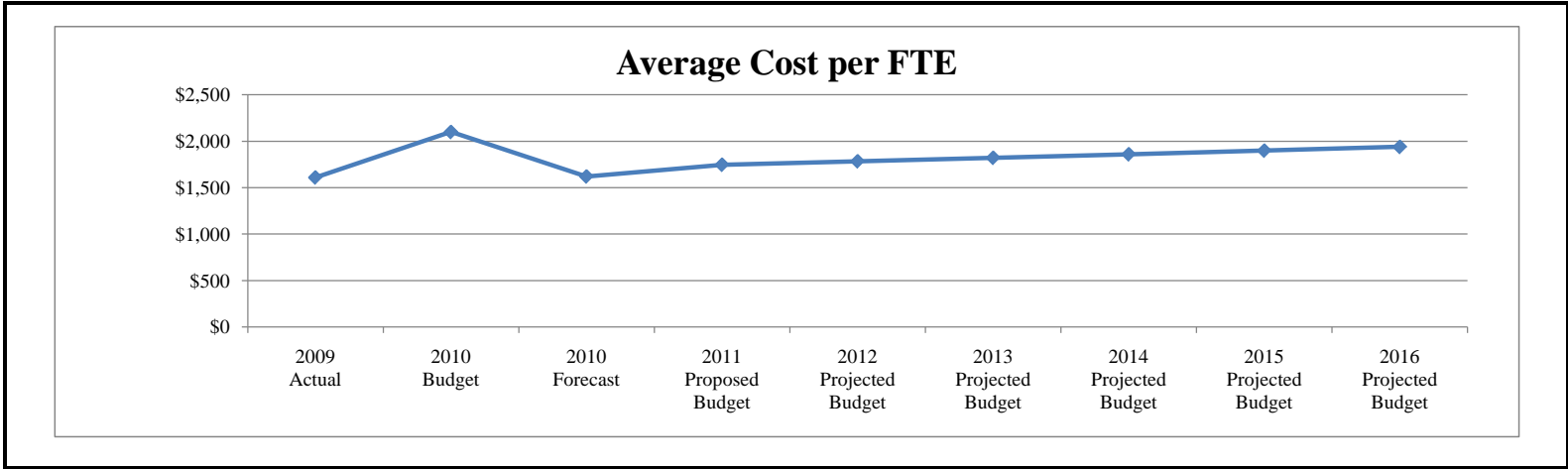


ERCOT Fiscal Year 2011 Budget

Employee Expenses Workpapers

ERCOT Fiscal Year 2011 Budget

Employee Expenses



Line	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1 ERCOT									
2 Training - Registration Fees	\$ 287,074	\$ 522,485	\$ 229,560	\$ 246,619	\$ 239,728	\$ 244,762	\$ 249,902	\$ 255,150	\$ 260,508
3 Training - Travel -Lodging	63,764	150,465	79,606	61,307	59,594	60,846	62,124	63,428	64,760
4 College Education Reimbursement	54,251	35,867	46,848	57,649	56,038	57,215	58,416	59,643	60,895
5 Training - Travel -Other	13,436	23,020	8,843	26,942	26,189	26,739	27,301	27,874	28,460
6 Training - Travel -Airfare	22,767	76,475	28,162	22,684	22,050	22,513	22,986	23,468	23,961
7 Training - Mileage Reimbursement	24,464	66,813	20,469	22,612	21,980	22,441	22,913	23,394	23,885
8 Training - Meals	20,066	39,271	21,812	17,084	16,607	16,956	17,312	17,675	18,047
9 Subtotal - Training	\$ 485,822	\$ 914,396	\$ 435,300	\$ 454,897	\$ 442,186	\$ 451,472	\$ 460,953	\$ 470,633	\$ 480,516
10									
11 Cellular Phone	210,885	163,807	212,450	205,988	200,233	204,438	208,731	213,114	217,590
12 Business - Mileage Reimbursement	98,747	74,329	83,472	81,881	79,593	81,265	82,971	84,714	86,493
13 Business - Travel - Lodging	62,299	102,558	65,223	54,259	52,743	53,850	54,981	56,136	57,314
14 Business- Travel - Airfare	33,466	67,828	77,261	53,072	51,589	52,672	53,778	54,908	56,061
15 Remote System Access	49,922	47,902	43,976	42,998	41,797	42,675	43,571	44,486	45,420
16 Professional Dues	35,297	33,049	32,970	35,709	34,711	35,440	36,184	36,944	37,720
17 Wireless PC Card	39,063	37,091	28,661	33,308	32,377	33,057	33,752	34,460	35,184
18 Business - Meals	30,444	31,948	24,774	23,214	22,565	23,039	23,523	24,017	24,521
19 Business - Travel - Other	27,328	21,235	20,972	20,061	19,500	19,910	20,328	20,755	21,190
20 Business - Registration Fees	45,860	57,758	12,146	15,269	14,842	15,154	15,472	15,797	16,129
21 Subtotal - Business	\$ 633,310	\$ 637,504	\$ 601,905	\$ 565,758	\$ 549,950	\$ 561,499	\$ 573,291	\$ 585,330	\$ 597,622
22									
23 Total - Employee Expenses	\$ 1,119,132	\$ 1,551,900	\$ 1,037,205	\$ 1,020,655	\$ 992,136	\$ 1,012,971	\$ 1,034,244	\$ 1,055,963	\$ 1,078,138
24									
25 FTEs	695	739	640	584	556	556	556	556	556
26									
27 Average Cost per FTE	\$ 1,610	\$ 2,100	\$ 1,621	\$ 1,747	\$ 1,784	\$ 1,822	\$ 1,860	\$ 1,899	\$ 1,939
28									
29 % Training Cost of Base Salaries	0.78%	1.36%	0.70%	0.87%	0.82%	0.82%	0.82%	0.81%	0.81%



ERCOT Fiscal Year 2011 Budget

Other Expenses Workpapers

ERCOT Fiscal Year 2011 Budget

Other Expenses

Line	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT								
2	Insurance Premiums	1,742,811	1,876,837	1,832,555	1,832,639	1,871,124	1,910,418	1,950,537	2,033,319
3	Subscriptions - Data Services	1,221,452	1,278,184	1,310,433	1,341,573	1,369,747	1,398,511	1,427,880	1,488,481
4	Relocation Benefit	304,946	360,000	360,000	367,560	375,279	383,160	391,206	407,809
5	Dues	66,401	89,250	89,536	123,093	125,678	128,317	131,012	136,572
6	Recruiting Expense	67,800	106,000	70,635	114,900	117,313	119,776	122,292	127,482
7	Job Posting Advertising	62,912	40,000	55,708	51,050	52,122	53,217	54,334	56,640
8	Report Printing	28,805	63,700	7,607	38,027	38,826	39,641	40,474	42,191
9	Reward & Recognition	3,752	65,000	22,674	25,525	26,061	26,608	27,167	28,320
10	Sponsored Meetings	25,730	35,500	29,163	24,303	24,814	25,335	25,867	26,964
11	Express Shipping	23,005	42,300	17,236	20,761	21,197	21,642	22,096	23,034
12	Publications - Media	9,143	9,387	9,634	10,296	10,512	10,732	10,958	11,423
13	Postage & Delivery	9,803	18,150	7,650	7,375	7,530	7,688	7,849	8,182
14	Corporate Events	12,721	11,750	8,550	7,147	7,297	7,450	7,607	7,930
15	Miscellaneous	19,069	14,250	1,458	5,840	5,963	6,088	6,216	6,480
16	Tax - Sales, Excise & Use	69,627	-	41,614	-	-	-	-	-
17	Total - Other Expenses	\$ 3,667,976	\$ 4,010,308	\$ 3,864,453	\$ 3,970,089	\$ 4,053,461	\$ 4,138,583	\$ 4,225,494	\$ 4,314,229
18									\$ 4,404,828

Note:

Subscriptions - Data Services account primarily includes weather and wind related forecasting and modeling services.



ERCOT Fiscal Year 2011 Budget

Project Workpapers

**ERCOT Fiscal Year 2011 Budget
Project Priority List (PPL) - Funded**

Line	2011 Priority	2011 Rank	Program Area	Source	Project Number	Capital Projects	2011 Budget Range	Cumulative Budget Range	Current Status	Description
1	1- Critical	1	DC	ERCOT	Various	Data Center Buildout	\$30M-\$40M	\$30M-\$35M	Planning / Execution	Data Center Buildout Project - 8 subprojects addressing storage, servers, tape backup, telecommunication, and network gear
2	1- Critical	2	CO	ERCOT	99911	Minor Cap - Critical	\$500k-\$1M	\$30M-\$35M	Not Started	Critical priority Minor Cap purchases
3	1- Critical	3	RO	Market	11002_01	Texas SET 4.0	\$1M-\$2M	\$35M-\$40M	Not Started	TX SET project to include reconnect / disconnect, AMS, Acquisitions, Meter Tampering
4	1- Critical	4	MO	ERCOT	90006_02	Information Lifecycle Mgmt – Mkt Systems, Archive, Reporting	\$1M-\$2M	\$35M-\$40M	Planning	Subproject of 90006_01 - optimizing data storage requirements for our commercial systems
5	1- Critical	5	IO	ERCOT	11003_01	Cyber Security Project #1	\$500k-\$1M	\$35M-\$40M	Not Started	Enhance a specific area of ERCOT's cyber security capability
6	1- Critical	6	MO	ERCOT	10052_01	Settlement System Upgrade	\$1M-\$2M	\$35M-\$40M	Planning	Replace the current application code with an optimized, self-supported solution. Includes only the conversion of code -- no enhancements.
7	1- Critical	7	CO	ERCOT	11004_01	Cyber Security Project #2	\$250k-\$500k	\$35M-\$40M	Not Started	Enhance a specific area of ERCOT's cyber security capability
8	1- Critical	8	IO	ERCOT	11005_01	IT Security Infrastructure Upgrade	\$100k-\$250k	\$35M-\$40M	Not Started	Upgrade a specific component of the IT security infrastructure
9	1- Critical	9	RO	PUCT / Market	11006_01	MarkeTrak Upgrade and Enhancements (PLANNING)	\$100k-\$250k	\$40M-\$45M	Not Started	Enhance MarkeTrak application for new PUCT requirements and other enhancements requested by market participants. Examples: new subtypes for Expedited Switch Rescission and Meter Tampering, improved data validation, and AMS usage parameters
10	2-High	10	RO	ERCOT	50088_01	Data Research and Reporting	\$1M-\$2M	\$40M-\$45M	Execution	Transition of ETS reporting from Data Archive to Enterprise Data Warehouse - Final stage of project
11	2-High	11	MO	ERCOT	10055_01	Data Agg Performance Improvements	\$250k-\$500k	\$40M-\$45M	Initiation	New project to address data aggregation processing performance risk Expected to start in 2010 and conclude in 2011
12	2-High	12	CO	ERCOT	10031_01	Enterprise Records Management Automation (ERMA)	<\$50k	\$40M-\$45M	Execution	Provide a centralized record management repository for ERCOT with email integration.

Cutline

**ERCOT Fiscal Year 2011 Budget
Project Priority List (PPL) - Not Funded**

Line	2011 Priority	2011 Rank	Program Area	Source	Project Number	Capital Projects	2011 Budget Range	Cumulative Budget Range	Current Status	Description
1	2-High	13	IO	ERCOT	New	IDM (databases only)	\$500k-\$1M	\$40M-\$45M	Not Started	Eliminate maintenance of two systems to control access to ERCOT systems.
2	2-High	14	MC	ERCOT	New	Minor Cap - High	\$250k-\$500k	\$40M-\$45M	Not Started	High priority Minor Cap purchases
3	2-High	15	CO	ERCOT	New	Cyber Security Project #3	\$250k-\$500k	\$40M-\$45M	Not Started	Enhance a specific area of ERCOT's cyber security capability
4	2-High	16	IO	ERCOT	New	Oracle Access Management	\$250k-\$500k	\$40M-\$45M	Not Started	Replace a manual effort carried out by the DBA's.
5	2-High	17	IO	ERCOT	New	Cyber Security Project #4	\$100k-\$250k	\$40M-\$45M	Not Started	Enhance a specific area of ERCOT's cyber security capability
6	2-High	18	MO	Market/ ERCOT	90015_01	Web-enabled Registration	\$100k-\$250k	\$40M-\$45M	Not Started	Create an interface that MPs (and potential MPs) can use to electronically submit and update registration data post nodal go-live.
7	2-High	19	IO	ERCOT	New	Tripwire	\$100k-\$250k	\$40M-\$45M	Not Started	Tripwire has been deployed for approximately 3 years. To garner further benefit to our investment we would like to deploy a new utility Tripwire has available called Log Center.
8	2-High	20	IO	ERCOT	New	Storage Replication Strategies	\$50k-\$100k	\$40M-\$45M	Not Started	Resize Ptest and Itest environments
9	2-High	21	MO	ERCOT	90017_01	ERCOT.com CMS Replacement	\$250k-\$500k	\$45M-\$50M	Not Started	Replace the Serena Collage application and Market Information Repository (MIR)
10	2-High	22	MO	ERCOT	10006_01	EPS Meter DB Redesign	\$500k-\$1M	\$45M-\$50M	Not Started	Move departmental EPS Meter database and web views due to unsupported compatibility.
11	2-High	23	IO	ERCOT	New	Secure Storage Bldg	\$250k-\$500k	\$45M-\$50M	Not Started	Facilities secured storage and shop
12	2-High	24	IO	ERCOT	New	Blue Bldg Reconfig	\$100k-\$250k	\$45M-\$50M	Not Started	Blue Building reconfiguration
13	2-High	25	CO	ERCOT	10039_01	Physical Security Project #1	\$250k-\$500k	\$45M-\$50M	Not Started	Enhance a specific area of ERCOT's physical security

**ERCOT Fiscal Year 2011 Budget
Project Priority List (PPL) - Not Funded**

Line	2011 Priority	2011 Rank	Program Area	Source	Project Number	Capital Projects	2011 Budget Range	Cumulative Budget Range	Current Status	Description
1	3-High/Med	26	MC	ERCOT	New	Minor Cap - Other	\$250k-\$500k	\$45M-\$50M	Not Started	Lower priority Minor Cap items
2	3-High/Med	27	IO	ERCOT	New	OS Upgrades	\$250k-\$500k	\$45M-\$50M	Not Started	Upgrade Windows, Linux, AIX and other supporting applications to the latest versions.
3	3-High/Med	28	MO	ERCOT	New	AppWorx Upgrade	TBD	\$45M-\$50M	Not Started	Upgrade to newer version.
4	3-High/Med	29	RO	ERCOT	New	Rearchitecture of Zonal TIBCO Framework (to be consistent with Nodal)	TBD	\$45M-\$50M	Not Started	Upgrade to Zonal TIBCO to be consistent with Nodal TIBCO
5	3-High/Med	30	RO	ERCOT	10004_01	Retail Testing Website Enhancement	\$250k-\$500k	\$45M-\$50M	Not Started	ERCOT upgrade to transition to Enterprise Architecture approved infrastructure. No functional changes planned.
6	3-High/Med	31	RO	ERCOT	New	Siebel Table Split	TBD	\$45M-\$50M	Not Started	The objective of this project is to make modifications to the Siebel data model to gain performance efficiencies and comply with Siebel technical data architecture guidelines.
7	3-High/Med	32	RO	ERCOT	New	Siebel Upgrade	TBD	\$45M-\$50M	Not Started	The objective of this project is to upgrade Siebel to the latest Siebel release.
8	3-High/Med	33	RO	ERCOT	10050_01	TIBCO Upgrade	\$100k-\$250k	\$45M-\$50M	Not Started	This project will upgrade ERCOT's TIBCO infrastructure and underlying Linux Operating System (Zonal only).
9	3-High/Med	34	IO	ERCOT	New	TCC2 Delivery Room Reconfig	\$250k-\$500k	\$45M-\$50M	Not Started	TCC2 Delivery Room reconfiguration
10	3-High/Med	35	IO	ERCOT	New	TCC2 Cube Reconfig	\$500k-\$1M	\$50M-\$55M	Not Started	TCC2 Cube reconfiguration
11	3-High/Med	36	IO	ERCOT	New	TCC2 Hope Room Reconfig	\$250k-\$500k	\$50M-\$55M	Not Started	TCC2 Hope Room reconfiguration
12	3-High/Med	37	IO	ERCOT	New	TCC1 Cube Reconfig	\$500k-\$1M	\$50M-\$55M	Not Started	TCC1 1st floor cubicle reconfiguration
13	3-High/Med	38	IO	ERCOT	New	Windows 7	\$100k-\$250k	\$50M-\$55M	Not Started	Windows 7 upgrade
14	4-Medium	39	MO	Market	New	Default Uplift Process	TBD	\$50M-\$55M	Not Started	Modify the existing Lodestar uplift functionality to support uplift of defaults on DAM Invoices and RTM Invoices through a Default Uplift Invoice, in an automated fashion.
15	4-Medium	40	MO	Market	10008_01	Enhancements to API for Disputes	TBD	\$50M-\$55M	Not Started	Enhance the API Disputes functionality for updates, search and other functions post nodal go-live.
16	4-Medium	41	MO	ERCOT	90006_03	System Right-Sizing for ILM	TBD	\$50M-\$55M	Not Started	All systems coming online with Nodal - need to establish ongoing maintenance activities. Replication from Nodal systems. CRR, CMM sources only.

**ERCOT Fiscal Year 2011 Budget
Project Priority List (PPL) - Not Funded**

Line	2011 Priority	2011 Rank	Program Area	Source	Project Number	Capital Projects	2011 Budget Range	Cumulative Budget Range	Current Status	Description
1	4-Medium	42	CO	ERCOT	70015_01	Cyber Security Project #5	\$100k-\$250k	\$50M-\$55M	Not Started	Enhance a specific area of ERCOT's cyber security capability
2	4-Medium	43	RO	ERCOT	New	Test Automation Tool Upgrade	TBD	\$50M-\$55M	Not Started	Affects anything using WinRunner today
3	4-Medium	44	CO	ERCOT	10030_01	Vendor Contract Information Database Review	<\$50k	\$50M-\$55M	Not Started	Move the management of vendors and vendor contracts from the current, in-house developed application to a best-practice model
4	4-Medium	45	CO	ERCOT	New	Cyber Security Project #6	TBD	\$50M-\$55M	Not Started	Enhance a specific area of ERCOT's cyber security capability
5	4-Medium	46	CO	ERCOT	New	Cyber Security Project #7	TBD	\$50M-\$55M	Not Started	Enhance a specific area of ERCOT's cyber security capability
6	4-Medium	47	CO	ERCOT	10049_01	Collateral Calculation Enhancement	\$100k-\$250k	\$50M-\$55M	Not Started	
7	9-Parking Lot		RO	PUCT	90007_01	Advanced Metering – Long-Term Settlement Solution	TBD	TBD	Not Started	
8	9-Parking Lot		MO	Market	10007_01	Verifiable Cost Management System (VCMS)	TBD	TBD	Not Started	
9	9-Parking Lot		CO	ERCOT	10029_01	Governance, Risk & Compliance (GRC)	TBD	TBD	Not Started	
10	9-Parking Lot		CO	ERCOT	10032_01	App Log Centralization	TBD	TBD	Not Started	
11	9-Parking Lot		CO	ERCOT	10043_01	BOD Material Preparation & BOD Resolution Tracking	TBD	TBD	Not Started	
12	9-Parking Lot		CO	ERCOT	10045_01	Document Preparation Software - Legal	TBD	TBD	Not Started	
13	9-Parking Lot		CO	ERCOT	10046_01	Lawson Pcard Module	TBD	TBD	Not Started	
14	9-Parking Lot		CO	ERCOT	New	Open Enrollment	TBD	TBD	Not Started	
15	9-Parking Lot		IO	ERCOT	New	Oracle Upgrade	TBD	TBD	Not Started	
16	9-Parking Lot		MO	ERCOT	New	Rewrite REC Program	TBD	TBD	Not Started	

**ERCOT Fiscal Year 2011 Budget
Proposed Nodal Post Go-Live Charges**

Line	Task	2011 Budget Estimate	HW/SW	Vendor	FTE	Staff Augmentation	Notes
1	Nodal Stabilization - Operational Response, Production Issues and Stability	\$ 11,263,817	\$ -	\$ 6,817,500	\$ 2,783,284	\$ 1,663,033	
2	Daylight Savings Time & Planning Model Functionality	41,276	-	-	41,276	-	
3	Zonal Decommissioning Efforts	307,008	-	-	307,008	-	
4	Deferred Defects & Workarounds	2,509,110	-	1,044,147	1,220,396	244,567	50% defects delivered in 2011
5	Parking Deck - Initial Release Impact Analysis/Requirements/Design	3,250,000	-	650,000	1,300,000	1,300,000	Planning/Design activities in 2011
6	Hardware & Software Maintenance	7,820,047	7,820,047	-	-	-	
7	Post Go-Live Support Total	\$ 25,191,258	\$ 7,820,047	\$ 8,511,647	\$ 5,651,964	\$ 3,207,600	

Nodal Post Go-Live Support

1. Nodal Stabilization Project

1.1. Objectives

- Provide support for increased volume of questions and disputes
- Ensure quick analysis for Nodal issues
- Deliver system functionality based on priority and urgency
- Ensure adequate resources to quickly address system performance and stability issues

1.2. Scope Definition

1.2.1. In Scope

Scope Item	Description	Notes/Assumptions
Operational Response, Production Issues and Stability	Includes ERCOT Business and IT labor to address spikes in day-to-day operations to support volume of work above normal expectations: <ul style="list-style-type: none"> • Response to stakeholder questions / external communications • Issue analysis to address impacts across grid, markets, services, finance, reporting and legal functions • Expected higher volume of settlement disputes due to market start-up and complexity • Anticipated additional training and workshops to respond to stakeholder needs • Remediation of production issues 	<ul style="list-style-type: none"> • Stabilization is defined as 7-month period Dec 2010 – Jun 2011 • IT vendor costs are for period Dec 2010 – Dec 2011

1.2.2. Out of Scope

- Any base operations activities supporting normal day-to-day operations
- Other components of the Nodal Post Go-Live Support effort
 - Delivery of Daylight Savings Time and Planning Model functionality
 - Decommission of zonal wholesale systems
 - Nodal deferred defects
 - Nodal Parking Deck items
 - HW & SW operations maintenance for Nodal systems
- Other capital projects on the 2011 PPL

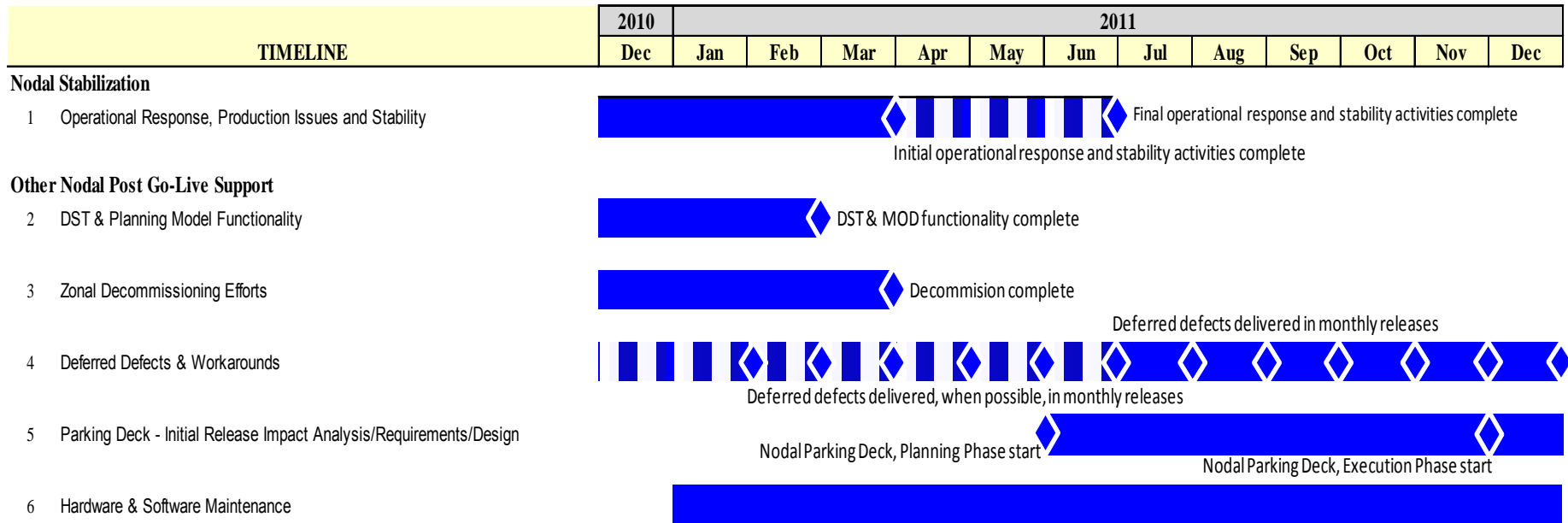
2. Other Nodal Post-Go Live Support Components

Scope Item	Description	Notes/Assumptions
Delivery of Daylight Savings Time and Planning Model functionality	Includes development, testing and implementation to address Daylight Savings Time (DST) and Planning Model (MOD) functionality required by Q1 2011	<ul style="list-style-type: none"> Targeting a 2-3 month effort to begin in Dec 2010 and deliver by Mar 2011
Decommission of zonal wholesale systems and components	<p>Includes the complete decommission (code, data, instances) of the following zonal wholesale systems that will no longer be used post nodal go-live:</p> <ul style="list-style-type: none"> TCR (TCR auction Solver (LINDO), TCR GUI, Database) OS MPIM Zonal Code EMMS (EMS & MMS) ICCP SMP (SCADA Management Platform) Zonal OTS Zonal BTS MOS – Sender & Listener Zonal Weather/Load Forecast Zonal DC Tie ERCOTPROD domain (required by sender) equivalent in other environments (itest/dev) MOSPublic MOS TML (ERCOT PUC & ERCOT PRP) Zonal Dynamic Ratings Report Runner Removal of NON_Retail TML links Retail Lite Environment EIS Collateral Calc (FINANCE Schema in ISM) ISM replication components (code components only, no data destruction) Lodestar Appworx zonal jobs Lodestar ITOxNDL itest databases Nodal iTest MIR instance PI code Zonal Siebel Code 	<ul style="list-style-type: none"> Planning to start in Dec 2010 Decommission beginning Jan 2011 (2-3 month duration over maintenance release windows)

Scope Item	Description	Notes/Assumptions
	<ul style="list-style-type: none"> • All EMIL Products (extracts, reports, web services, etc.) identified as “Zonal - will retire” including historical files in MIR, except those under RRS legal retention requirements. • NDC (Schema in ISM, consists of views pointing to ERCOT schema in ISM) • EIS ETL • EIP/Retail Tibco code responsible for wholesale/EMS/data extract. • Applicable Appworx jobs for listed components, products & jobs • Wholesale FTP job on intranet server • Migrate CERT servers to MOTE/SOTE VLAN; combine services; decommission redundant servers/services. • Removal of legacy pre-go live data from NPROD • Any other “only-zonal” component, product, system, data, database, etc, that is deemed disposable after nodal go-live 	
Delivery of Nodal Deferred Defects & Workarounds	<p>Includes development, testing and implementation to remediate 50% of Nodal deferred defects, based on priority, for the following systems:</p> <ul style="list-style-type: none"> • EMS – estimated 10 month effort • CMM – estimated 3 month effort • EIP – estimated 4 month effort • DAM – estimated 1 month effort • MOD – estimated 1 month effort • NMMS – estimated 2 month effort • MMS – estimated 3 month effort • REG – estimated 1 month effort • S&B – estimated 3 month effort • CSI – estimated 1 month effort 	<ul style="list-style-type: none"> • Assumes 50% of deferred defects will be remediated in 2011, with majority of concentration between Jun-Dec 2011 • Where possible, defect will be addressed sooner, to coincide with Stabilization releases • All systems except for EMS are targeting a 3-6 month effort • EMS will have target 5 releases and require a 10-month effort
Nodal Parking Deck – Initial Release Planning/Design	<p>Impact analysis, requirements, and design activities to address Parking Deck items as part of the initial release (note: this list is not inclusive of all Parking Deck items; the items listed below are proposed due to shared functionality/applications base, as well as some high priority stand-alone items)</p> <ul style="list-style-type: none"> • NRR208 – Registration and Settlement of Distributed Generation (DG) Less Than 1 MW • NRR258 – Sync with PRR824 and PRR833 and Additional Clarifications 	<ul style="list-style-type: none"> • Final list of items will require Market confirmation • Execution and delivery will be funded under future year PPL • Other parking deck items not included in this effort, will also be delivered as part of future year PPL • Cost estimate assumes mid-range estimate of cost

Scope Item	Description	Notes/Assumptions
	<ul style="list-style-type: none"> • NPRR131 – Ancillary Service Trades with ERCOT • NPRR207 – Unit Deselection • NPRR146 – ICCP Telemetry Information Submittals • NPRR210 – Wind Forecasting Change to P50, Sync with PRR841 • NPRR222 – Half-Hour Start Unit RUC Clawback • NPRR251 – Sync of PRR845, Definition for IDR Meters and Optional Removal of IDR Meters at a Premise Where an Advanced Meter Can be Provisioned • NPRR181 – FIP Definition Revision • SCR759 – acLineSegment Name Length Increase in Information Model Manager (IMM) • NPRR240 – Proxy Energy Offer Curve • SCR755 – ERCOT.com Website Enhancements • NMMS API • CRR API • MMS Multiple Network Models • Large Wind Power Production Ramp Forecasting Phase 2 • TML Transition to MIS • Update Credit PFE (Potential Future Exposure) Model 	
HW & SW Maintenance	Year 1 of hardware and software maintenance associated with Nodal systems	<ul style="list-style-type: none"> • From 2011 IT budget submission

3. Post Go-Live Support – High-level Timeline/Milestones



ERCOT Fiscal Year 2011 Budget

Nodal Post Go-Live Support - Daylight Saving Time & Planning Model Defects

Line Time and Cost Estimate - Project Information and Summary			
1	PART A Project Information		
2	Project Number:	TBD	
3	Project Title:	Nodal Deferred Defects	Sponsor's Name: Cleary
4	Estimator's Name:	Martinez/Lowe	Estimate Date: 8/30/2010
5	Department:	Nodal PMO - Integration and Systems	
6	What are We Doing: DST and MOD (Planning Model) defects before Q111 end. This document provides a bottom up estimate of the effort it requires to resolve these before Mar 2011.		
7	Why are We Doing This: These are required to be resolved before DST (short day) and 2011 Planning Model Go-Live.		
8	Why Now: These were originally deferred to 2011 since they were not needed on Operating Day 1 - 12/01/2010, but will be needed before DST happens in Mar 2011.		
9			
10	Estimated Cost		Estimated Effort (Hrs)
11	Internal Labor	\$38,720	Internal 352.0
12	External Labor	-	External -
13	Hardware	-	
14	Licenses	-	Estimated Project Duration
15	Maintenance	-	Weeks 12.0
16	Other	-	
17	Sub-Total	\$38,720	Labor Rates
18	Est. Finance Charges	2,556	Internal 100.0
19	TOTAL	\$41,276	External
20			
21	Key Risks		
22	1.) Nodal go-live emergencies may consume business and development resources which will delay and incur		
23	2.) Nodal Operations and Dispute volumes require more external resources than estimated for test planning		
24	3.) Environment availability and coordination with other mandated or business required efforts could cause		
25	4.) Infrastructure projects need careful coordination with code releases		
26			
27	Key Assumptions		
28	1.) Based on \$100 blended rate to account for incremental staff aug. as needed		
29	2.) Assumes 10% Contingency for bug iterations		

ERCOT Fiscal Year 2011 Budget
Nodal Post Go-Live Support - Zonal Decommission

Line Time and Cost Estimate - Project Information and Summary

1 **PART A Project Information**
2 **Project Number:** TBD
3 **Project Title:** Decommission of Zonal Wholesale Systems **Sponsor's Name:**
4 **Estimator's Name:** Martinez/Lowe **Estimate Date:** 9/7/2010
5 **Department:** TBD

6 **What are We Doing:** The objective is to eliminate zonal wholesales systems and components that will no longer be used post nodal go-live.
7 **Why are We Doing This:** Decommissioning of the zonal systems will be necessary in order to eliminate the cost overhead of support, maintenance and storage required to continue to service these systems that are no longer used. Leaving these systems active too long may risk interference with daily operations and eat into support resources better used for nodal operations or other projects.
8 **Why Now:** After go-live of the redesigned ERCOT wholesale market (Nodal), certain ERCOT systems and components that were only applicable to zonal wholesale operations will become disposable and need to be decommissioned.

9				
10	Estimated Cost		Estimated Effort (Hrs)	
11	Internal Labor	\$288,000	Internal	2,880.0
12	External Labor	-	External	-
13	Hardware	-		
14	Licenses	-	Estimated Project Duration	
15	Maintenance	-	Weeks	15.0
16	Other	-		
17	Sub-Total	\$288,000	Labor Rates	
18	Est. Finance Charges	19,008	Internal	100.0
19	TOTAL	\$307,008	External	150.0

20
21 **Key Risks**
22 1.) Clean up of some extracts, reports, files, etc, may be constrained by the need to retain records (as defined)

23
24 **Key Assumptions**
25 1.) Assumes 3.5 month effort
26 2.) Assumes systems on scope tab

ERCOT Fiscal Year 2011 Budget

Nodal Post Go-Live Support - Deferred Defects

Line	System	Defects to be Resolved by Go-Live	Deferred Defects	Comments
1	MMS	Total : 2	Total: 88	<i>Delivery Schedule</i>
2				•1 Defect to be resolved by 11/05
3				•1 Defect to be resolved by 11/12
4				<i>Deferred Defects</i>
5				•59 Deferred defects require a workaround, all 59 workarounds in place and exercised
6	EMS	Total: 4	Total: 360	<i>Delivery Schedule</i>
7				•2 Defects to be resolved by 11/10
8				•2 Defects to be resolved by 11/12
9				<i>Deferred Defects</i>
10				•126 Deferred defects require a workaround, all 126 workarounds in place and exercised.
11	COMS	Total: 0	Total: 73	<i>Delivery Schedule</i>
12				•NA
13				<i>Deferred Defects</i>
14				•38 Deferred defects require a workaround, all 38 workarounds in place and exercised.
15				CMM
16	•NA			
17	<i>Deferred Defects</i>			
18	•12 Deferred defects require a workaround, all 12 workarounds in place and exercised			
19	MIS	Total: 7	Total: 12	
20				•1 Defect to be resolved by 11/11
21				•4 Defects to be resolved by 11/12
22				•2 Defects to be resolved by 11/19
23				<i>Deferred Defects</i>
24				•4 Deferred defects require a workaround, 3 workarounds in place and exercised, 1 workaround to be completed

ERCOT Fiscal Year 2011 Budget

Nodal Post Go-Live Support - Deferred Defects

Line	System	Defects to be Resolved by Go-Live	Deferred Defects	Comments
25	NMMS	Total: 0	Deferred: 10	<i>Delivery Schedule</i>
26				•NA
27				<i>Deferred Defects</i>
28				•9 Deferred defects require a workaround, all 9 workarounds in place and exercised
29	OS	Total: 0	Total: 128	<i>Delivery Schedule</i>
30				•NA
31				<i>Deferred Defects</i>
32				•40 Deferred defects require a workaround, all 40 workarounds in place and exercised
33	CRR	Total: 0	Total: 7	<i>Delivery Schedule</i>
34				•NA
35				<i>Deferred Defects</i>
36				•4 Deferred defects require a workaround, all 4 workarounds in place and exercised
37	EIP	Total: 2	Total: 66	<i>Delivery Schedule</i>
38				•1 Defect to be resolved by 11/05
39				•1 Defect to be resolved by 11/12
40				<i>Deferred Defects</i>
41				•10 Deferred defects require a workaround, all 10 workarounds in place and exercised
42	CDR	Total: 10	Total: 6	<i>Delivery Schedule</i>
43				•10 Defects to be resolved by 11/12
44				<i>Deferred Defects</i>
45				•3 Deferred defects require a workaround, all 3 workarounds in place and exercised
46	EIS (EDW)	Total: 2	Total: 13	<i>Delivery Schedule</i>
47				•2 Defects to be resolved by 11/12
48				<i>Deferred Defects</i>
49				•2 Deferred defects require a workaround, all 2 workarounds in place and exercised

ERCOT Fiscal Year 2011 Budget
Nodal Post Go-Live Support - Parking Deck

Line	Item	Desc	Status	Priority	Impacted Systems	Details	
Board Approved Items	1	NPRR208	Registration and Settlement of Distributed Generation (DG) Less Than 1 MW	Board approved 7/20/10	Critical	COMS	Revises the formula for Settlement of electricity consumption and out-flow by Customers with renewable Distributed Generation (DG). The revised formula fulfills the provisions of PUC Rule 25.213 that requires ERCOT to develop DG Settlement processes that "reflect the time of generation." In order to fully synchronize the Protocols with the intent of the Rule as soon as practicable, ERCOT supports implementation of the grey-boxed language in NPRR208 as a "Critical" priority.
	2	NPRR131	Ancillary Service Trades with ERCOT	Board approved 1/19/10	High	MMS, CMM, COMS, EIP, EDW, CDR	Allows QSEs representing resources to procure A/S in the DAM
	3	NPRR146	ICCP Telemetry Information Submittals	Board approved 6/15/10	High	NMMS	Allows NOMCRs that modify only ICCP data object names to be submitted within 15 days of the network model load date Possible resolution with business process changes
	4	NPRR181	FIP Definition Revision	Board approved 1/19/10	High	MMS, COMS, EIP	Revises the definition of Fuel Index Price (FIP) to correctly account for the timing difference between ERCOT's application of FIP in its systems (midnight to midnight) and the timing of natural gas prices reflected by the index (i.e., hour ending 1000 to 0900).
	5	NPRR207	Unit Deselection	Board approved 7/20/10	High	MMS	Defers two changes: 1 – hourly RUC notification of recommended but deselected resources in RUC 2 – prevent QSEs from increasing Energy Offer Curves after a RUC Notification
	6	NPRR210	Wind Forecasting Change to P50, Sync with PRR841	Board approved 6/15/10	High	COMS	This NPRR changes the wind forecast from the 80% probability to 50%. This change is also effective in determining if a QSE is capacity short. The boxed language changes the capacity short calculation back to the 80% forecast.
	7	NPRR222	Half-Hour Start Unit RUC Clawback	Board approved 7/20/10	High	MMS, COMS	Removed from original NPRR207 language. Removes RUC clawback on Half-Hour Start Units in certain circumstances. Also changes the RUC Clawback on Half-Hour Start Units that did not participate in the DAM to 50%.
	8	NPRR153	Generation Resource Fixed Quantity Block Offer	Board approved 1/19/10	Medium	MMS, EIP, EDW, CDR	Allows a fixed quantity and time block bid for Offline Non-Spin with the contingency that all hours be purchased in the block
	9	NPRR164	Resubmitting Ancillary Service offers in SASM	Board approved 1/19/10	Medium	MMS, EIP, EDW, CDR	Allows QSEs to take full advantage of A/S and energy co-optimization in the DAM and participate in the Supplemental Ancillary Service Market (SASM) by being able to resubmit A/S Offers at the higher of DAM MCPC or its offer price in the DAM.
	10	SCR755	ERCOT.com Website Enhancements	Board approved 2/16/10	Medium	ERCOT.com, Web Services, Collage	Implementation of 10 improvements to ERCOT.com received in the 2008 Market Participant Survey. Includes document archiving, search improvements, training, meeting calendar enhancements, and RSS feeds.

ERCOT Fiscal Year 2011 Budget
Nodal Post Go-Live Support - Parking Deck

Line	Item	Desc	Status	Priority	Impacted Systems	Details	
In-flight Items	1	NPRR240	Proxy Energy Offer Curve	Pending at Board	High / Medium	MMS, CDR (possibly others)	One grey-box section: "Energy Offer Curves that were constructed in whole or in part with proxy Energy Offer Curves shall be so marked in all ERCOT postings or references to the energy offer."
	2	NPRR241	Aggregate Incremental Liability (AIL) Calculation and Credit Reports Publish Corrections	Pending at Board	Medium	TBD	One grey-box section: Changes the alternate posting format for 3 reports from XLS to XML (in addition to PDF).
	3	NPRR251	Sync of PRR845, Definition for IDR Meters and Optional Removal of IDR Meters at a Premise Where an Advanced Meter Can be Provisioned	Pending at Board	High	TBD	Grey-boxes language requiring IDR meters if usage warrants. Current language exempts situations where Advanced Meters have been installed. Also gray-boxes related reporting requirements for ERCOT.
	4	NPRR256	Synchronize Nodal Protocols with PRR787, Add Non-Compliance Language to QSE Performance Standards	Pending at NATF	TBD	EMS, EDW	Seeks to exempt generation resources from GREDP calculation during testing and qualification periods. Not really a sync because additional exemptions to GREDP (Generation Resource Energy Deployment Performance) calculation are included
	5	NPR257	Synchronization with Nodal Operating Guide Section 9, Monitoring Programs	Pending at PRS	TBD	CDR, EDW (possibly others)	Grey-boxes multiple sections of the Nodal Protocols to align with Nodal Operating Guide Section 9, Monitoring Programs. Through NOGRR025, ERCOT agreed to provide certain reports either during market trials, on a limited basis for specific intervals as requested by the PUCT, TRE and the IMM, or after TNMID.
	6	NPRR258	Sync with PRR824 and PRR833 and Additional Clarifications	Pending at PRS	Critical	TBD	Grey-boxes language to change the calculation of GREDP PDCWG suggests priority of "critical"
	7	NPRR260	Providing Access to MIS Secure Area to MIS Registered Users	Tabled at PRS	TBD	Siebel, MPIM	Makes it possible for consultants, power marketers, aggregators, consumers and universities to get access to the MIS Secure area (without doing so by getting a digital certificate through a registered Market Participant)
	8	NOGRR034	Rescind Telemetry Performance Calculation Exclusions	Pending at Board	Medium	TBD	Grey-boxes language that allows QSE and TSPs to request removal of telemetry from Telemetry Standard performance metrics when certain situations exist.
	9	NOGRR050	Resolution of Reporting Issues Related to NPRR219	Pending at PRS	TBD	TBD	Grey-boxes several transmission Outage scheduling data elements from ERCOT reports until such time ERCOT systems can be modified to include only Transmission Service Provider's (TSP's) Outages in the reports
	10	SCR759	acLine Segment Name Length Increase in Information Model Manager (IMM)	Pending at TAC	High	IMM, CRR, MMS (possibly others)	Increases the character size of the acLine Segment type under the Line Equipment Container from 2 to 14 in the IMM. Allows modeling of multi-section line segments. Not a major impact to IMM but cascading impacts to CRR and MMS. Desire expressed at ROS to have this implemented for Planning Go-Live (~March 2011) Primarily requested by Centerpoint.

ERCOT Fiscal Year 2011 Budget
Nodal Post Go-Live Support - Parking Deck

Line	Item	Desc	Status	Priority	Impacted Systems	Details	
Additional Items for Consideration	1		Wind Cost Allocation			TBD	Multiple discussions at TAC / Board from 1/20/2009 to 3/16/2010 WMS endorsed "Wind Plus Load Ratio Share" proposal (wind generators receive a hedgeable A/S obligation for responsive reserves, non-spinning reserves, regulation up and regulation down.)
	2		Deferred NOGRR025 Reports			Various	Completion of NOGRR025 reports targeted for post-go-live development – synchronization effort underway to grey-box deferred reports in Nodal Operating Guide
	3		NMMS API			NMMS	System to system interactions for the uploading and possible future downloading of data between ERCOT and Market Participants with minimal manual intervention. NOMCR submittals (upload) including data submittals, one-line submittals and CIM XML submittal. Various other submittals such as Rating Methodologies, SPS documents, etc.
	4		CRR API			CRR	System to system interactions for the uploading and downloading of data between ERCOT and Market Participants without manual intervention. Nomination submittals (upload), Auction bid/offer submittals (upload), CRR Network Model files (download), CRR ownership records (download), CRR Auction results (download).
	5		MMS Multiple Network Models			MMS	MMS does not currently have the capability to concurrently support separate network models for Operating Day and Day-Ahead MMS processes (DAM & RUC)
	6		Add PSS Status to RARF			TBD	Automation of manual reporting process created by NPRR156. Current process involves the posting of a spreadsheet on PSS status when operators are notified of a change in PSS status.
	7		Automated Default Uplift Invoice			COMS	Automation of uplift invoice in the event of a market participant default. Current approach is manual.
	8		EILS Enhancements			TBD	Automate the ERCOT Energy Interruptible Load Service reporting process in expectation of higher volumes with AMI.
	9		Load Participation -SCED			TBD	Functionality to be considered for post-go-live development
	10		EMS Upgrade			EMS	Upgrade EMS from v2.3 to v2.5/v2.6 - Change operating system from Windows to Linux AREVA ceases support of v2.3 in June 2011 (extended support can be negotiated) NERC CIP-007-1 R3 requires that ERCOT assess all security patches within 30 days of a patch release for all critical cyber assets, including EMS servers. ERCOT has taken the stance that to meet this requirement it must set a goal of deploying all patches within 30 days. The current number of Windows servers within the CCA perimeter makes this unmanageable due to the number of patches issued for Windows and its peripheral applications, and the relative severity of security breaches with Windows. The current zonal EMS system in production has received Technical Feasibility Exception (TFE) from NERC based on our commitment to Nodal migration. However, since the Nodal EMS system may become unsupported, we need to reapply for a TFE for which we may need to demonstrate that an upgrade project is underway.
	11		Deferred Defects			Various	Defects not addressed during Nodal stabilization period (Approx. 770 deferred defects as of Aug) Review underway to confirm issues and confirm acceptable workarounds

ERCOT Fiscal Year 2011 Budget
Nodal Post Go-Live Support - Parking Deck

	Line	Item	Desc	Status	Priority	Impacted Systems	Details
Additional Items for Consideration	12		Lg. Wind Power Prod - Ramp Forecasting Ph 2			TBD	Phase 2 of the project that built a display for ERCOT operators to indicate periods of time within the next 6 hours during which there is a high risk for a large wind power production ramp to occur
	13		TML Transition to MIS			MIS	Upon go live, most applications that are currently available through TML will migrate to MIS and will only be accessible to MPs through the MIS portal. RMS has requested that Zonal Reports, Find ESI ID, Find Transactions, and Transaction submission be accessed through TML until MIS has had sufficient time to stabilize.
	14		Move Price Validation Tool (PVT) to Svr App			TBD	Functionality to be considered for post-go-live development
	15		PVT Enhancements			TBD	Enhancements needed based on results of market testing and Nodal implementation: reporting, user interface changes, etc.
	16		PVT Reporting Tools			TBD	Functionality to be considered for post-go-live development
	17		Update Credit PFE (Potential Future Exposure) Model			TBD	With the implementation of Nodal, ERCOT's portfolio credit risk analysis for the Nodal market will include the following risk factors: (1) Price volatility analysis for the Day Ahead Market, (2) Bid and offer volume analysis in the Day Ahead Market, and (3) Value of Congestion Revenue Rights



ERCOT Fiscal Year 2011 Budget

Fee Scenarios

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - Future Year Fee Scenarios

Line	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget	Avg.	Comments
1							
2	Proposed Budget	\$ 0.4829	\$ 0.4752	\$ 0.4796	\$ 0.4792	\$ 0.4859	\$ 0.4806
3							
4	MWh Growth 0%	\$ 0.4977	\$ 0.5054	\$ 0.5210	\$ 0.5292	\$ 0.5443	\$ 0.5196 All other factors constant
5	MWh Growth .5%	\$ 0.4952	\$ 0.5004	\$ 0.5133	\$ 0.5188	\$ 0.5309	\$ 0.5117 All other factors constant
6	MWh Growth 1%	\$ 0.4928	\$ 0.4955	\$ 0.5057	\$ 0.5086	\$ 0.5179	\$ 0.5041 All other factors constant
7	MWh Growth 1.5%	\$ 0.4904	\$ 0.4906	\$ 0.4983	\$ 0.4986	\$ 0.5053	\$ 0.4966 All other factors constant
8	MWh Growth 2%	\$ 0.4880	\$ 0.4858	\$ 0.4910	\$ 0.4889	\$ 0.4930	\$ 0.4893 All other factors constant
9							
10	Project Funding -10M	\$ 0.4699	\$ 0.4616	\$ 0.4653	\$ 0.4642	\$ 0.4701	\$ 0.4662 All other factors constant except interest adjusted for decreased debt spend
11	Project Funding -5M	\$ 0.4764	\$ 0.4684	\$ 0.4724	\$ 0.4717	\$ 0.4780	\$ 0.4734 All other factors constant except interest adjusted for decreased debt spend
12	Project Funding +5M	\$ 0.4894	\$ 0.4820	\$ 0.4868	\$ 0.4868	\$ 0.4937	\$ 0.4877 All other factors constant except interest adjusted for increased debt spend
13	Project Funding +10M	\$ 0.4959	\$ 0.4888	\$ 0.4939	\$ 0.4943	\$ 0.5016	\$ 0.4949 All other factors constant except interest adjusted for increased debt spend
14	Project Funding +15M	\$ 0.5024	\$ 0.4957	\$ 0.5011	\$ 0.5018	\$ 0.5095	\$ 0.5021 All other factors constant except interest adjusted for increased debt spend
15							
16	Notes:						
17	1. MWh growth calculations utilized 310,400 GWh from the 2011 Proposed budget as the basis.						
18	2. Project calculations utilized the annual project budgets submitted as part of the 2011 Proposed budget as the basis.						

**ERCOT Fiscal Year 2011 Budget
Revenue Requirements - Fee Scenarios**

Line		Fee Scenarios					
		2012					
		Projected					
		Budget					
1							
2		Project Funding -10M	Project Funding -5M	Project Funding +5M	Project Funding +10M	Project Funding +15M	
3							
4	MWh growth 0%	\$ 0.4843	\$ 0.4910	\$ 0.5044	\$ 0.5111	\$ 0.5179	
5	MWh growth .5%	\$ 0.4819	\$ 0.4886	\$ 0.5019	\$ 0.5086	\$ 0.5153	
6	MWh growth 1%	\$ 0.4795	\$ 0.4862	\$ 0.4994	\$ 0.5061	\$ 0.5127	
7	MWh growth 1.5%	\$ 0.4772	\$ 0.4838	\$ 0.4970	\$ 0.5036	\$ 0.5102	
8	MWh growth 2%	\$ 0.4748	\$ 0.4814	\$ 0.4945	\$ 0.5011	\$ 0.5077	
9							
		2013					
		Projected					
		Budget					
10							
11		Project Funding -10M	Project Funding -5M	Project Funding +5M	Project Funding +10M	Project Funding +15M	
12							
13	MWh growth 0%	\$ 0.4910	\$ 0.4982	\$ 0.5127	\$ 0.5199	\$ 0.5272	
14	MWh growth .5%	\$ 0.4861	\$ 0.4933	\$ 0.5076	\$ 0.5148	\$ 0.5219	
15	MWh growth 1%	\$ 0.4813	\$ 0.4884	\$ 0.5026	\$ 0.5097	\$ 0.5168	
16	MWh growth 1.5%	\$ 0.4766	\$ 0.4836	\$ 0.4976	\$ 0.5047	\$ 0.5117	
17	MWh growth 2%	\$ 0.4719	\$ 0.4789	\$ 0.4928	\$ 0.4997	\$ 0.5067	
18							
		2014					
		Projected					
		Budget					
19							
20		Project Funding -10M	Project Funding -5M	Project Funding +5M	Project Funding +10M	Project Funding +15M	
21							
22	MWh growth 0%	\$ 0.5055	\$ 0.5133	\$ 0.5288	\$ 0.5366	\$ 0.5444	
23	MWh growth .5%	\$ 0.4980	\$ 0.5057	\$ 0.5210	\$ 0.5286	\$ 0.5363	
24	MWh growth 1%	\$ 0.4906	\$ 0.4982	\$ 0.5133	\$ 0.5208	\$ 0.5284	
25	MWh growth 1.5%	\$ 0.4834	\$ 0.4909	\$ 0.5057	\$ 0.5132	\$ 0.5206	
26	MWh growth 2%	\$ 0.4764	\$ 0.4837	\$ 0.4983	\$ 0.5056	\$ 0.5130	
27							

**ERCOT Fiscal Year 2011 Budget
Revenue Requirements - Fee Scenarios**

		2015 Projected Budget				
		Project Funding -10M	Project Funding -5M	Project Funding +5M	Project Funding +10M	Project Funding +15M
28						
29						
30						
31	MWh growth 0%	\$ 0.5126	\$ 0.5209	\$ 0.5375	\$ 0.5458	\$ 0.5541
32	MWh growth .5%	\$ 0.5025	\$ 0.5106	\$ 0.5269	\$ 0.5351	\$ 0.5432
33	MWh growth 1%	\$ 0.4926	\$ 0.5006	\$ 0.5166	\$ 0.5245	\$ 0.5325
34	MWh growth 1.5%	\$ 0.4830	\$ 0.4908	\$ 0.5065	\$ 0.5143	\$ 0.5221
35	MWh growth 2%	\$ 0.4736	\$ 0.4813	\$ 0.4966	\$ 0.5043	\$ 0.5119
36						
		2016 Projected Budget				
		Project Funding -10M	Project Funding -5M	Project Funding +5M	Project Funding +10M	Project Funding +15M
37						
38						
39						
40	MWh growth 0%	\$ 0.5267	\$ 0.5355	\$ 0.5532	\$ 0.5620	\$ 0.5708
41	MWh growth .5%	\$ 0.5137	\$ 0.5223	\$ 0.5395	\$ 0.5482	\$ 0.5568
42	MWh growth 1%	\$ 0.5011	\$ 0.5095	\$ 0.5263	\$ 0.5347	\$ 0.5431
43	MWh growth 1.5%	\$ 0.4889	\$ 0.4971	\$ 0.5135	\$ 0.5217	\$ 0.5299
44	MWh growth 2%	\$ 0.4770	\$ 0.4850	\$ 0.5010	\$ 0.5090	\$ 0.5170

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - 0% MWh Growth
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,975	3,524	3,155	2,870	2,666
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	12,000	12,000	14,000	14,000	16,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	153,971	155,118	159,413	161,854	166,441
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 149,453	\$ 151,701	\$ 156,397	\$ 158,789	\$ 163,326
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4815	\$ 0.4887	\$ 0.5038	\$ 0.5115	\$ 0.5262
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0163	\$ 0.0167	\$ 0.0172	\$ 0.0177	\$ 0.0182
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 154,499	\$ 156,895	\$ 161,739	\$ 164,280	\$ 168,967
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4977	\$ 0.5054	\$ 0.5210	\$ 0.5292	\$ 0.5443
28	GWh	308,126	312,922	314,000	310,410	310,410	310,410	310,410	310,410	310,410
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	18,000	18,000	21,000	21,000	24,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	30,000	30,000	35,000	35,000	40,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	189,244	190,795	198,500	201,358	209,368

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - 0.5% MWh Growth
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,975	3,524	3,155	2,870	2,666
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	12,000	12,000	14,000	14,000	16,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	153,971	155,118	159,413	161,854	166,441
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 149,453	\$ 151,701	\$ 156,397	\$ 158,789	\$ 163,326
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4791	\$ 0.4839	\$ 0.4964	\$ 0.5014	\$ 0.5132
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0162	\$ 0.0166	\$ 0.0170	\$ 0.0173	\$ 0.0177
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 154,499	\$ 156,895	\$ 161,739	\$ 164,280	\$ 168,967
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4952	\$ 0.5004	\$ 0.5133	\$ 0.5188	\$ 0.5309
28	GWh	308,126	312,922	314,000	310,410	311,962	313,522	315,089	316,665	318,248
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.5%	0.5%	0.5%	0.5%	0.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	18,000	18,000	21,000	21,000	24,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	30,000	30,000	35,000	35,000	40,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	189,244	190,795	198,500	201,358	209,368

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - 1% MWh Growth
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,975	3,524	3,155	2,870	2,666
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	12,000	12,000	14,000	14,000	16,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	153,971	155,118	159,413	161,854	166,441
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 149,453	\$ 151,701	\$ 156,397	\$ 158,789	\$ 163,326
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4767	\$ 0.4791	\$ 0.4890	\$ 0.4916	\$ 0.5006
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0161	\$ 0.0164	\$ 0.0167	\$ 0.0170	\$ 0.0173
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 154,499	\$ 156,895	\$ 161,739	\$ 164,280	\$ 168,967
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4928	\$ 0.4955	\$ 0.5057	\$ 0.5086	\$ 0.5179
28	GWh	308,126	312,922	314,000	310,410	313,514	316,649	319,816	323,014	326,244
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	18,000	18,000	21,000	21,000	24,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	30,000	30,000	35,000	35,000	40,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	189,244	190,795	198,500	201,358	209,368

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - 1.5% MWh Growth
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,975	3,524	3,155	2,870	2,666
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	12,000	12,000	14,000	14,000	16,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	153,971	155,118	159,413	161,854	166,441
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 149,453	\$ 151,701	\$ 156,397	\$ 158,789	\$ 163,326
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4744	\$ 0.4744	\$ 0.4818	\$ 0.4820	\$ 0.4884
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0160	\$ 0.0162	\$ 0.0165	\$ 0.0167	\$ 0.0169
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 154,499	\$ 156,895	\$ 161,739	\$ 164,280	\$ 168,967
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4904	\$ 0.4906	\$ 0.4983	\$ 0.4986	\$ 0.5053
28	GWh	308,126	312,922	314,000	310,410	315,066	319,792	324,589	329,458	334,400
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.5%	1.5%	1.5%	1.5%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	18,000	18,000	21,000	21,000	24,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	30,000	30,000	35,000	35,000	40,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	189,244	190,795	198,500	201,358	209,368

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - 2% MWh Growth
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,975	3,524	3,155	2,870	2,666
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	12,000	12,000	14,000	14,000	16,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	153,971	155,118	159,413	161,854	166,441
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 149,453	\$ 151,701	\$ 156,397	\$ 158,789	\$ 163,326
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4720	\$ 0.4697	\$ 0.4748	\$ 0.4726	\$ 0.4766
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0159	\$ 0.0161	\$ 0.0162	\$ 0.0163	\$ 0.0165
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 154,499	\$ 156,895	\$ 161,739	\$ 164,280	\$ 168,967
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4880	\$ 0.4858	\$ 0.4910	\$ 0.4889	\$ 0.4930
28	GWh	308,126	312,922	314,000	310,410	316,618	322,951	329,410	335,998	342,718
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	2.0%	2.0%	2.0%	2.0%	2.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	18,000	18,000	21,000	21,000	24,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	30,000	30,000	35,000	35,000	40,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	189,244	190,795	198,500	201,358	209,368

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - -10M Project Funding
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,810	3,029	2,331	1,715	1,181
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	8,000	8,000	10,000	10,000	12,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	149,806	150,623	154,588	156,698	160,956
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 145,288	\$ 147,206	\$ 151,573	\$ 153,634	\$ 157,841
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4541	\$ 0.4459	\$ 0.4495	\$ 0.4482	\$ 0.4539
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0158	\$ 0.0157	\$ 0.0158	\$ 0.0160	\$ 0.0162
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 150,334	\$ 152,400	\$ 156,914	\$ 159,125	\$ 163,482
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4699	\$ 0.4616	\$ 0.4653	\$ 0.4642	\$ 0.4701
28	GWh	308,126	312,922	314,000	310,410	319,926	330,145	337,237	342,793	347,770
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	3.1%	3.2%	2.1%	1.6%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	12,000	12,000	15,000	15,000	18,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	20,000	20,000	25,000	25,000	30,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	179,079	180,300	187,675	190,202	197,883

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - -5M Project Funding
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,893	3,277	2,743	2,292	1,924
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	10,000	10,000	12,000	12,000	14,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	151,889	152,871	157,001	159,276	163,698
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 147,370	\$ 149,454	\$ 153,985	\$ 156,211	\$ 160,583
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4606	\$ 0.4527	\$ 0.4566	\$ 0.4557	\$ 0.4618
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0158	\$ 0.0157	\$ 0.0158	\$ 0.0160	\$ 0.0162
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 152,416	\$ 154,647	\$ 159,327	\$ 161,702	\$ 166,224
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4764	\$ 0.4684	\$ 0.4724	\$ 0.4717	\$ 0.4780
28	GWh	308,126	312,922	314,000	310,410	319,926	330,145	337,237	342,793	347,770
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	3.1%	3.2%	2.1%	1.6%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	15,000	15,000	18,000	18,000	21,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	25,000	25,000	30,000	30,000	35,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	184,161	185,547	193,088	195,780	203,625

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - +5M Project Funding
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,058	3,772	3,568	3,447	3,409
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	14,000	14,000	16,000	16,000	18,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	156,054	157,366	161,826	164,431	169,183
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 151,535	\$ 153,949	\$ 158,810	\$ 161,366	\$ 166,068
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4737	\$ 0.4663	\$ 0.4709	\$ 0.4707	\$ 0.4775
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0158	\$ 0.0157	\$ 0.0158	\$ 0.0160	\$ 0.0162
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 156,581	\$ 159,142	\$ 164,152	\$ 166,857	\$ 171,709
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4894	\$ 0.4820	\$ 0.4868	\$ 0.4868	\$ 0.4937
28	GWh	308,126	312,922	314,000	310,410	319,926	330,145	337,237	342,793	347,770
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	3.1%	3.2%	2.1%	1.6%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	21,000	21,000	24,000	24,000	27,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	35,000	35,000	40,000	40,000	45,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	194,326	196,042	203,913	206,935	215,110

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - +10M Project Funding
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,140	4,019	3,981	4,025	4,151
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	16,000	16,000	18,000	18,000	20,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	158,136	159,613	164,238	167,008	171,926
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 153,618	\$ 156,196	\$ 161,223	\$ 163,944	\$ 168,811
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4802	\$ 0.4731	\$ 0.4781	\$ 0.4783	\$ 0.4854
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0158	\$ 0.0157	\$ 0.0158	\$ 0.0160	\$ 0.0162
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 158,664	\$ 161,390	\$ 166,564	\$ 169,435	\$ 174,452
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4959	\$ 0.4888	\$ 0.4939	\$ 0.4943	\$ 0.5016
28	GWh	308,126	312,922	314,000	310,410	319,926	330,145	337,237	342,793	347,770
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	3.1%	3.2%	2.1%	1.6%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	24,000	24,000	27,000	27,000	30,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	40,000	40,000	45,000	45,000	50,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	199,409	201,290	209,325	212,512	220,853

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget
Revenue Requirements - +15M Project Funding
(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,223	4,267	4,393	4,602	4,894
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	18,000	18,000	20,000	20,000	22,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	160,219	161,861	166,651	169,586	174,668
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 155,700	\$ 158,444	\$ 163,635	\$ 166,521	\$ 171,553
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4867	\$ 0.4799	\$ 0.4852	\$ 0.4858	\$ 0.4933
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0158	\$ 0.0157	\$ 0.0158	\$ 0.0160	\$ 0.0162
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 160,746	\$ 163,637	\$ 168,977	\$ 172,012	\$ 177,194
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5024	\$ 0.4957	\$ 0.5011	\$ 0.5018	\$ 0.5095
28	GWh	308,126	312,922	314,000	310,410	319,926	330,145	337,237	342,793	347,770
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	3.1%	3.2%	2.1%	1.6%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	27,000	27,000	30,000	30,000	33,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	45,000	45,000	50,000	50,000	55,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	204,491	206,537	214,738	218,090	226,595

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 0% MWh Growth & -10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,810	3,029	2,331	1,715	1,181
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	8,000	8,000	10,000	10,000	12,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	149,806	150,623	154,588	156,698	160,956
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 145,288	\$ 147,206	\$ 151,573	\$ 153,634	\$ 157,841
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4681	\$ 0.4742	\$ 0.4883	\$ 0.4949	\$ 0.5085
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0163	\$ 0.0167	\$ 0.0172	\$ 0.0177	\$ 0.0182
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 150,334	\$ 152,400	\$ 156,914	\$ 159,125	\$ 163,482
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4843	\$ 0.4910	\$ 0.5055	\$ 0.5126	\$ 0.5267
28	GWh	308,126	312,922	314,000	310,410	310,410	310,410	310,410	310,410	310,410
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	12,000	12,000	15,000	15,000	18,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	20,000	20,000	25,000	25,000	30,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	179,079	180,300	187,675	190,202	197,883

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 0% MWh Growth & -5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,893	3,277	2,743	2,292	1,924
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	10,000	10,000	12,000	12,000	14,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	151,889	152,871	157,001	159,276	163,698
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 147,370	\$ 149,454	\$ 153,985	\$ 156,211	\$ 160,583
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4748	\$ 0.4815	\$ 0.4961	\$ 0.5032	\$ 0.5173
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0163	\$ 0.0167	\$ 0.0172	\$ 0.0177	\$ 0.0182
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 152,416	\$ 154,647	\$ 159,327	\$ 161,702	\$ 166,224
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4910	\$ 0.4982	\$ 0.5133	\$ 0.5209	\$ 0.5355
28	GWh	308,126	312,922	314,000	310,410	310,410	310,410	310,410	310,410	310,410
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	15,000	15,000	18,000	18,000	21,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	25,000	25,000	30,000	30,000	35,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	184,161	185,547	193,088	195,780	203,625

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 0% MWh Growth & +5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,058	3,772	3,568	3,447	3,409
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	14,000	14,000	16,000	16,000	18,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	156,054	157,366	161,826	164,431	169,183
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 151,535	\$ 153,949	\$ 158,810	\$ 161,366	\$ 166,068
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4882	\$ 0.4960	\$ 0.5116	\$ 0.5198	\$ 0.5350
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0163	\$ 0.0167	\$ 0.0172	\$ 0.0177	\$ 0.0182
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 156,581	\$ 159,142	\$ 164,152	\$ 166,857	\$ 171,709
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5044	\$ 0.5127	\$ 0.5288	\$ 0.5375	\$ 0.5532
28	GWh	308,126	312,922	314,000	310,410	310,410	310,410	310,410	310,410	310,410
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	21,000	21,000	24,000	24,000	27,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	35,000	35,000	40,000	40,000	45,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	194,326	196,042	203,913	206,935	215,110

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 0% MWh Growth & +10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,140	4,019	3,981	4,025	4,151
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	16,000	16,000	18,000	18,000	20,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	158,136	159,613	164,238	167,008	171,926
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 153,618	\$ 156,196	\$ 161,223	\$ 163,944	\$ 168,811
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4949	\$ 0.5032	\$ 0.5194	\$ 0.5282	\$ 0.5438
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0163	\$ 0.0167	\$ 0.0172	\$ 0.0177	\$ 0.0182
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 158,664	\$ 161,390	\$ 166,564	\$ 169,435	\$ 174,452
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5111	\$ 0.5199	\$ 0.5366	\$ 0.5458	\$ 0.5620
28	GWh	308,126	312,922	314,000	310,410	310,410	310,410	310,410	310,410	310,410
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	24,000	24,000	27,000	27,000	30,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	40,000	40,000	45,000	45,000	50,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	199,409	201,290	209,325	212,512	220,853

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 0% MWh Growth & +15M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,223	4,267	4,393	4,602	4,894
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	18,000	18,000	20,000	20,000	22,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	160,219	161,861	166,651	169,586	174,668
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 155,700	\$ 158,444	\$ 163,635	\$ 166,521	\$ 171,553
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.5016	\$ 0.5104	\$ 0.5272	\$ 0.5365	\$ 0.5527
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0163	\$ 0.0167	\$ 0.0172	\$ 0.0177	\$ 0.0182
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 160,746	\$ 163,637	\$ 168,977	\$ 172,012	\$ 177,194
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5179	\$ 0.5272	\$ 0.5444	\$ 0.5541	\$ 0.5708
28	GWh	308,126	312,922	314,000	310,410	310,410	310,410	310,410	310,410	310,410
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	27,000	27,000	30,000	30,000	33,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	45,000	45,000	50,000	50,000	55,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	204,491	206,537	214,738	218,090	226,595

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - .5% MWh Growth & -10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,810	3,029	2,331	1,715	1,181
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	8,000	8,000	10,000	10,000	12,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	149,806	150,623	154,588	156,698	160,956
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 145,288	\$ 147,206	\$ 151,573	\$ 153,634	\$ 157,841
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4657	\$ 0.4695	\$ 0.4810	\$ 0.4852	\$ 0.4960
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0162	\$ 0.0166	\$ 0.0170	\$ 0.0173	\$ 0.0177
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 150,334	\$ 152,400	\$ 156,914	\$ 159,125	\$ 163,482
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4819	\$ 0.4861	\$ 0.4980	\$ 0.5025	\$ 0.5137
28	GWh	308,126	312,922	314,000	310,410	311,962	313,522	315,089	316,665	318,248
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.5%	0.5%	0.5%	0.5%	0.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	12,000	12,000	15,000	15,000	18,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	20,000	20,000	25,000	25,000	30,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	179,079	180,300	187,675	190,202	197,883

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - .5% MWh Growth & -5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,893	3,277	2,743	2,292	1,924
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	10,000	10,000	12,000	12,000	14,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	151,889	152,871	157,001	159,276	163,698
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 147,370	\$ 149,454	\$ 153,985	\$ 156,211	\$ 160,583
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4724	\$ 0.4767	\$ 0.4887	\$ 0.4933	\$ 0.5046
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0162	\$ 0.0166	\$ 0.0170	\$ 0.0173	\$ 0.0177
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 152,416	\$ 154,647	\$ 159,327	\$ 161,702	\$ 166,224
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4886	\$ 0.4933	\$ 0.5057	\$ 0.5106	\$ 0.5223
28	GWh	308,126	312,922	314,000	310,410	311,962	313,522	315,089	316,665	318,248
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.5%	0.5%	0.5%	0.5%	0.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	15,000	15,000	18,000	18,000	21,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	25,000	25,000	30,000	30,000	35,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	184,161	185,547	193,088	195,780	203,625

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - .5% MWh Growth & +5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,058	3,772	3,568	3,447	3,409
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	14,000	14,000	16,000	16,000	18,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	156,054	157,366	161,826	164,431	169,183
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 151,535	\$ 153,949	\$ 158,810	\$ 161,366	\$ 166,068
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4857	\$ 0.4910	\$ 0.5040	\$ 0.5096	\$ 0.5218
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0162	\$ 0.0166	\$ 0.0170	\$ 0.0173	\$ 0.0177
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 156,581	\$ 159,142	\$ 164,152	\$ 166,857	\$ 171,709
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5019	\$ 0.5076	\$ 0.5210	\$ 0.5269	\$ 0.5395
28	GWh	308,126	312,922	314,000	310,410	311,962	313,522	315,089	316,665	318,248
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.5%	0.5%	0.5%	0.5%	0.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	21,000	21,000	24,000	24,000	27,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	35,000	35,000	40,000	40,000	45,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	194,326	196,042	203,913	206,935	215,110

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - .5% MWh Growth & +10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,140	4,019	3,981	4,025	4,151
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	16,000	16,000	18,000	18,000	20,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	158,136	159,613	164,238	167,008	171,926
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 153,618	\$ 156,196	\$ 161,223	\$ 163,944	\$ 168,811
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4924	\$ 0.4982	\$ 0.5117	\$ 0.5177	\$ 0.5304
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0162	\$ 0.0166	\$ 0.0170	\$ 0.0173	\$ 0.0177
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 158,664	\$ 161,390	\$ 166,564	\$ 169,435	\$ 174,452
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5086	\$ 0.5148	\$ 0.5286	\$ 0.5351	\$ 0.5482
28	GWh	308,126	312,922	314,000	310,410	311,962	313,522	315,089	316,665	318,248
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.5%	0.5%	0.5%	0.5%	0.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	24,000	24,000	27,000	27,000	30,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	40,000	40,000	45,000	45,000	50,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	199,409	201,290	209,325	212,512	220,853

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - .5% MWh Growth & +15M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,223	4,267	4,393	4,602	4,894
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	18,000	18,000	20,000	20,000	22,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	160,219	161,861	166,651	169,586	174,668
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 155,700	\$ 158,444	\$ 163,635	\$ 166,521	\$ 171,553
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4991	\$ 0.5054	\$ 0.5193	\$ 0.5259	\$ 0.5391
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0162	\$ 0.0166	\$ 0.0170	\$ 0.0173	\$ 0.0177
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 160,746	\$ 163,637	\$ 168,977	\$ 172,012	\$ 177,194
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5153	\$ 0.5219	\$ 0.5363	\$ 0.5432	\$ 0.5568
28	GWh	308,126	312,922	314,000	310,410	311,962	313,522	315,089	316,665	318,248
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	0.5%	0.5%	0.5%	0.5%	0.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	27,000	27,000	30,000	30,000	33,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	45,000	45,000	50,000	50,000	55,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	204,491	206,537	214,738	218,090	226,595

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1% MWh Growth & -10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,810	3,029	2,331	1,715	1,181
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	8,000	8,000	10,000	10,000	12,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	149,806	150,623	154,588	156,698	160,956
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 145,288	\$ 147,206	\$ 151,573	\$ 153,634	\$ 157,841
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4634	\$ 0.4649	\$ 0.4739	\$ 0.4756	\$ 0.4838
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0161	\$ 0.0164	\$ 0.0167	\$ 0.0170	\$ 0.0173
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 150,334	\$ 152,400	\$ 156,914	\$ 159,125	\$ 163,482
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4795	\$ 0.4813	\$ 0.4906	\$ 0.4926	\$ 0.5011
28	GWh	308,126	312,922	314,000	310,410	313,514	316,649	319,816	323,014	326,244
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	12,000	12,000	15,000	15,000	18,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	20,000	20,000	25,000	25,000	30,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	179,079	180,300	187,675	190,202	197,883

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1% MWh Growth & -5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,893	3,277	2,743	2,292	1,924
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	10,000	10,000	12,000	12,000	14,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	151,889	152,871	157,001	159,276	163,698
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 147,370	\$ 149,454	\$ 153,985	\$ 156,211	\$ 160,583
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4701	\$ 0.4720	\$ 0.4815	\$ 0.4836	\$ 0.4922
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0161	\$ 0.0164	\$ 0.0167	\$ 0.0170	\$ 0.0173
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 152,416	\$ 154,647	\$ 159,327	\$ 161,702	\$ 166,224
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4862	\$ 0.4884	\$ 0.4982	\$ 0.5006	\$ 0.5095
28	GWh	308,126	312,922	314,000	310,410	313,514	316,649	319,816	323,014	326,244
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	15,000	15,000	18,000	18,000	21,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	25,000	25,000	30,000	30,000	35,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	184,161	185,547	193,088	195,780	203,625

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1% MWh Growth & +5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,058	3,772	3,568	3,447	3,409
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	14,000	14,000	16,000	16,000	18,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	156,054	157,366	161,826	164,431	169,183
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 151,535	\$ 153,949	\$ 158,810	\$ 161,366	\$ 166,068
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4833	\$ 0.4862	\$ 0.4966	\$ 0.4996	\$ 0.5090
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0161	\$ 0.0164	\$ 0.0167	\$ 0.0170	\$ 0.0173
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 156,581	\$ 159,142	\$ 164,152	\$ 166,857	\$ 171,709
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4994	\$ 0.5026	\$ 0.5133	\$ 0.5166	\$ 0.5263
28	GWh	308,126	312,922	314,000	310,410	313,514	316,649	319,816	323,014	326,244
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	21,000	21,000	24,000	24,000	27,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	35,000	35,000	40,000	40,000	45,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	194,326	196,042	203,913	206,935	215,110

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1% MWh Growth & +10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,140	4,019	3,981	4,025	4,151
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	16,000	16,000	18,000	18,000	20,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	158,136	159,613	164,238	167,008	171,926
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 153,618	\$ 156,196	\$ 161,223	\$ 163,944	\$ 168,811
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4900	\$ 0.4933	\$ 0.5041	\$ 0.5075	\$ 0.5174
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0161	\$ 0.0164	\$ 0.0167	\$ 0.0170	\$ 0.0173
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 158,664	\$ 161,390	\$ 166,564	\$ 169,435	\$ 174,452
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5061	\$ 0.5097	\$ 0.5208	\$ 0.5245	\$ 0.5347
28	GWh	308,126	312,922	314,000	310,410	313,514	316,649	319,816	323,014	326,244
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	24,000	24,000	27,000	27,000	30,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	40,000	40,000	45,000	45,000	50,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	199,409	201,290	209,325	212,512	220,853

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1% MWh Growth & +15M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,223	4,267	4,393	4,602	4,894
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	18,000	18,000	20,000	20,000	22,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	160,219	161,861	166,651	169,586	174,668
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 155,700	\$ 158,444	\$ 163,635	\$ 166,521	\$ 171,553
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4966	\$ 0.5004	\$ 0.5117	\$ 0.5155	\$ 0.5258
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0161	\$ 0.0164	\$ 0.0167	\$ 0.0170	\$ 0.0173
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 160,746	\$ 163,637	\$ 168,977	\$ 172,012	\$ 177,194
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5127	\$ 0.5168	\$ 0.5284	\$ 0.5325	\$ 0.5431
28	GWh	308,126	312,922	314,000	310,410	313,514	316,649	319,816	323,014	326,244
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	27,000	27,000	30,000	30,000	33,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	45,000	45,000	50,000	50,000	55,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	204,491	206,537	214,738	218,090	226,595

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1.5% MWh Growth & -10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,810	3,029	2,331	1,715	1,181
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	8,000	8,000	10,000	10,000	12,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	149,806	150,623	154,588	156,698	160,956
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 145,288	\$ 147,206	\$ 151,573	\$ 153,634	\$ 157,841
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4611	\$ 0.4603	\$ 0.4670	\$ 0.4663	\$ 0.4720
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0160	\$ 0.0162	\$ 0.0165	\$ 0.0167	\$ 0.0169
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 150,334	\$ 152,400	\$ 156,914	\$ 159,125	\$ 163,482
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4772	\$ 0.4766	\$ 0.4834	\$ 0.4830	\$ 0.4889
28	GWh	308,126	312,922	314,000	310,410	315,066	319,792	324,589	329,458	334,400
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.5%	1.5%	1.5%	1.5%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	12,000	12,000	15,000	15,000	18,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	20,000	20,000	25,000	25,000	30,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	179,079	180,300	187,675	190,202	197,883

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1.5% MWh Growth & -5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,893	3,277	2,743	2,292	1,924
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	10,000	10,000	12,000	12,000	14,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	151,889	152,871	157,001	159,276	163,698
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 147,370	\$ 149,454	\$ 153,985	\$ 156,211	\$ 160,583
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4677	\$ 0.4673	\$ 0.4744	\$ 0.4741	\$ 0.4802
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0160	\$ 0.0162	\$ 0.0165	\$ 0.0167	\$ 0.0169
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 152,416	\$ 154,647	\$ 159,327	\$ 161,702	\$ 166,224
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4838	\$ 0.4836	\$ 0.4909	\$ 0.4908	\$ 0.4971
28	GWh	308,126	312,922	314,000	310,410	315,066	319,792	324,589	329,458	334,400
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.5%	1.5%	1.5%	1.5%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	15,000	15,000	18,000	18,000	21,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	25,000	25,000	30,000	30,000	35,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	184,161	185,547	193,088	195,780	203,625

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1.5% MWh Growth & +5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,058	3,772	3,568	3,447	3,409
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	14,000	14,000	16,000	16,000	18,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	156,054	157,366	161,826	164,431	169,183
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 151,535	\$ 153,949	\$ 158,810	\$ 161,366	\$ 166,068
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4810	\$ 0.4814	\$ 0.4893	\$ 0.4898	\$ 0.4966
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0160	\$ 0.0162	\$ 0.0165	\$ 0.0167	\$ 0.0169
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 156,581	\$ 159,142	\$ 164,152	\$ 166,857	\$ 171,709
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4970	\$ 0.4976	\$ 0.5057	\$ 0.5065	\$ 0.5135
28	GWh	308,126	312,922	314,000	310,410	315,066	319,792	324,589	329,458	334,400
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.5%	1.5%	1.5%	1.5%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	21,000	21,000	24,000	24,000	27,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	35,000	35,000	40,000	40,000	45,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	194,326	196,042	203,913	206,935	215,110

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1.5% MWh Growth & +10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,140	4,019	3,981	4,025	4,151
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	16,000	16,000	18,000	18,000	20,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	158,136	159,613	164,238	167,008	171,926
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 153,618	\$ 156,196	\$ 161,223	\$ 163,944	\$ 168,811
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4876	\$ 0.4884	\$ 0.4967	\$ 0.4976	\$ 0.5048
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0160	\$ 0.0162	\$ 0.0165	\$ 0.0167	\$ 0.0169
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 158,664	\$ 161,390	\$ 166,564	\$ 169,435	\$ 174,452
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5036	\$ 0.5047	\$ 0.5132	\$ 0.5143	\$ 0.5217
28	GWh	308,126	312,922	314,000	310,410	315,066	319,792	324,589	329,458	334,400
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.5%	1.5%	1.5%	1.5%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	24,000	24,000	27,000	27,000	30,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	40,000	40,000	45,000	45,000	50,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	199,409	201,290	209,325	212,512	220,853

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 1.5% MWh Growth & +15M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,223	4,267	4,393	4,602	4,894
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	18,000	18,000	20,000	20,000	22,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	160,219	161,861	166,651	169,586	174,668
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 155,700	\$ 158,444	\$ 163,635	\$ 166,521	\$ 171,553
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4942	\$ 0.4955	\$ 0.5041	\$ 0.5054	\$ 0.5130
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0160	\$ 0.0162	\$ 0.0165	\$ 0.0167	\$ 0.0169
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 160,746	\$ 163,637	\$ 168,977	\$ 172,012	\$ 177,194
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5102	\$ 0.5117	\$ 0.5206	\$ 0.5221	\$ 0.5299
28	GWh	308,126	312,922	314,000	310,410	315,066	319,792	324,589	329,458	334,400
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	1.5%	1.5%	1.5%	1.5%	1.5%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	27,000	27,000	30,000	30,000	33,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	45,000	45,000	50,000	50,000	55,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	204,491	206,537	214,738	218,090	226,595

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 2% MWh Growth & -10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,810	3,029	2,331	1,715	1,181
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	8,000	8,000	10,000	10,000	12,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	149,806	150,623	154,588	156,698	160,956
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 145,288	\$ 147,206	\$ 151,573	\$ 153,634	\$ 157,841
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4589	\$ 0.4558	\$ 0.4601	\$ 0.4572	\$ 0.4606
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0159	\$ 0.0161	\$ 0.0162	\$ 0.0163	\$ 0.0165
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 150,334	\$ 152,400	\$ 156,914	\$ 159,125	\$ 163,482
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4748	\$ 0.4719	\$ 0.4764	\$ 0.4736	\$ 0.4770
28	GWh	308,126	312,922	314,000	310,410	316,618	322,951	329,410	335,998	342,718
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	2.0%	2.0%	2.0%	2.0%	2.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	12,000	12,000	15,000	15,000	18,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	20,000	20,000	25,000	25,000	30,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	179,079	180,300	187,675	190,202	197,883

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 2% MWh Growth & -5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	3,893	3,277	2,743	2,292	1,924
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	10,000	10,000	12,000	12,000	14,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	151,889	152,871	157,001	159,276	163,698
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 147,370	\$ 149,454	\$ 153,985	\$ 156,211	\$ 160,583
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4655	\$ 0.4628	\$ 0.4675	\$ 0.4649	\$ 0.4686
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0159	\$ 0.0161	\$ 0.0162	\$ 0.0163	\$ 0.0165
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 152,416	\$ 154,647	\$ 159,327	\$ 161,702	\$ 166,224
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4814	\$ 0.4789	\$ 0.4837	\$ 0.4813	\$ 0.4850
28	GWh	308,126	312,922	314,000	310,410	316,618	322,951	329,410	335,998	342,718
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	2.0%	2.0%	2.0%	2.0%	2.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	15,000	15,000	18,000	18,000	21,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	25,000	25,000	30,000	30,000	35,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	184,161	185,547	193,088	195,780	203,625

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 2% MWh Growth & +5M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,058	3,772	3,568	3,447	3,409
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	14,000	14,000	16,000	16,000	18,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	156,054	157,366	161,826	164,431	169,183
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 151,535	\$ 153,949	\$ 158,810	\$ 161,366	\$ 166,068
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4786	\$ 0.4767	\$ 0.4821	\$ 0.4803	\$ 0.4846
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0159	\$ 0.0161	\$ 0.0162	\$ 0.0163	\$ 0.0165
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 156,581	\$ 159,142	\$ 164,152	\$ 166,857	\$ 171,709
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4945	\$ 0.4928	\$ 0.4983	\$ 0.4966	\$ 0.5010
28	GWh	308,126	312,922	314,000	310,410	316,618	322,951	329,410	335,998	342,718
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	2.0%	2.0%	2.0%	2.0%	2.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	21,000	21,000	24,000	24,000	27,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	35,000	35,000	40,000	40,000	45,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	194,326	196,042	203,913	206,935	215,110

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 2% MWh Growth & +10M Project Funding

(in Thousands)

Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,140	4,019	3,981	4,025	4,151
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	16,000	16,000	18,000	18,000	20,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	158,136	159,613	164,238	167,008	171,926
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 153,618	\$ 156,196	\$ 161,223	\$ 163,944	\$ 168,811
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4852	\$ 0.4837	\$ 0.4894	\$ 0.4879	\$ 0.4926
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0159	\$ 0.0161	\$ 0.0162	\$ 0.0163	\$ 0.0165
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 158,664	\$ 161,390	\$ 166,564	\$ 169,435	\$ 174,452
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5011	\$ 0.4997	\$ 0.5056	\$ 0.5043	\$ 0.5090
28	GWh	308,126	312,922	314,000	310,410	316,618	322,951	329,410	335,998	342,718
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	2.0%	2.0%	2.0%	2.0%	2.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	24,000	24,000	27,000	27,000	30,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	40,000	40,000	45,000	45,000	50,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	199,409	201,290	209,325	212,512	220,853

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

ERCOT Fiscal Year 2011 Budget

Revenue Requirements - 2% MWh Growth & +15M Project Funding

(in Thousands)

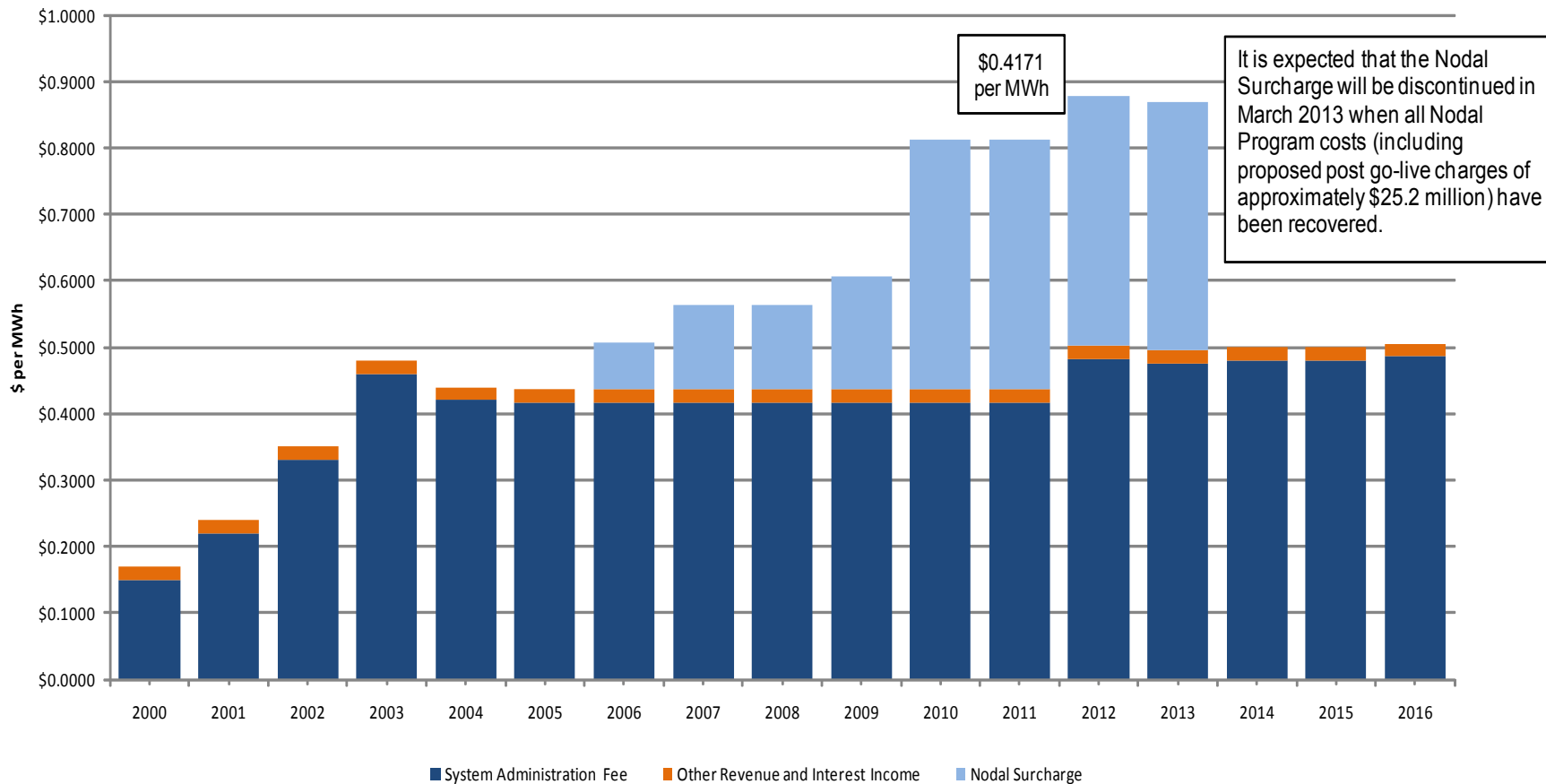
Line	(\$ Thousands)	2009 Actual	2010 Budget	2010 Forecast	2011 Proposed Budget	2012 Projected Budget	2013 Projected Budget	2014 Projected Budget	2015 Projected Budget	2016 Projected Budget
1	ERCOT O&M Expense									
2	Labor	51,508	59,012	52,332	69,947	68,780	70,500	72,262	74,069	75,921
3	Equipment & Tools	799	1,227	825	881	895	910	930	949	969
4	Outside Services	9,287	9,751	9,811	2,973	7,201	7,352	7,507	7,664	7,825
5	Utility, Maintenance, & Facilities	7,939	8,137	8,597	12,599	12,303	11,540	11,782	12,030	12,282
6	Hardware & Software License & Maint.	9,337	9,101	9,000	9,861	17,521	17,889	18,265	18,649	19,040
7	Employee Expenses	1,031	1,552	1,037	1,021	1,042	1,064	1,086	1,109	1,132
8	Other Expenses	3,668	4,010	3,864	3,970	4,053	4,139	4,225	4,314	4,405
9	Subtotal - O&M Expense	83,570	92,790	85,467	101,252	111,796	113,394	116,058	118,784	121,575
10	Debt Service - Interest	2,718	5,272	2,539	3,515	4,223	4,267	4,393	4,602	4,894
11	Debt Service - Principal	26,137	26,137	26,137	26,200	26,200	26,200	26,200	26,200	26,200
12	Revenue Funded Projects	17,464	18,520	21,637	16,758	18,000	18,000	20,000	20,000	22,000
13	Subtotal - Revenue Requirement	129,889	142,720	135,780	147,725	160,219	161,861	166,651	169,586	174,668
14	Less: Other Revenue	3,553	3,164	3,844	4,006	4,519	3,417	3,015	3,065	3,115
15	Less: Interest Income	51	81	5	-	-	-	-	-	-
16	Less: Extraordinary Item Revenue	705	12,760	18,570	5,000	-	-	-	-	-
17	2010 Carry Forward	-	-	(14,420)	14,420	-	-	-	-	-
18	Subtotal - Revenue Requirement from System Admin Fee	\$ 125,580	\$ 126,715	\$ 127,781	\$ 124,299	\$ 155,700	\$ 158,444	\$ 163,635	\$ 166,521	\$ 171,553
19	Subtotal - System Administration Fee	\$ 0.4076	\$ 0.4049	\$ 0.4069	\$ 0.4004	\$ 0.4918	\$ 0.4906	\$ 0.4968	\$ 0.4956	\$ 0.5006
20	NERC Dues	2,141	2,462	8,295	11,975	12,226	12,483	12,745	13,013	13,286
21	NERC Electric Reliability Organization fee	(2,141)	(2,462)	(8,295)	(11,975)	(12,226)	(12,483)	(12,745)	(13,013)	(13,286)
22	Protocol Services	639	1,500	787	2,466	2,246	2,293	2,342	2,391	2,441
23	Market Monitoring	2,300	2,300	2,417	2,700	2,800	2,900	3,000	3,100	3,200
24	Subtotal - Mandated Costs	\$ 2,939	\$ 3,800	\$ 3,204	\$ 5,166	\$ 5,046	\$ 5,193	\$ 5,342	\$ 5,491	\$ 5,641
25	Subtotal - System Administration Fee - Mandated	\$ 0.0095	\$ 0.0121	\$ 0.0102	\$ 0.0166	\$ 0.0159	\$ 0.0161	\$ 0.0162	\$ 0.0163	\$ 0.0165
26	Total - Revenue Rqmt from System Admin Fee	\$ 128,520	\$ 130,515	\$ 130,985	\$ 129,465	\$ 160,746	\$ 163,637	\$ 168,977	\$ 172,012	\$ 177,194
27	ERCOT System Administration Fee	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.5077	\$ 0.5067	\$ 0.5130	\$ 0.5119	\$ 0.5170
28	GWh	308,126	312,922	314,000	310,410	316,618	322,951	329,410	335,998	342,718
29	% GWh Growth	2.2%	1.6%	0.3%	-0.8%	2.0%	2.0%	2.0%	2.0%	2.0%
30	Debt Funded Projects	14,059	27,780	32,455	25,138	27,000	27,000	30,000	30,000	33,000
31	Total Base Project/Data Center/Facility Capital Spending	31,523	46,300	54,092	41,896	45,000	45,000	50,000	50,000	55,000
32	Total ERCOT Spending Authorization	149,028	176,762	179,734	190,003	204,491	206,537	214,738	218,090	226,595

Note:
Schedule reflects utilization of Board Discretionary funds to cover costs associated with Nodal Post Go-Live activities in 2011.

10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Fee Profile Summary (2000-2016)

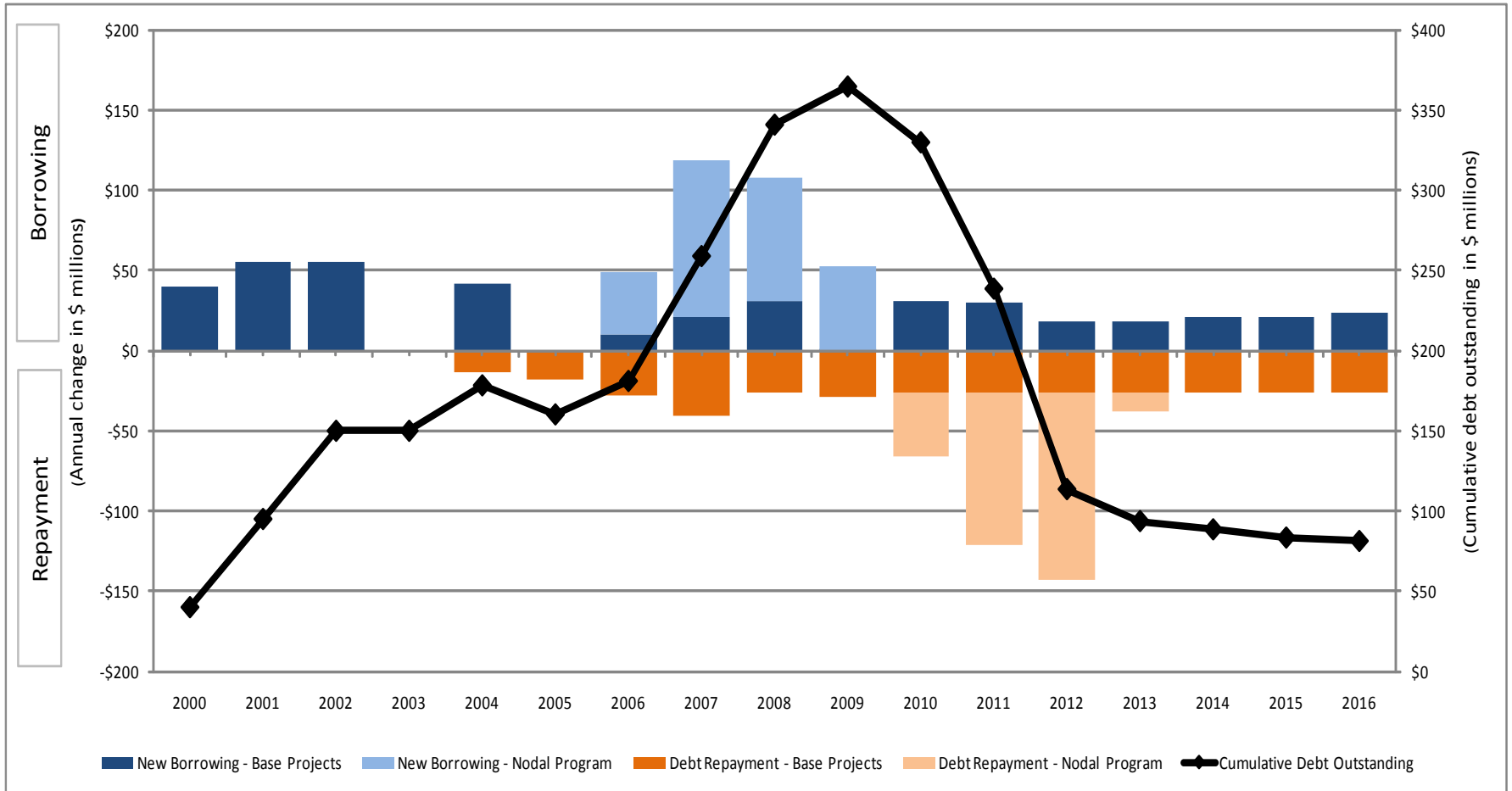
Scenario 1. With Use of Board Discretionary Funds - page A



10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Debt Profile Summary (2000-2016)

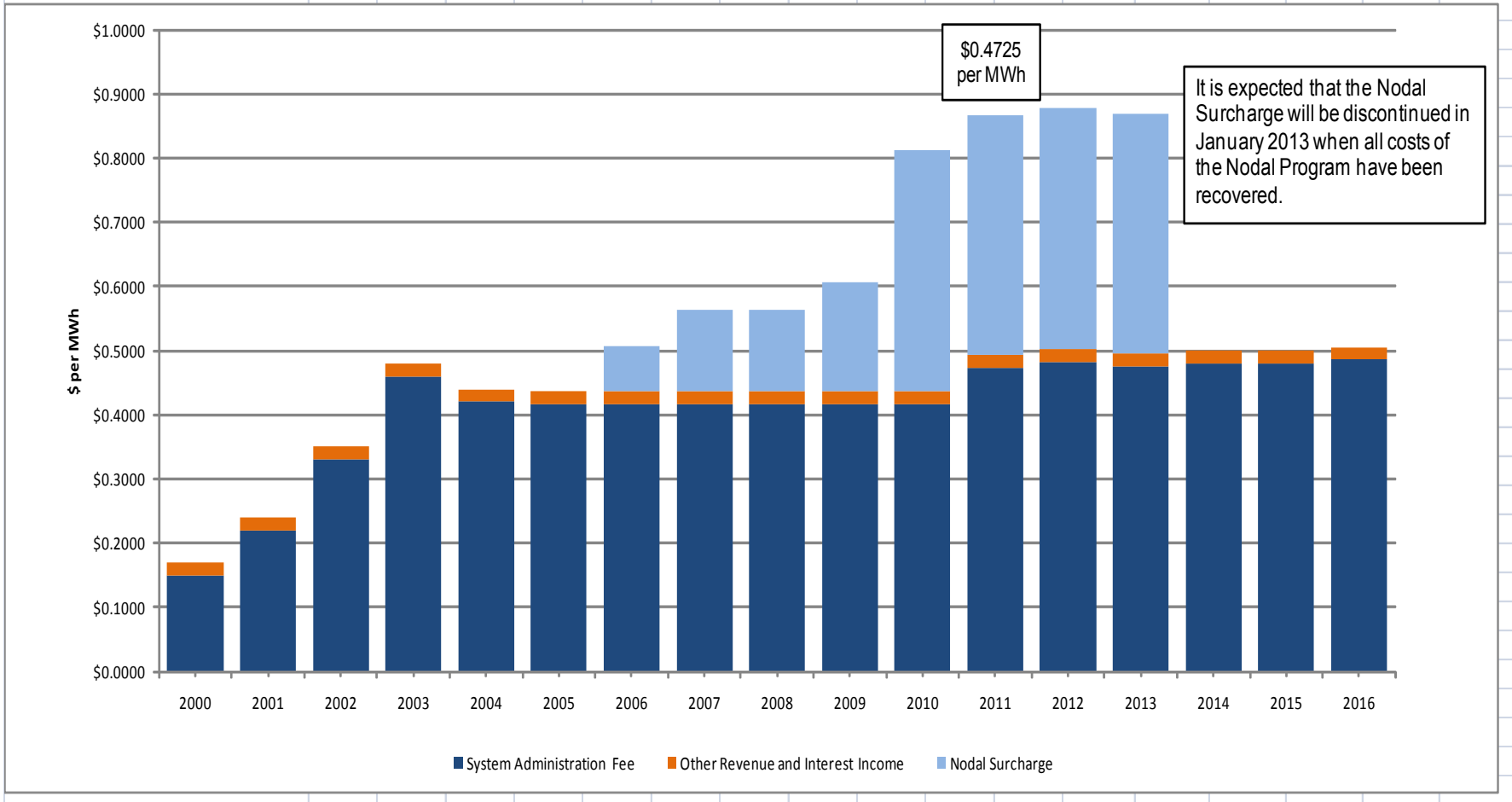
Scenario1. With Use of Board Discretionary Funds - page B



10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Fee Profile Summary (2000-2016)

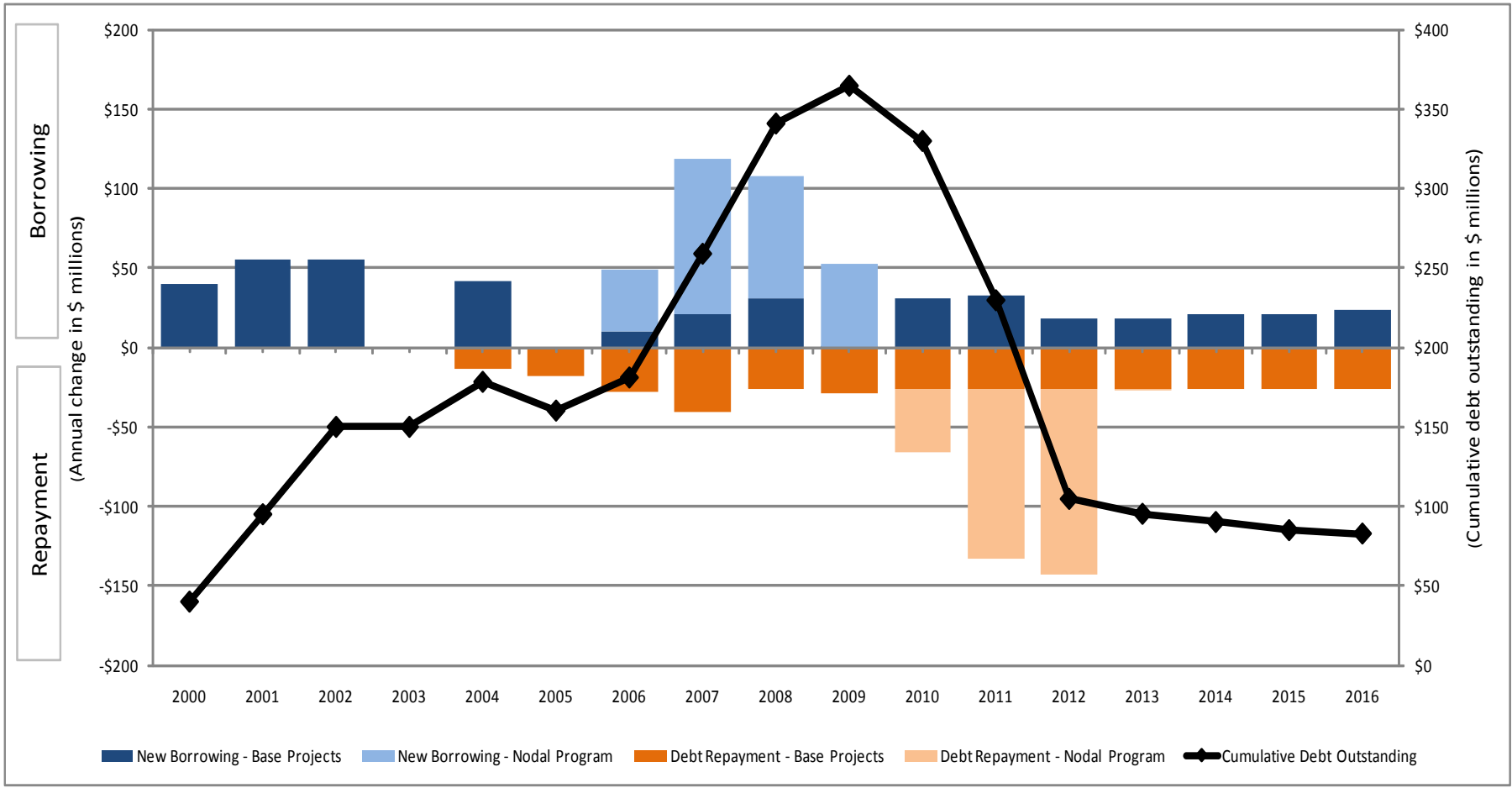
Scenario 2. Without Use of Board Discretionary Funds - page A



10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Debt Profile Summary (2000-2016)

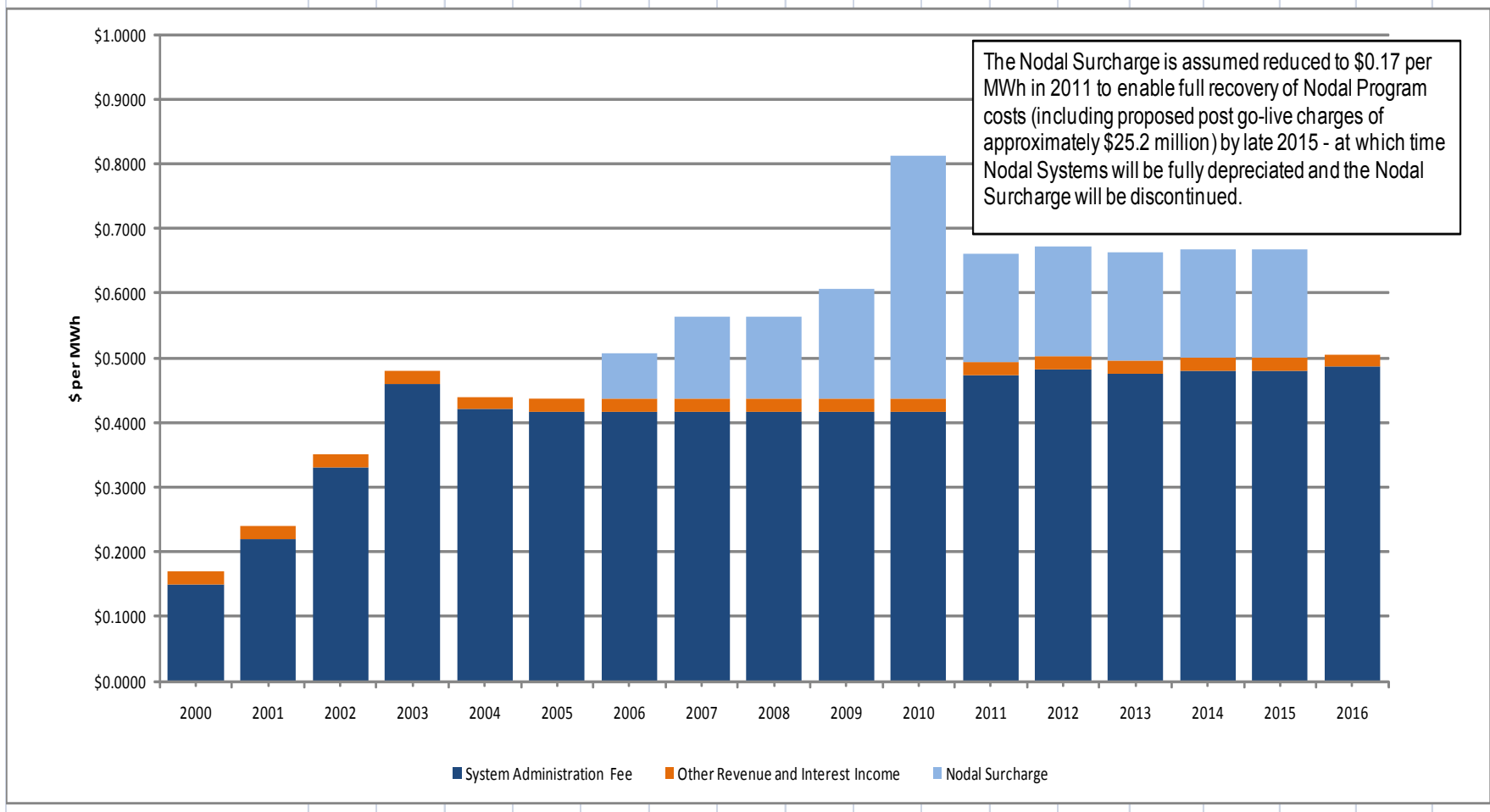
Scenario 2. Without Use of Board Discretionary Funds - page B



10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Fee Profile Summary (2000-2016)

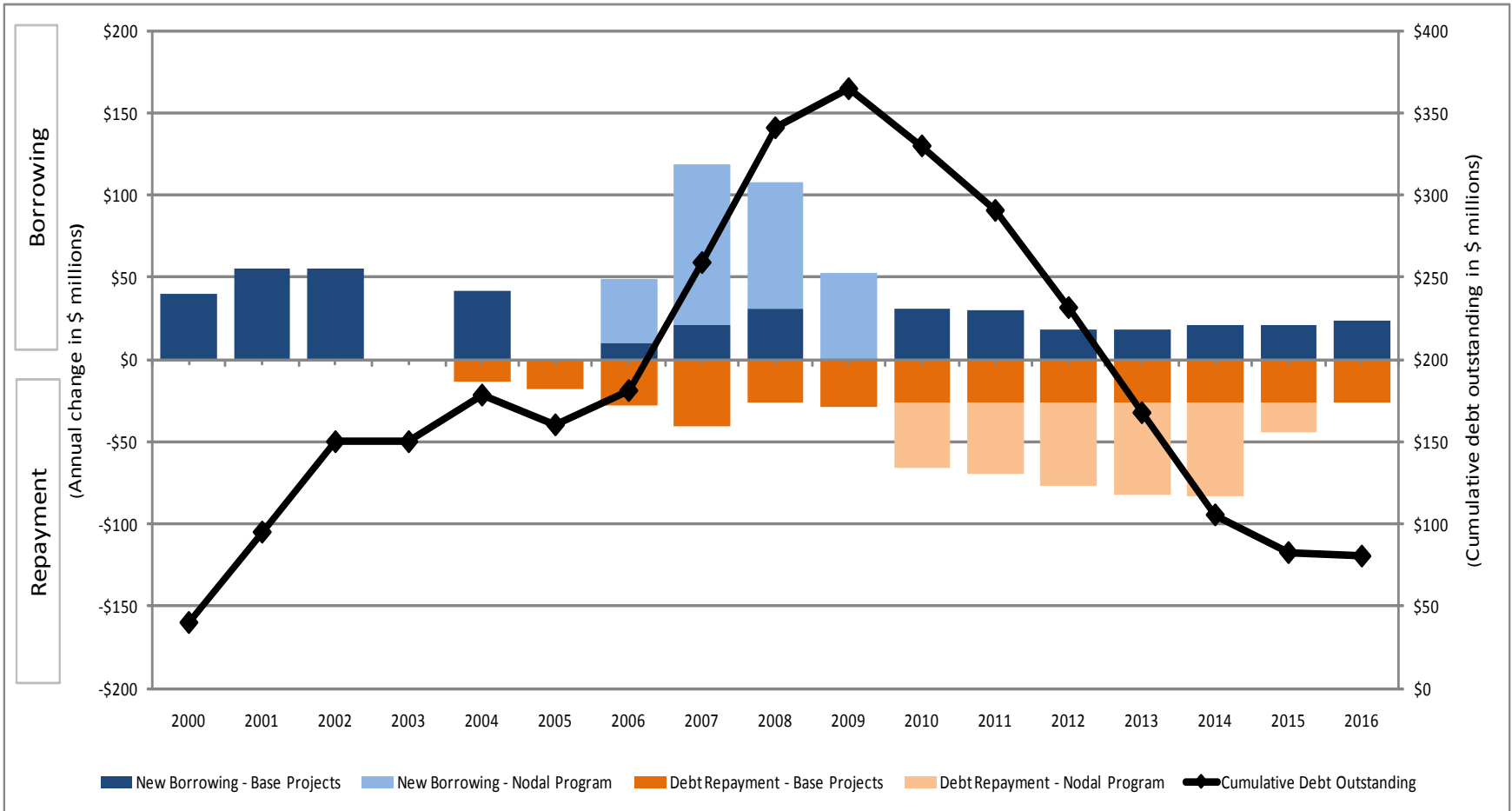
Scenario 3. Reduce and Extend Nodal Surcharge - page A



10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Debt Profile Summary (2000-2016)

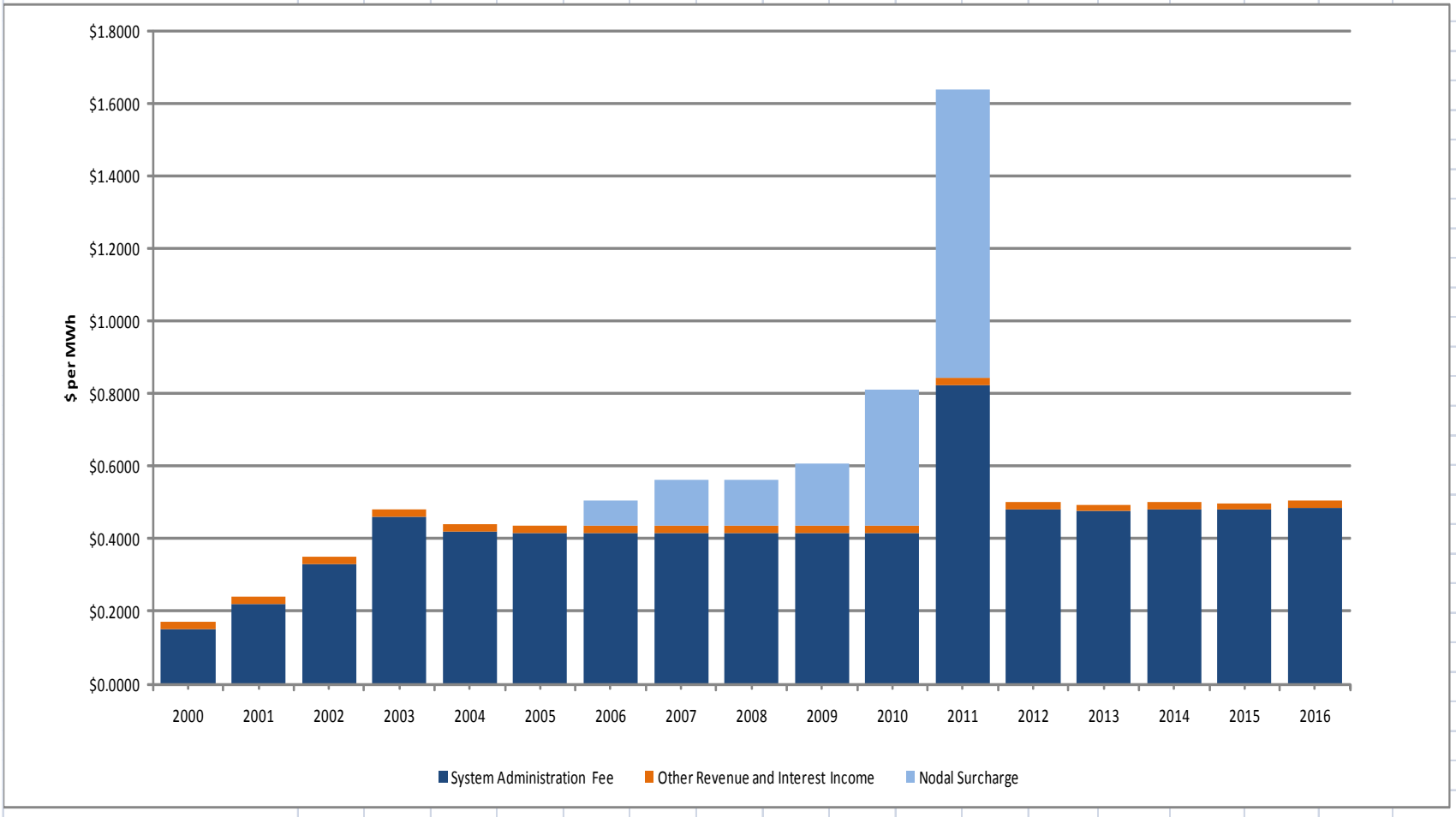
Scenario 3. Reduce and Extend Nodal Surcharge - page B



10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Fee Profile Summary (2000-2016)

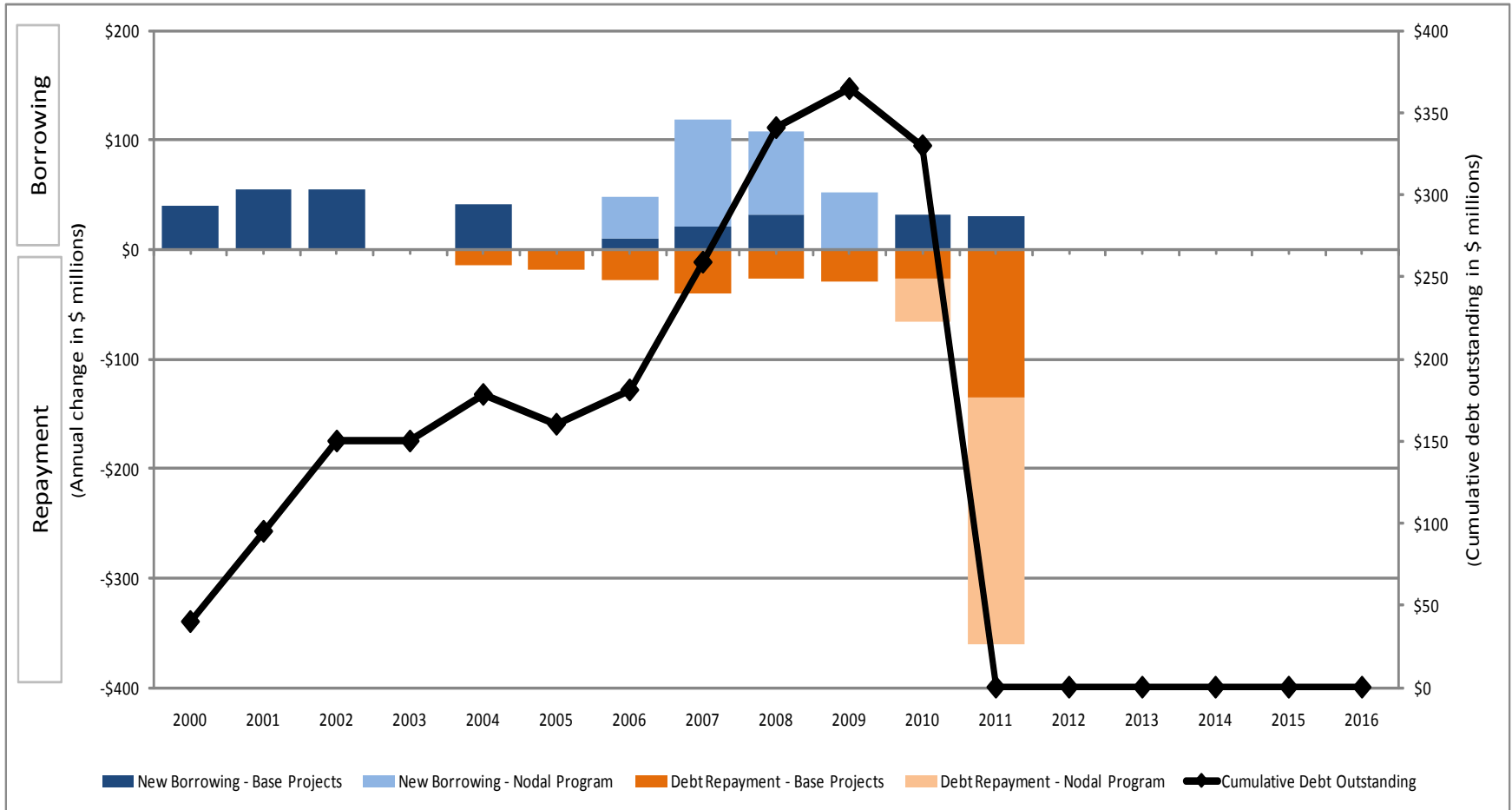
Scenario 4. Eliminate debt in 2011 - page A



10. Recommend 2011 Base Operating Budget and Project Priority List (PPL)

ERCOT
2011 Preliminary Budget
Debt Profile Summary (2000-2016)

Scenario 4. Eliminate debt in 2011 - page B



11. ERCOT Credit Status – Overview

Cheryl Yager

- **DAM Credit**
 - NPRR 286 - Non-business day <Vote>
 - 95th percentile concern <Vote>
 - Update on issue around “uth” percentile
- **Soft start – Credit**
- **Other Binding Documents**

11. ERCOT Credit Status: DAM Credit – NRR 286 – Non-Business Day

- NRR 286 provides a manual solution that resolves a problem identified during market trials with how the DAM engine handles non-business day activity
 - Specifically, ERCOT will provide Available Credit Limits daily (including non-business days)

In addition, a revision to the NRR reduces the percentile of RT-DA spread used to collateralize Energy Only Offers from the 95th to the 90th percentile

- See next slide for more detail
- ERCOT considers NRR 286 as needed for Go Live

<F&A vote to recommend approval to the Board>

11. ERCOT Credit Status: DAM Credit – 95th Percentile Concern

Cheryl Yager

- ERCOT staff identified a concern around Nodal Protocol Section 4.4, Inputs into DAM and Other Trades. Specifically, ERCOT was concerned that a) it did not have authority to make changes to DAM credit parameters and b) that the following parameters are currently set very tight:
 - the 95th percentile of the Real Time-Day Ahead (RT-DA) spread used in valuing Energy Only Offers (value is set in Nodal Protocol Section 4.4.10); and
 - the “uth” percentile (currently set at the 95th percentile) used to value Point to Point (PTP) Obligation Bids (value is set in the Day Ahead Market (DAM) Collateral Parameter Process document).
- In the event these values are set high (due to unusually high prices, etc) the collateral required for these elements would be high for 30 days.
- After reviewing the concern and possible solutions, WMS voted to use the 90th percentile for PTP Obligation Bids and the Real Time-Day Ahead spread and provide ERCOT with authorization to make changes, if needed.

11. ERCOT Credit Status: DAM Credit – 95th Percentile Concern

Cheryl Yager

- To effect these changes, TAC approved the following:
 - Nodal Protocols - Comments were filed for NPRR286, DAM Credit – Non-Business Day Processing, to reduce the percentile (from the 95th to the 90th) of the Real Time-Day Ahead spread used in valuing Energy Only Offers
 - DAM Collateral Parameters Process document
 - Reduce the “uth” percentile (from the 95th to the 90th) used in valuing PTP Obligation Bids;
 - Provide that ERCOT can change the “uth” percentile, as needed; and
 - Provide that ERCOT can change “e3”, as needed, to moderate the impact on the Real Time-Day Ahead spread
 - “e3” was used to provide flexibility as ERCOT had not confirmed whether the percentile used for the Real Time-Day Ahead spread was a parameter that could be changed readily.
- *ERCOT believes these changes will continue to provide a high level of protection while reducing the risk that outlier prices will set this credit constraint for an extended period (30 days) and considers these changes necessary for “Go Live”*

<F&A vote to recommend approval to the Board>

11. ERCOT Credit Status: DAM Credit

Cheryl Yager

- **DAM Credit Constraint – update**

- A concern was identified on October 5th with respect to implementation of Section 4.4.10 (d) with respect to how credit limits are consumed for Point to Point (PTP) obligation bids in the DAM
 - the “u” factor was not considering the quantity involved
 - the “u” factor times quantity was not considered for negative bids

Resolution: ERCOT migrated a fix for this issue to production on November 5, 2010

11. ERCOT Credit Status: Soft Start

Cheryl Yager

- **CRR Auction**
 - With CMM in cutover, credit for the CRR Auction has been handled “off line” – similar to how it was done in the TCR Auctions
- **CMM soft start – Key Dates**
 - November 15th – Initial CMM reports generated and published
 - November 16th – First DAM run with credit constraints
 - November 18th – Zonal credit requirement from CMM system
- **CMM soft start - General**
 - Total Potential Exposure (TPE) will use a) Zonal data and b) binding Nodal data.
 - No non-binding Nodal data (e.g. practice DAM runs) will be included in the soft start TPE calculations. Collateral included will be actual collateral held.
 - CPs participating in the DAM during the soft start will operate within a “real” ACL
 - At this point in the process, CPs should be working within real credit constraints preparatory to Go Live
 - Since the data used in the soft start TPE calculations is binding, ERCOT will use CMM exposures published beginning November 18th as the basis for binding Zonal collateral requirements as well as Nodal “soft start”

11. ERCOT Credit Status: Other Binding Documents

Cheryl Yager

Approval of Addition of Revision Process to Creditworthiness Standards Document

- Paragraph (4) of Nodal Protocol Section 1.1, Summary of the ERCOT Protocols Document, requires Other Binding Documents that do not contain a revision process to follow the procedures in Section 21, Process for Nodal Protocol Revision.
- Per Section 16.11.2 of the Nodal Protocols, the ERCOT Creditworthiness Standards is “adopted by the ERCOT Board and published on the Market Information System (MIS) Public Area”
- ERCOT proposes adding the revision language within the Creditworthiness Standards to maintain the current revision process (described above).

<F&A vote to recommend approval to the Board>

11. CWG Update – DRAFT

Tamila Nikazm

- **Met on October 22**
 - Received a briefing on F&A and BOD meeting
 - Received a briefing from ERCOT on
 - The need for Counter-Parties to secure liquidity for Nodal
 - TCR Auction process for December auction
 - CRR Auction process for December auction
 - Refund of TCR collateral (which cannot be utilized in Nodal)
 - CMM Soft start process
 - Timeline
 - Method for calculating initial exposures

- **Will meet on November 12, 2010 to**
 - Receive an update on the “uth” percentile fix
 - According to ERCOT, the “uth” percentile fix went into production on Nov 5th.
 - Receive a status on Nodal cutover and confirm “soft start” timeline
 - Discuss any issues CPs may be having
 - Begin discussion of change to Standard Guarantee Form to accommodate merger scenario raised by Morgan Stanley

12. Review and Recommend Investment and Financial Corporate Standards (Vote) – Cheryl Yager

Standards attached as separate documents.

<Vote>

ERCOT CORPORATE STANDARD

Document Name:	Investment Corporate Standard
Document ID:	CS3.2
Effective Date:	November 17, 2009 <u>Upon Approval by the Board of Directors</u>
Owner:	<u>ERCOT</u> Board of Directors <u>and</u> , <u>Finance & Audit</u> Committee
Governs:	ERCOT Personnel
Approved:	ERCOT, Inc. Board of Directors

1. PURPOSE

The purpose of the ERCOT Investment Corporate Standard is to document the guidelines and related activities approved by the ERCOT Board of Directors for the investment and management of funds held by ERCOT, whether those funds arise from ERCOT operations or are held by ERCOT on behalf of the ERCOT market. All references to “ERCOT” in this Investment Corporate Standard shall be to Electric Reliability Council of Texas, Inc., unless ERCOT is used in conjunction with “market”, in which case the reference shall be to the market which ERCOT manages.

It is ERCOT’s policy to invest its funds in a manner that provides adequate security; meets daily cash flow demands; conforms to applicable laws, bylaws, board resolutions and debt covenants; and affords reasonable investment returns.

The corporate standard applies to activity involving ERCOT funds, except for the Electric Reliability Council of Texas, Inc. 401(k) Savings Plan, which is managed separately.

ERCOT funds specifically include proceeds held by ERCOT from:

- 1) ERCOT, ~~Inc.~~ from the ERCOT System Administration Fee and Nodal Surcharge, North American Electric Reliability Corporation (NERC) funding under a Delegation Agreement, and other fees collected from time to time,
- 2) ERCOT, ~~Inc.~~ from debt issues and other miscellaneous cash received,
- 3) the ERCOT market for transmission congestion rights (TCR) auctions or congestion revenue rights (CRR) auctions,
- 4) the ERCOT market for market settlement operations,
- 5) the ERCOT market for security deposits, and
- 6) other miscellaneous cash received from the ERCOT market.

2. STANDARDS

Standard of Care. ERCOT investments will be made with judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence would

exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of principal as well as the probable income to be derived.

The standard of prudence to be used by the Designated Investment Officers (defined below) shall be the “prudent person” and/or “prudent investor” standard and shall be applied in the context of managing an overall portfolio. The Designated Investment Officers of ERCOT, acting in accordance with this standard and any other written procedures pertaining to the administration and management of ERCOT’s portfolio and who exercise the proper due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes.

Investment Objectives. The primary objectives, in priority order, of ERCOT’s investment activities shall be:

- 1) Safety – Safety of principal is the foremost objective of the investment program. Investment of ERCOT funds will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, ERCOT will diversify its investments by investing funds among a variety of securities offering independent returns and a variety of independent financial institutions.
- 2) Liquidity – ERCOT’s investment portfolio will remain sufficiently liquid to enable ERCOT to meet all operating requirements which might be reasonably anticipated.
- 3) Return on investment – ERCOT’s investment portfolio will be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, in line with ERCOT’s investment risk constraints and the cash flow characteristics of the portfolio.

Delegation of Authority. Responsibility for the investment program is hereby delegated to the Designated Investment Officers. The [Chief Executive Officer](#), Chief Financial Officer [\(or the Controller, in the absence of a Chief Financial Officer\)](#), and the Treasurer of ERCOT are the Designated Investment Officers of ERCOT and are authorized to enter into and are responsible for all investment transactions undertaken. They will establish a system of controls over the investment program.

The Designated Investment Officers will establish written investment procedures for the operation of the investment program consistent with this corporate standard. No person may engage in an investment transaction except as provided under the terms of this corporate standard and the procedures established by the Designated Investment Officers.

Any two of the following individuals, with at least one being a Designated Investment Officer shall have authority to open and close investment and / or depository accounts with Qualified Institutions (as defined below): Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel, Controller and Treasurer.

Qualified Institutions or Money Market Funds. A Designated Investment Officer will select banks and other financial institutions that are approved for investment and / or depository

purposes (“Qualified Institutions”). Only firms meeting the requirements of the attached Appendix A will be eligible to serve as Qualified Institutions or Money Market Funds.

If an ERCOT Board member or member of his or her immediate family is an officer or director, is employed by, or owns or has a beneficial interest in more than 10 percent of the stock in a bank or other financial institution that would otherwise be a Qualified Institution, such Board member shall provide full disclosure of such stock holdings or relationship to the ERCOT General Counsel in documented form- to be filed with permanent corporate records of ERCOT. Any institutions so disclosed will be excluded from consideration as a Qualified Institution without 1) full disclosure to the Board of Directors of the relationship and 2) approval of the Board to establish the relationship.

Authorized Instruments. ERCOT shall invest only in those types of instruments authorized under this corporate standard and listed in Appendix C and subject to restrictions included in Appendix C.

Safekeeping of Investments. Security transactions, including collateral for repurchase agreements, will be conducted on a “delivery-versus-payment” (DVP) basis. Securities, other than shares in money market mutual funds, will be held for safekeeping, in the name of ERCOT, by a custodian (an independent state or federally-chartered bank) designated by a Designated Investment Officer ~~the Treasurer~~ and evidenced by safekeeping receipts. Institutions that offer money market mutual funds are responsible for safeguarding their underlying securities.

Internal Reviews. *Credit* - To manage credit risk arising from investments, at least monthly ERCOT will review underlying securities held as investments, including investments held through money market funds. Any credit related concerns not satisfactorily resolved with fund managers will result in movement of the investment to an alternative fund. ERCOT staff will not duplicate credit analysis performed by fund managers and are not expected to provide assurance that all holdings are creditworthy.

Internal Control. The Designated Investment Officers ~~Treasurer~~ shall ensure that the internal controls over investments are reviewed 1) periodically by ERCOT’s internal auditor, and 2) annually in conjunction with the fiscal audit by the external auditor. This review will test compliance with ERCOT’s policies and procedures.

Reporting. A Designated Investment Officer will provide quarterly investment reports to the ERCOT’s Board of Directors and Finance and Audit Committee which provide a clear picture of the status of the current investment portfolio.

Schedules in the quarterly report will, at a minimum, include the following:

- 1) A listing of individual securities held at the end of the reporting period by authorized investment category. If the investment category is money market, a list of securities held within each money market fund will be provided;
- 2) Average life and final maturity of all investments listed;
- 3) Coupon, discount or earnings rate;
- 4) Par value, amortized book value and market value;
- 5) Percentage of the portfolio represented by each investment category;

- 5) For money market mutual funds, a concentration risk report of underlying investments in the funds; and
- 6) Statement of compliance with the Investment Corporate Standard.

Investment Losses. Investment losses incurred on funds held by ERCOT on behalf of Market Participants for collateral are attributable to Market Participants and are not borne by ERCOT.

ERCOT shall not have any fiduciary relationship with Market Participants and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Corporate Standard. Investment losses attributable to Market Participants shall be addressed in the ERCOT Protocols or by direction from ERCOT Board of Directors.

Investment Corporate Standard Adoption. ERCOT's Investment Corporate Standard will be adopted by resolution of ERCOT's Board of Directors. The Corporate Standard will be reviewed annually by the Finance & Audit Committee and any modifications made thereto must be approved by the Board of Directors.

APPENDIX A

Requirements of Qualified Institutions or Money Market Funds

Only entities meeting the following requirements will be eligible to serve as Qualified Institutions:

General Requirements

- 1) The entity has a senior debt rating which is at least the equivalent of A- by Standard & Poor's or A3 by Moody's Investor Service,
- 2) Has provided a current audited financial statement which is on file at ERCOT,
- 3) Has capital of not less than \$100 million, and
- 4) Has assets of not less than \$1 billion.

Additional Requirements for Depositories

- 1) The entity is a federal- or state-chartered bank, and
- 2) Deposits up to \$250,000 are insured by federal agencies.

Additional Requirements for Security Dealers

- 1) The entity is a "primary" or regional dealer that qualifies under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule),
- 2) Is registered as a dealer under the Securities Exchange Act of 1934,
- 3) Is a member in good standing of the National Association of Securities Dealers (NASD),
- 4) The entity has been in business for at least five (5) years,
- 5) A representative of the entity has returned a signed certification (substantially in the form attached as Appendix B) that he/she has read and is familiar with ERCOT's Investment Corporate Standard, and
- 6) The entity has provided such other information as ERCOT requires from time to time.

Only entities meeting the following requirements will be eligible to serve as Qualified Money Market Funds:

- 1) The fund is a money market fund under SEC Rule 2a-7;
- 2) Has provided and commits to provide at least monthly a list of holdings in the fund; [and](#)
- 3) Has assets under management in the fund of at least \$1 billion.

APPENDIX B

**Investment Corporate Standard for
Electric Reliability Council of Texas, Inc.**

Qualified Institution Certification for Security Dealers

Dealer / Investment Firm: _____

I hereby certify that I have received and thoroughly reviewed the ERCOT Investment Corporate Standard, and the firm I represent

- 1) meets all of ERCOT's Requirements for Qualified Institutions; and
- 2) has implemented reasonable procedures and controls in an effort to preclude investment transactions between this firm and ERCOT that are not authorized by the ERCOT Investment Corporate Standard, except to the extent that this authorization is dependent on an analysis of the makeup of ERCOT's entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative

Name

Title

Date

APPENDIX C

Authorized Instruments

<u>Description</u>	<u>Quality Limitation</u>	<u>Maturity Limitation</u> (Note 1)	<u>Limitation per issuer</u>	<u>Category limitation</u>
1. Obligations of or guaranteed by the US government	n/a	5 yrs or less	none	none
2. Repurchase agreements in which the collateral is obligations of or guaranteed by the US government. (Note 3)	Note 2	7 days or less	\$5,000,000	33% of total
3. Money market mutual funds (MMMF) invested only in obligations of or guaranteed by the US government or repurchase agreements in which the collateral is obligations of or guaranteed by the US government	Note 4	Note 4	Note 4	Note 5

Note 1: To the extent possible, ERCOT will attempt to match its investments with anticipated cash flow requirements. Some level of cash may remain uninvested to meet the liquidity needs of ERCOT, ~~Inc.~~ and the ERCOT market or to address unusual situations as they arise.

Note 2: Investments may be made with financial institutions with a corporate or senior debt credit rating of at least A- with S&P or A3 with Moody's. Investments in repurchase agreements must be subject to a Master Repurchase Agreement signed with the bank or dealer (e.g. a PSA Master Repurchase Agreement or equivalent).

Note 3: Collateral is required for all repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value and accrued interest. Collateral may consist only of other instruments approved above. Collateral will always be held by an independent third party with whom ERCOT has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to and retained by ERCOT. The right of collateral substitution is granted.

Note 4: There is no credit rating required given 1) the MMMFs stated objective to preserve capital, 2) the credit quality restrictions placed on MMMFs by the SEC (may hold no more than 5% of middle-rated securities – A2/P2 or equivalent), 3) the SEC restriction that no more than 5% of assets in a MMMF may be invested in any one security (requires diversification) and 4) the restriction that MMMFs can only invest in instruments with maturities of less than 13 months and that the average maturity of all holdings in a MMF cannot extend beyond 90 days. There is no maturity limitation or limitation per issuer for the reasons mentioned above.

Note 5: There is no limit on how much money may be placed with MMMFs in this category because of the requirements on those funds outlined in Note 4 and given the secure investments held by the funds. However, ERCOT must diversify investments held in money market accounts across at least four different fund families to safeguard liquidity. Based on availability of funds meeting the above investment criteria, ERCOT will seek to ensure that no more than 30% of investable funds and no more than \$~~100~~50 million is maintained in any one fund through May 31, 2011, and no more than \$50 million is maintained in any one fund thereafter.

ERCOT CORPORATE STANDARD

Document Name:	Financial Corporate Standard
Document ID:	CS3.1
Effective Date:	November 17, 2009 <u>Upon Approval by Board of Directors</u>
Owner:	Board of Directors, <u>Finance</u> & <u>Audit</u> Committee
Approved:	Board of Directors, <u>Finance</u> & <u>Audit</u> Committee

1.0 PURPOSE

This financial corporate standard is a framework from which ERCOT’s financial integrity will be maintained while serving the long-term interests of the company and the ERCOT market. ERCOT recognizes that maintaining financial integrity is critical to accomplishing its corporate goals and discharging ERCOT’s primary responsibilities.

2.0 DEFINITIONS

TERM	DEFINITION
Budget	The Budget consists of Project Budgets <u>and</u> ; an Operating and Maintenance Budget and a Texas Regional Entity Division of ERCOT (“Texas RE”) Budget as a component.
Project Budgets	Project Budgets consist of proposed expenditures to be made to develop capital assets during ERCOT’s Fiscal Year. Any significant projects not included in the approved project budgets will be presented to ERCOT’s Board of Directors for approval as they arise.
Cash Operating and Maintenance Expenses	Cash Operating and Maintenance Expenses consist of all reasonable and necessary costs (excluding non-cash items such as depreciation and amortization) incurred in the operation and maintenance of ERCOT’s facilities, equipment and systems.
Fiscal Year	ERCOT’s fiscal year is January 1 st through December 31 st .
NERC	North American Electric Reliability Corporation, the entity currently certified as the Electric Reliability Organization by the Federal Energy Regulatory Commission (“FERC”).
Operating and Maintenance Budget	The Operating and Maintenance Budget consists of all reasonable and necessary costs expected to be incurred during ERCOT’s Fiscal Year.
Texas RE Budget	The Texas RE Budget is the budget (which can include both operating and maintenance and project budgets) for the Texas RE which is approved by NERC and FERC and which is used exclusively for the Texas RE’s proposal and enforcement of Reliability Standards (Federal Statutory duties) and for

TERM	DEFINITION
	ERCOT Protocol and Operating Guide compliance investigation activities.
Scheduled Debt Service	Scheduled Debt Service is all interest and mandatory principal payments due on ERCOT’s outstanding indebtedness (both long-term and short-term) for a stated period.
Strategic Financial Plan	The Strategic Financial Plan will provide current financial information and a five-year projection, which addresses all sources of revenues, including any proposed fee adjustments. It will include projections of operating and maintenance expenses, project expenditures, the funding sources of project expenditures, and debt service requirements as well as the resulting capital structure.
TCR	Transmission Congestion Rights
CRR	Congestion Revenue Rights

3.0 FINANCIAL OBJECTIVES

In seeking to fulfill its corporate objectives, ERCOT will maintain a high level of financial stability and will not compromise long-term financial integrity to achieve short-term benefits.

Strategic Financial Plan and Budget. Prior to or in conjunction with the submission of the annual Budget, the Chief Financial Officer or Controller will submit an update to the Strategic Financial Plan.

The Budget will be substantially consistent with the Strategic Financial Plan and will be submitted to the Board with sufficient time for the review and approval of the Board prior to the beginning of the Fiscal Year. ~~The Texas RE Budget component of the Budget may be approved in advance of the full Budget if required to meet deadlines set by regulators.~~

In developing the Strategic Financial Plan and Budget, ERCOT staff will work to ensure that financial ratios required for compliance with debt instruments are maintained.

ERCOT will pursue financial objectives that will allow it to maintain an investment grade debt rating with Standard & Poor’s, Moody’s or Fitch. If a rating below investment grade is received or expected to be received, staff will promptly recommend a plan for Board consideration to recover or maintain the targeted rating within 18 months.

Overall, the Strategic Financial Plan and the related Budget will seek to assure ERCOT’s financial stability. They will be approved by the Board and will guide ERCOT’s financial planning process.

Fees and Charges. ERCOT will assess fees consistent with the ERCOT Protocols and Public Utility Commission of Texas rulings. ~~Established fees will include payment of the portion of the Texas RE Budget for ERCOT Protocol and Operating Guide compliance investigation activities.~~ ERCOT will also collect fees on behalf of the Electric Reliability Organization as approved by

FERC. ~~The Texas RE will also receive funding for its Federal Statutory duties from NERC, pursuant to a Delegation Agreement.~~ Fees, funding, and charges will be requested to recover the Board-approved Operating and Maintenance Budget (excluding depreciation and amortization), Scheduled Debt Service (less any principal payments reasonably expected to be refinanced), and the portions of Project Budgets that are to be financed with revenue. Fee adjustments, if necessary, will generally be developed and proposed in connection with ERCOT's annual Budget.

ERCOT will use all reasonable means to operate within the approved Budget for the current year. When unforeseen events occur (*e.g.*, MWh's are significantly over or under projected levels, functionality is added or removed, etc.) and as a result, ERCOT experiences or expects to experience in the next 12-month period any overspending of the Budget or under collection of revenue, or more than a 5 percent under spending of the Budget or over collection of revenue, staff will promptly recommend a plan for Board consideration, which may include cost reductions or additions, fee increases or decreases, or other means to ensure that approved functions can be maintained, capital expended and expenses paid in the normal course of business.

Sources of Financing. ERCOT may use a combination of equity (revenue funding) and debt to finance current year Project Budgets. In determining the combination of equity and debt to be used, ERCOT will consider the impact of the current year decision on future years, but in no event will ERCOT propose to revenue fund less than 40% of Project Budgets during the project development phase.

Generally, ERCOT will structure debt issues such that the average maturity of the debt does not exceed the average life of the assets financed; however, debt issues may be structured with a longer or shorter average maturity if economically justified.

ERCOT may use variable-rate debt to provide flexibility in its overall financing program and to manage its overall interest rate exposure. However, in no event will ERCOT allow unhedged, variable rate debt to be more than 40 percent of total debt outstanding.

ERCOT will periodically evaluate the interest rate environment and review ways to manage interest rate exposure within that environment.

As appropriate, ERCOT will periodically evaluate mechanisms to restructure or refinance debt. ERCOT will regularly evaluate alternatives to conventional financing to obtain the lowest overall cost of borrowing while still meeting the objectives of this financial corporate standard.

Liquidity. ERCOT will seek to maintain adequate liquidity to meet its business needs. Liquidity is the combination of available 1) operating cash on hand, 2) operating cash equivalents / short term investments and 3) undrawn borrowing capacity under credit facilities.

ERCOT's targeted minimum level of liquidity will factor in: 1) six months of forecasted Scheduled Debt Service, other than principal payments reasonably expected to be refinanced, 2) two months of average Cash Operating and Maintenance Expenses, net of projected administrative fee receipts, 3) two months of budgeted project expenditures, and 4) to the extent TCR or CRR auction revenues have been utilized to fund ERCOT working capital and project

expenditure needs, two months of estimated TCR or CRR repayment obligations expected to be paid, net of projected TCR or CRR auction receipts during the same period.

If at any time ERCOT's liquidity is less than or is expected to be less than the targeted minimum level set forth in this corporate standard, staff will promptly recommend a plan for Board consideration to achieve the liquidity target within six months.

Funds received in conjunction with TCR or CRR auctions may be utilized to fund ERCOT working capital and project expenditure needs so long as liquidity is at or above the target levels and ERCOT's issuer rating remains investment grade. These funds may be utilized in place of borrowing under short term credit facilities to meet liquidity needs.

4.0 RESPONSIBILITIES

It is the responsibility of the Chief Executive Officer, ~~Chief Compliance Officer~~ and Chief Financial Officer to ensure that this eCorporate sstandard is implemented appropriately and to recommend changes in the Corporate sStandard as needed.

5.0 FINANCIAL STANDARD ADOPTION

ERCOT's Financial eCorporate sStandard was adopted by resolution of the Board of Directors. The Corporate sStandard will be reviewed annually by the Finance and Audit Committee and any modifications made thereto must be approved by the Board of Directors.

13. Quarterly Investment Summary

Cheryl Yager

Summary attached as separate document

Electric Reliability Council of Texas, Inc.
Summary of Investment Results
Third Quarter 2010
(in 000's)

Investment Funds	Balance at Sept 30	Average Bal for Qtr	Interest 3rd Qtr	Yield 3rd Qtr Avg	Yield End of 3rd Qtr	% of portfolio at Sept 30	Detailed Fund Holdings
Bank of America Treasury Reserves MMF (Note 1)	21,755	8,767	-	0.00%		13%	Attachment A
BlackRock Institutional T-Fund (60) MMF (Note 1)	13,295	28,722	2	0.03%		8%	Attachment B
BlackRock Institutional Treasury Trust Fund MMF (Note 1)	22,500	500	-	0.00%		14%	Attachment C
Federated Fund 068 Treasury Obligations Fund (Note 1)	6,262	16,322	1	0.02%		4%	Attachment D
Federated Fund 0125 US Treasury Cash Reserves Fund (Note 1)	29,016	20,668	-	0.00%		17%	Attachment E
Invesco Institutional Treasury Portfolio (Note 1)	21,773	29,588	4	0.05%		13%	Attachment F
JP Morgan Chase US Treasury Plus MM Fund (Note 1)	15,831	26,069	2	0.03%		10%	Attachment G
Wells Fargo Institutional Treasury Plus MMF (Note 1)	13,129	31,493	1	0.01%		8%	Attachment H
Wells Fargo 100% Treasury MMF (Note 1)	22,500	500	-	0.00%		14%	Attachment I
Sub-Total	166,061	162,629	10			100%	
Other cash net of outstanding checks (Note 2)	(1,541)						
Total cash and cash equivalents (est)	164,520						

Benchmark data (Note 3)

Four Week T-Bill:	0.14%
Other open relevant Treasury MMFs:	0.01% (Range: 0.00% - 0.02%)

Notes

- Note 1: In compliance with the Investment Corporate Standard, this fund invests solely in Treasury or Treasury-backed securities.
- Note 2: All other cash, net of outstanding checks, held by ERCOT in bank accounts as of September 30, 2010. The balance is negative due to outstanding checks that have not yet been funded.
- Note 3: Benchmark data obtained as of September 30, 2010 for T-Bills and for comparable funds for which quotes are periodically obtained. Funds not currently open for investment are not included in range. Note that due diligence has not been performed on funds included in the benchmark and included funds may not meet ERCOT investment standards.
- Note 4: No individual securities held as of September, 2010.

Statement of Compliance

Upon a review of the investment activity for the 3 month period ended September 30, 2010, I have no knowledge of any ERCOT action that does not comply with that required by the Investment Corporate Standard.

Signature on file
Cheryl Yager, Treasurer

Electric Reliability Council of Texas, Inc.
Summary of Investment Funds - Concentration Report
as of September 30, 2010
in 000's

	<u>Bank of America</u>	<u>BlackRock 60</u>	<u>BlackRock 62</u>	<u>Federated 068</u>	<u>Federated 125</u>	<u>Invesco</u>	<u>JPMorgan</u>	<u>Wells Fargo 793</u>	<u>Wells Fargo 3722</u>	<u>Total Portfolio \$</u>	<u>Total Portfolio %</u>	<u>Total Ercot \$</u>	<u>Total Ercot %</u>
Repo 1-7 days or the right to terminate within 7 days	\$ portfolio	\$ portfolio	\$ portfolio	\$ portfolio	\$ portfolio	\$ portfolio	\$ portfolio	\$ portfolio	\$ portfolio	\$	%	Total Ercot \$	Total Ercot %
Bank of America Sec LLC Repo		100,000					79,117	125,000		304,117	0.31%	428	0.26%
Barclays Capital Inc Repo	717,570	400,000		4,510,522		129,075	2,540,000	1,543,175		9,840,342	10.06%	9,515	5.73%
BMO Capital Markets Corp Repo	1,729,000			400,000		600,000				2,729,000	2.79%	4,720	2.84%
BNP Paribas Secs Corp Repo				3,955,000				1,975,000		5,930,000	6.07%	3,753	2.26%
CIBC World Markets Corp Repo				100,000		100,000				200,000	0.20%	226	0.14%
Citibank				390,000						390,000	0.40%	128	0.08%
Citigroup Global Markets Inc		340,000		65,000						405,000	0.41%	669	0.40%
Credit Agricole Securities Inc				2,900,000						2,900,000	2.97%	948	0.57%
Credit Suisse Secs USA Repo	200,000	21,000		1,815,000			1,500,000	1,750,000		5,286,000	5.41%	4,829	2.91%
Deutsche Bank Securities Repo	500,000	830,000		36,000		150,000	975,000	275,000		2,766,000	2.83%	4,603	2.77%
Fixed Income Clearing Corp	750,000									750,000	0.77%	1,675	1.01%
Goldman Sachs + Co Repo	193,000							100,000		293,000	0.30%	555	0.33%
HSBC USA Inc Repo	500,000	277,108				250,000		500,000		1,527,108	1.56%	2,752	1.66%
JP Morgan Securities Repo	450,000	257,000		279,395		250,000		1,000,000		2,236,395	2.29%	3,316	2.00%
Morgan Stanley + Co Repo	243,000	799,518						650,000		1,692,518	1.73%	2,872	1.73%
RBC Capital Markets Corp Repo	500,000									500,000	0.51%	1,116	0.67%
RBS Securities Inc Repo	400,000	1,086,000		1,329,587		400,000	1,000,000	1,875,000		6,090,587	6.23%	7,556	4.55%
Salomon Smith Barney Citigroup	366,000									366,000	0.37%	816	0.49%
Societe Generale Repo	730,000						500,000			1,230,000	1.26%	2,601	1.57%
State Street Bank + Tr Repo										-	0.00%	-	0.00%
TD Securities				950,000						950,000	0.97%	311	0.19%
UBS Securities LLC Repo	293,000	105,917		96,000			1,500,000	200,000		2,194,917	2.24%	2,708	1.63%
Wells Fargo Secs Repo						250,000				250,000	0.26%	486	0.29%
SubTotal	7,571,570	4,216,543	-	16,826,504	-	2,629,075	7,594,117	9,993,175	-	48,830,984	49.94%	56,583	34.07%
Term Repo 8-30 days													
Barclays Capital Inc Repo										-	0.00%	-	0.00%
BNP Paribas Secs Corp Repo						850,000				850,000	0.87%	1,655	1.00%
Credit Suisse Securities LLC Repo						500,000				500,000	0.51%	973	0.59%
Deutsche Bank Securities Inc Repo						250,000				250,000	0.26%	486	0.29%
JP Morgan Secs Inc Repo										-	0.00%	-	0.00%
RBC Capital Markets Repo						500,000				500,000	0.51%	971	0.58%
RBS Securities Inc Repo										-	0.00%	-	0.00%
SubTotal		-	-			2,100,000				2,100,000	2.15%	4,085	2.46%
US Treasury Bill	2,181,400	2,348,724	3,204,779		9,671,130	6,015,000	6,495,000	300,000	8,922,095	39,138,128	40.03%	93,780	56.47%
US Treasury Note		419,000		2,325,570	4,264,185	445,000		250,000		7,703,755	7.88%	11,613	6.99%
SubTotal	2,181,400	2,767,724	3,204,779	2,325,570	13,935,315	6,460,000	6,495,000	550,000	8,922,095	46,841,882	47.91%	105,393	63.47%
Grand Total	9,752,970	6,984,267	3,204,779	19,152,074	13,935,315	11,189,075	14,089,117	10,543,175	8,922,095	97,772,867	100.00%	166,061	100.00%
Balance held by ERCOT as of 9/30/10	21,755	13,295	22,500	6,262	29,016	21,773	15,831	13,129	22,500	166,061			

BofA™ Global Capital Management

PORTFOLIO HOLDINGS 10/1/2010 (Unaudited)

BofA Treasury Reserves

Holdings are disclosed as of the close of trading on October 1, 2010. The fund also publishes its portfolio of investments at each fiscal quarter end in its annual and semiannual reports and on Form N-Q. To view a copy of a fund's Form N-Q you can visit the Securities and Exchange Commission's website at www.sec.gov.

Security Name	Rate %	Maturity	PAR	% of Portfolio
Repurchase agreement with Barclays Capital, dated 10/01/10, due 10/04/10 at 0.250%,	0.250	10/04/10	717,570,000	7.36
Repurchase agreement with BNP Paribas, dated 10/01/10, due 10/04/10 at 0.220%,	0.220	10/04/10	100,000,000	1.03
Repurchase agreement with BNP Paribas, dated 10/01/10, due 10/04/10 at 0.240%,	0.240	10/04/10	1,136,000,000	11.65
Repurchase agreement with BNP Paribas, dated 10/01/10, due 10/04/10 at 0.250%,	0.250	10/04/10	493,000,000	5.05
Repurchase agreement with Credit Suisse First Boston, dated 10/01/10, due 10/04/10 at 0.250%,	0.250	10/04/10	200,000,000	2.05
Repurchase agreement with Deutsche Bank, dated 10/01/10, due 10/04/10 at 0.240%,	0.240	10/04/10	200,000,000	2.05
Repurchase agreement with Deutsche Bank, dated 10/01/10, due 12/01/10 at 0.220%,	0.220	12/01/10	300,000,000	3.08
Repurchase agreement with Fixed Income Clearing Corp., dated 10/01/10, due 10/04/10 at 0.120%,	0.120	10/04/10	100,000,000	1.03
Repurchase agreement with Fixed Income Clearing Corp., dated 10/01/10, due 10/04/10 at 0.140%,	0.140	10/04/10	100,000,000	1.03
Repurchase agreement with Fixed Income Clearing Corp., dated 10/01/10, due 10/04/10 at 0.210%,	0.210	10/04/10	550,000,000	5.64
Repurchase agreement with Goldman Sachs & Co., dated 10/01/10, due 10/04/10 at 0.250%,	0.250	10/04/10	193,000,000	1.98
Repurchase agreement with HSBC Bank USA, dated 10/01/10, due 10/04/10 at 0.230%,	0.230	10/04/10	500,000,000	5.13
Repurchase agreement with JPMorgan Chase, dated 10/01/10, due 10/04/10 at 0.230%,	0.230	10/04/10	300,000,000	3.08
Repurchase agreement with JPMorgan Chase, dated 10/01/10, due 10/04/10 at 0.240%,	0.240	10/04/10	150,000,000	1.54
Repurchase agreement with Morgan Stanley, dated 10/01/10, due 10/04/10 at 0.250%,	0.250	10/04/10	243,000,000	2.49
Repurchase agreement with Royal Bank of Canada, dated 10/01/10, due 10/04/10 at 0.230%,	0.230	10/04/10	500,000,000	5.13
Repurchase agreement with Royal Bank of Scotland, dated 10/01/10, due 10/04/10 at 0.240%,	0.240	10/04/10	400,000,000	4.10
Repurchase agreement with Salomon Smith Barney Citigroup, dated 10/01/10, due 10/04/10 at 0.250%,	0.250	10/04/10	366,000,000	3.75
Repurchase agreement with Societe Generale, dated 10/01/10, due 10/04/10 at 0.240%,	0.240	10/04/10	730,000,000	7.48
Repurchase agreement with UBS Warburg AG, dated 10/01/10, due 10/04/10 at 0.230%,	0.230	10/04/10	100,000,000	1.03
Repurchase agreement with UBS Warburg AG, dated 10/01/10, due 10/04/10 at 0.250%,	0.250	10/04/10	193,000,000	1.98
U.S. Treasury Bill	0.190	03/17/11	195,000,000	2.00
U.S. Treasury Bill	0.200	03/24/11	152,000,000	1.56
U.S. Treasury Bill	0.210	01/06/11	285,000,000	2.92
U.S. Treasury Bill	0.220	12/30/10	96,000,000	0.98
U.S. Treasury Bill	0.265	10/07/10	150,400,000	1.54
U.S. Treasury Bill	0.875	12/31/10	191,000,000	1.96
U.S. Treasury Bill	0.875	01/31/11	15,000,000	0.15
U.S. Treasury Bill	0.875	02/28/11	596,000,000	6.11
U.S. Treasury Bill	0.875	04/30/11	238,000,000	2.44
U.S. Treasury Bill	1.250	11/30/10	115,000,000	1.18
U.S. Treasury Bill	4.500	02/28/11	148,000,000	1.52

NOT FDIC INSURED	May Lose Value
NOT BANK ISSUED	No Bank Guarantee

Advisory services provided by BofA Advisors, LLC, Securities offered through BofA Distributors, Inc., nonbank subsidiaries of

BLACKROCK

UNAUDITED Schedule of Investments T-Fund

30-Sep-10

<u>Position Description</u>	<u>CUSIP</u>	<u>Par</u>	<u>% Par</u>	<u>Maturity or Reset</u>	<u>Final Maturity</u>	<u>Yield or Coupon</u>	<u>Amortized Cost</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>
WAM 52 Days / WAL 52 Days									
Treasury Debt		2,767,724,000	39.63%				2,767,322,156		
TREASURY BILL	912795W31	100,000,000	1.43%	14-Oct-10	14-Oct-10	0.24%	99,991,333	Govt	Govt
TREASURY BILL	912795UH2	74,722,000	1.07%	21-Oct-10	21-Oct-10	0.38%	74,706,433	Govt	Govt
TREASURY BILL	912795W49	60,000,000	0.86%	28-Oct-10	28-Oct-10	0.23%	59,989,650	Govt	Govt
TREASURY BILL	912795W49	35,000,000	0.50%	28-Oct-10	28-Oct-10	0.24%	34,993,700	Govt	Govt
TREASURY BILL	912795W56	70,000,000	1.00%	4-Nov-10	4-Nov-10	0.25%	69,983,803	Govt	Govt
TREASURY BILL	912795UJ8	80,000,000	1.15%	18-Nov-10	18-Nov-10	0.32%	79,966,400	Govt	Govt
TREASURY BILL	912795W80	70,000,000	1.00%	26-Nov-10	26-Nov-10	0.23%	69,975,500	Govt	Govt
TREASURY BILL	912795W98	70,000,000	1.00%	2-Dec-10	2-Dec-10	0.22%	69,973,478	Govt	Govt
TREASURY BILL	912795X30	48,530,000	0.69%	9-Dec-10	9-Dec-10	0.21%	48,510,932	Govt	Govt
TREASURY BILL	912795X30	21,430,000	0.31%	9-Dec-10	9-Dec-10	0.21%	21,421,374	Govt	Govt
TREASURY BILL	912795UK5	120,000,000	1.72%	16-Dec-10	16-Dec-10	0.42%	119,896,133	Govt	Govt
TREASURY BILL	912795X71	59,200,000	0.85%	6-Jan-11	6-Jan-11	0.21%	59,167,300	Govt	Govt
TREASURY BILL	912795X71	40,800,000	0.58%	6-Jan-11	6-Jan-11	0.21%	40,776,914	Govt	Govt
TREASURY BILL	912795UX7	100,000,000	1.43%	13-Jan-11	13-Jan-11	0.20%	99,942,222	Govt	Govt
TREASURY BILL	912795X89	150,000,000	2.15%	20-Jan-11	20-Jan-11	0.20%	149,909,812	Govt	Govt
TREASURY BILL	912795X97	59,000,000	0.84%	27-Jan-11	27-Jan-11	0.20%	58,961,322	Govt	Govt
TREASURY BILL	912795X97	100,042,000	1.43%	27-Jan-11	27-Jan-11	0.20%	99,976,417	Govt	Govt
TREASURY BILL	912795Y21	111,000,000	1.59%	3-Feb-11	3-Feb-11	0.19%	110,928,698	Govt	Govt
TREASURY BILL	912795Y21	150,000,000	2.15%	3-Feb-11	3-Feb-11	0.20%	149,898,437	Govt	Govt
TREASURY BILL	9127952B6	58,800,000	0.84%	17-Feb-11	17-Feb-11	0.19%	58,757,999	Govt	Govt
TREASURY BILL	9127952B6	61,200,000	0.88%	17-Feb-11	17-Feb-11	0.19%	61,155,103	Govt	Govt
TREASURY BILL	9127952C4	125,000,000	1.79%	24-Feb-11	24-Feb-11	0.19%	124,906,215	Govt	Govt
TREASURY BILL	9127952D2	100,000,000	1.43%	3-Mar-11	3-Mar-11	0.19%	99,918,400	Govt	Govt
TREASURY BILL	9127952G5	100,000,000	1.43%	17-Mar-11	17-Mar-11	0.19%	99,911,861	Govt	Govt
TREASURY BILL	9127952H3	53,167,500	0.76%	24-Mar-11	24-Mar-11	0.20%	53,117,390	Govt	Govt
TREASURY BILL	9127952H3	46,832,500	0.67%	24-Mar-11	24-Mar-11	0.20%	46,788,360	Govt	Govt
TREASURY BILL	9127952J9	100,000,000	1.43%	31-Mar-11	31-Mar-11	0.19%	99,904,472	Govt	Govt
TREASURY BILL	912795VD0	114,000,000	1.63%	7-Apr-11	7-Apr-11	0.49%	113,711,263	Govt	Govt
TREASURY BILL	9127952F7	70,000,000	1.00%	22-Sep-11	22-Sep-11	0.27%	69,816,561	Govt	Govt
TREASURY NOTE	912828JY7	80,000,000	1.15%	31-Jan-11	31-Jan-11	0.18%	80,184,573	Govt	Govt
TREASURY NOTE	912828KE9	100,000,000	1.43%	28-Feb-11	28-Feb-11	0.22%	100,272,753	Govt	Govt
TREASURY NOTE	912828KE9	50,000,000	0.72%	28-Feb-11	28-Feb-11	0.22%	50,135,276	Govt	Govt
TREASURY NOTE	912828KE9	75,000,000	1.07%	28-Feb-11	28-Feb-11	0.22%	75,202,914	Govt	Govt
TREASURY NOTE	912828KE9	44,000,000	0.63%	28-Feb-11	28-Feb-11	0.22%	44,119,043	Govt	Govt
TREASURY NOTE	912828LV0	20,000,000	0.29%	31-Aug-11	31-Aug-11	0.30%	20,128,604	Govt	Govt
TREASURY NOTE	912828LV0	50,000,000	0.72%	31-Aug-11	31-Aug-11	0.30%	50,321,510	Govt	Govt
Treasury Repurchase Agreement		4,216,543,000	60.37%				4,216,543,000		
TRI-PARTY BANC OF AMERICA SECURITI	BRSAQVWLO	100,000,000	1.43%	1-Oct-10	1-Oct-10	0.23%	100,000,000	P-1	A-1
TRI-PARTY BARCLAYS CAPITAL INC.	BRSAQWA73	75,000,000	1.07%	1-Oct-10	1-Oct-10	0.25%	75,000,000	P-1	A-1
TRI-PARTY BARCLAYS CAPITAL INC.	BRSABULE6	325,000,000	4.65%	4-Oct-10	4-Oct-10 P	0.20%	325,000,000	P-1	A-1
TRI-PARTY CITIGROUP GLOBAL MARKETS	BRSAQWB23	340,000,000	4.87%	1-Oct-10	1-Oct-10	0.24%	340,000,000	P-1	A-1
TRI-PARTY CREDIT SUISSE SECURITIES	BRSAQWB80	21,000,000	0.30%	1-Oct-10	1-Oct-10	0.23%	21,000,000	P-1	A-1
TRI-PARTY DEUTSCHE BANK SECURITIES	BRSAQWAW8	75,000,000	1.07%	1-Oct-10	1-Oct-10	0.23%	75,000,000	P-1	A-1
TRI-PARTY DEUTSCHE BANK SECURITIES	BRSAQWDZ8	475,000,000	6.80%	1-Oct-10	1-Oct-10	0.23%	475,000,000	P-1	A-1
TRI-PARTY DEUTSCHE BANK SECURITIES	BRSAQZCR0	55,000,000	0.79%	1-Oct-10	1-Oct-10	0.23%	55,000,000	P-1	A-1
TRI-PARTY DEUTSCHE BANK SECURITIES	BRSAQZCR0	25,000,000	0.36%	1-Oct-10	1-Oct-10	0.23%	25,000,000	P-1	A-1
TRI-PARTY DEUTSCHE BANK SECURITIES	BRSAK5QB2	200,000,000	2.86%	4-Oct-10	4-Oct-10 P	0.20%	200,000,000	P-1	A-1
TRI-PARTY HSBC SECURITIES (USA) IN	BRSAQWBU1	277,108,000	3.97%	1-Oct-10	1-Oct-10	0.23%	277,108,000	P-1	A-1+
TRI-PARTY J.P. MORGAN SECURITIES L	BRSAQWA57	257,000,000	3.68%	1-Oct-10	1-Oct-10	0.24%	257,000,000	P-1	A-1
TRI-PARTY MORGAN STANLEY & CO INC	BRSAQVWM8	99,518,000	1.42%	1-Oct-10	1-Oct-10	0.20%	99,518,000	P-1	A-1
TRI-PARTY MORGAN STANLEY & CO INC	BRSAGDUA7	370,000,000	5.30%	7-Oct-10	13-Oct-10 P	0.22%	370,000,000	P-1	A-1
TRI-PARTY MORGAN STANLEY & CO INC	BRSAMGS08	330,000,000	4.72%	7-Oct-10	15-Oct-10 P	0.22%	330,000,000	P-1	A-1
TRI-PARTY RBS SECURITIES INC.	BRSAQWAZ1	111,000,000	1.59%	1-Oct-10	1-Oct-10	0.25%	111,000,000	P-1	A-1
TRI-PARTY RBS SECURITIES INC.	BRSAK5SE4	200,000,000	2.86%	7-Oct-10	7-Oct-10 P	0.20%	200,000,000	P-1	A-1
TRI-PARTY RBS SECURITIES INC.	BRSAMGRP4	200,000,000	2.86%	7-Oct-10	14-Oct-10 P	0.20%	200,000,000	P-1	A-1
TRI-PARTY RBS SECURITIES INC.	BRSAC2646	575,000,000	8.23%	7-Oct-10	21-Oct-10 P	0.22%	575,000,000	P-1	A-1
TRI-PARTY UBS SECURITIES LLC	BRSAQWA40	105,917,000	1.52%	1-Oct-10	1-Oct-10	0.23%	105,917,000		

UNAUDITED Schedule of Investments T-Fund

30-Sep-10

<u>Position Description</u>	<u>CUSIP</u>	<u>Par</u>	<u>% Par</u>	<u>Maturity or Reset</u>	<u>Final Maturity</u>	<u>Yield or Coupon</u>	<u>Amortized Cost</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>
Other Receivables Less Payables		-1,802					-1,802		
USD CASH (Committed)	USD_CCASH	-1,802		1-Oct-10	1-Oct-10		-1,802		
TOTAL		6,984,265,198	100%				6,983,863,354		

P = Put

This information is authorized for distribution only when it is accompanied or preceded by a current prospectus for the BlackRock Liquidity Funds, which contains more complete information, including fees and expenses. Please read the prospectus carefully prior to investing or sending money.

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. Statements and other information herein are as dated and subject to change. Portfolio holdings should not be deemed as a recommendation to purchase any of the securities listed above.

WAM (Weighted Average Maturity), is calculated by the final maturity for a security and the interest rate reset date held in the portfolio. This is a way to measure a fund's sensitivity to potential interest rate changes. WAL (Weighted Average Life) is measurement of a fund's sensitivity to a deteriorating credit environment; potential credit spread changes or tightening liquidity conditions. The WAL calculation is based on a securities stated final maturity date or, when relevant, the date of the demand feature when the fund may receive payment of principal and interest.

Prepared by BlackRock Investments, LLC

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UNAUDITED Schedule of Investments Treasury Trust

30-Sep-10

<u>Position Description</u>	<u>CUSIP</u>	<u>Par</u>	<u>% Par</u>	<u>Maturity or Reset</u>	<u>Final Maturity</u>	<u>Yield or Coupon</u>	<u>Amortized Cost</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>
WAM 46 Days / WAL 46 Days									
Treasury Debt		3,204,778,500	101.91%				3,204,277,267		
TREASURY BILL	912795W23	50,000,000	1.59%	7-Oct-10	7-Oct-10	0.08%	49,999,325	Govt	Govt
TREASURY BILL	912795W23	18,521,000	0.59%	7-Oct-10	7-Oct-10	0.11%	18,520,654	Govt	Govt
TREASURY BILL	912795W23	14,224,000	0.45%	7-Oct-10	7-Oct-10	0.14%	14,223,681	Govt	Govt
TREASURY BILL	912795W23	55,800,000	1.77%	7-Oct-10	7-Oct-10	0.14%	55,798,698	Govt	Govt
TREASURY BILL	912795W23	31,400,000	1.00%	7-Oct-10	7-Oct-10	0.14%	31,399,239	Govt	Govt
TREASURY BILL	912795W23	31,400,000	1.00%	7-Oct-10	7-Oct-10	0.14%	31,399,239	Govt	Govt
TREASURY BILL	912795W23	31,400,000	1.00%	7-Oct-10	7-Oct-10	0.14%	31,399,239	Govt	Govt
TREASURY BILL	912795W23	36,060,000	1.15%	7-Oct-10	7-Oct-10	0.16%	36,059,038	Govt	Govt
TREASURY BILL	912795W23	38,940,000	1.24%	7-Oct-10	7-Oct-10	0.17%	38,938,929	Govt	Govt
TREASURY BILL	912795W23	25,000,000	0.79%	7-Oct-10	7-Oct-10	0.27%	24,998,896	Govt	Govt
TREASURY BILL	912795W31	27,600,000	0.88%	14-Oct-10	14-Oct-10	0.10%	27,599,053	Govt	Govt
TREASURY BILL	912795W31	94,206,000	3.00%	14-Oct-10	14-Oct-10	0.16%	94,200,727	Govt	Govt
TREASURY BILL	912795W31	215,000,000	6.84%	14-Oct-10	14-Oct-10	0.16%	214,987,966	Govt	Govt
TREASURY BILL	912795W31	12,500,000	0.40%	14-Oct-10	14-Oct-10	0.16%	12,499,321	Govt	Govt
TREASURY BILL	912795W31	24,750,000	0.79%	14-Oct-10	14-Oct-10	0.16%	24,748,615	Govt	Govt
TREASURY BILL	912795W31	12,500,000	0.40%	14-Oct-10	14-Oct-10	0.16%	12,499,321	Govt	Govt
TREASURY BILL	912795W31	12,500,000	0.40%	14-Oct-10	14-Oct-10	0.16%	12,499,321	Govt	Govt
TREASURY BILL	912795UH2	7,467,000	0.24%	21-Oct-10	21-Oct-10	0.12%	7,466,504	Govt	Govt
TREASURY BILL	912795UH2	7,937,000	0.25%	21-Oct-10	21-Oct-10	0.14%	7,936,405	Govt	Govt
TREASURY BILL	912795UH2	16,576,000	0.53%	21-Oct-10	21-Oct-10	0.14%	16,574,711	Govt	Govt
TREASURY BILL	912795UH2	56,000,000	1.78%	21-Oct-10	21-Oct-10	0.15%	55,995,489	Govt	Govt
TREASURY BILL	912795UH2	175,000,000	5.56%	21-Oct-10	21-Oct-10	0.15%	174,985,903	Govt	Govt
TREASURY BILL	912795UH2	100,000,000	3.18%	21-Oct-10	21-Oct-10	0.16%	99,991,389	Govt	Govt
TREASURY BILL	912795UH2	4,910,500	0.16%	21-Oct-10	21-Oct-10	0.22%	4,909,900	Govt	Govt
TREASURY BILL	912795UH2	13,000,000	0.41%	21-Oct-10	21-Oct-10	0.22%	12,998,411	Govt	Govt
TREASURY BILL	912795W49	31,115,000	0.99%	28-Oct-10	28-Oct-10	0.13%	31,112,083	Govt	Govt
TREASURY BILL	912795W49	104,000,000	3.31%	28-Oct-10	28-Oct-10	0.13%	103,988,101	Govt	Govt
TREASURY BILL	912795W49	104,000,000	3.31%	28-Oct-10	28-Oct-10	0.13%	103,988,101	Govt	Govt
TREASURY BILL	912795W49	158,000,000	5.02%	28-Oct-10	28-Oct-10	0.15%	157,982,225	Govt	Govt
TREASURY BILL	912795W49	14,411,000	0.46%	28-Oct-10	28-Oct-10	0.24%	14,408,406	Govt	Govt
TREASURY BILL	912795W56	93,000,000	2.96%	4-Nov-10	4-Nov-10	0.12%	92,989,899	Govt	Govt
TREASURY BILL	912795W56	82,000,000	2.61%	4-Nov-10	4-Nov-10	0.12%	81,990,707	Govt	Govt
TREASURY BILL	912795W56	64,071,000	2.04%	4-Nov-10	4-Nov-10	0.15%	64,062,196	Govt	Govt
TREASURY BILL	912795W56	150,000,000	4.77%	4-Nov-10	4-Nov-10	0.16%	149,978,042	Govt	Govt
TREASURY BILL	912795W56	29,000,000	0.92%	4-Nov-10	4-Nov-10	0.25%	28,993,290	Govt	Govt
TREASURY BILL	912795W72	50,000,000	1.59%	12-Nov-10	12-Nov-10	0.14%	49,992,125	Govt	Govt
TREASURY BILL	912795W72	8,948,000	0.28%	12-Nov-10	12-Nov-10	0.14%	8,946,544	Govt	Govt
TREASURY BILL	912795W72	68,134,000	2.17%	12-Nov-10	12-Nov-10	0.15%	68,122,275	Govt	Govt
TREASURY BILL	912795W72	31,729,000	1.01%	12-Nov-10	12-Nov-10	0.15%	31,723,447	Govt	Govt
TREASURY BILL	912795W72	50,000,000	1.59%	12-Nov-10	12-Nov-10	0.15%	49,991,250	Govt	Govt
TREASURY BILL	912795W72	31,000,000	0.99%	12-Nov-10	12-Nov-10	0.23%	30,991,682	Govt	Govt
TREASURY BILL	912795UJ8	16,553,000	0.53%	18-Nov-10	18-Nov-10	0.14%	16,549,899	Govt	Govt
TREASURY BILL	912795UJ8	50,000,000	1.59%	18-Nov-10	18-Nov-10	0.15%	49,990,333	Govt	Govt
TREASURY BILL	912795UJ8	50,000,000	1.59%	18-Nov-10	18-Nov-10	0.15%	49,990,000	Govt	Govt
TREASURY BILL	912795UJ8	32,218,000	1.02%	18-Nov-10	18-Nov-10	0.15%	32,211,556	Govt	Govt
TREASURY BILL	912795UJ8	25,000,000	0.79%	18-Nov-10	18-Nov-10	0.16%	24,994,839	Govt	Govt
TREASURY BILL	912795UJ8	25,000,000	0.79%	18-Nov-10	18-Nov-10	0.16%	24,994,839	Govt	Govt
TREASURY BILL	912795UJ8	15,000,000	0.48%	18-Nov-10	18-Nov-10	0.23%	14,995,400	Govt	Govt
TREASURY BILL	912795W80	2,930,000	0.09%	26-Nov-10	26-Nov-10	0.14%	2,929,362	Govt	Govt
TREASURY BILL	912795W80	150,000,000	4.77%	26-Nov-10	26-Nov-10	0.15%	149,965,000	Govt	Govt
TREASURY BILL	912795W80	53,978,000	1.72%	26-Nov-10	26-Nov-10	0.16%	53,964,775	Govt	Govt
TREASURY BILL	912795W98	30,000,000	0.95%	2-Dec-10	2-Dec-10	0.22%	29,988,633	Govt	Govt
TREASURY BILL	912795X30	20,820,000	0.66%	9-Dec-10	9-Dec-10	0.21%	20,811,819	Govt	Govt

BLACKROCK

UNAUDITED Schedule of Investments Treasury Trust

30-Sep-10

<u>Position Description</u>	<u>CUSIP</u>	<u>Par</u>	<u>% Par</u>	<u>Maturity or Reset</u>	<u>Final Maturity</u>	<u>Yield or Coupon</u>	<u>Amortized Cost</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>
TREASURY BILL	912795X30	9,180,000	0.29%	9-Dec-10	9-Dec-10	0.21%	9,176,305	Govt	Govt
TREASURY BILL	912795UK5	44,000,000	1.40%	16-Dec-10	16-Dec-10	0.42%	43,961,916	Govt	Govt
TREASURY BILL	912795X71	60,000,000	1.91%	6-Jan-11	6-Jan-11	0.14%	59,966,529	Govt	Govt
TREASURY BILL	912795X71	29,600,000	0.94%	6-Jan-11	6-Jan-11	0.21%	29,583,650	Govt	Govt
TREASURY BILL	912795X71	20,400,000	0.65%	6-Jan-11	6-Jan-11	0.21%	20,388,457	Govt	Govt
TREASURY BILL	912795UX7	50,000,000	1.59%	13-Jan-11	13-Jan-11	0.20%	49,971,111	Govt	Govt
TREASURY BILL	912795X89	60,000,000	1.91%	20-Jan-11	20-Jan-11	0.20%	59,963,925	Govt	Govt
TREASURY BILL	912795Y21	50,000,000	1.59%	3-Feb-11	3-Feb-11	0.20%	49,966,146	Govt	Govt
TREASURY BILL	912795V40	65,000,000	2.07%	10-Feb-11	10-Feb-11	0.19%	64,954,717	Govt	Govt
TREASURY BILL	9127952G5	50,000,000	1.59%	17-Mar-11	17-Mar-11	0.19%	49,955,931	Govt	Govt
TREASURY BILL	9127952H3	22,000,000	0.70%	24-Mar-11	24-Mar-11	0.20%	21,979,265	Govt	Govt
TREASURY BILL	912795VD0	16,000,000	0.51%	7-Apr-11	7-Apr-11	0.49%	15,959,476	Govt	Govt
TREASURY NOTE	912828JY7	75,000,000	2.38%	31-Jan-11	31-Jan-11	0.18%	75,173,038	Govt	Govt
Other Receivables Less Payables		-59,968,266	-1.91%				-59,968,266		
USD CASH(Committed)	USD_CCASH	-59,968,266	-1.91%	1-Oct-10	1-Oct-10		-59,968,266		
TOTAL		3,144,810,234	100%				3,144,309,001		

This information is authorized for distribution only when it is accompanied or preceded by a current prospectus for the BlackRock Liquidity Funds, which contains more complete information, including fees and expenses. Please read the prospectus carefully prior to investing or sending money.

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. Statements and other information herein are as dated and subject to change. Portfolio holdings should not be deemed as a recommendation to purchase any of the securities listed above.

WAM (Weighted Average Maturity), is calculated by the final maturity for a security and the interest rate reset date held in the portfolio. This is a way to measure a fund's sensitivity to potential interest rate changes. WAL (Weighted Average Life) is measurement of a fund's sensitivity to a deteriorating credit environment; potential credit spread changes or tightening liquidity conditions. The WAL calculation is based on a securities stated final maturity date or, when relevant, the date of the demand feature when the fund may receive payment of principal and interest.

Prepared by BlackRock Investments, LLC

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FEDERATED TREASURY OBLIGATIONS FUND

Portfolio as of September 30, 2010

Current Net Assets -- \$ 19,163,069,280

Weighted Average Maturity: 20 Days

Weighted Average Life: 20 Days

Credit Rating:

AAAm STANDARD & POOR'S

Aaa MOODY'S

Federated

WORLD-CLASS INVESTMENT MANAGER

Principal Amount	(1) Security Description	CUSIP	Amortized Cost Value	(2) Effective Maturity	(3) Final Maturity	Rule 2a-7 Category of Investment
	REPURCHASE AGREEMENTS - 87.8%					
\$ 400,000,000	BMO Capital Markets Corp., 0.230% dated 9/30/2010	05560H004	\$ 400,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 439,000,000 ⁽⁶⁾	BNP Paribas Securities Corp., 0.220% dated 7/8/2010	69999A006	\$ 439,000,000	10/8/2010	10/8/2010	Treasury Repurchase Agreement
\$ 3,516,000,000	BNP Paribas Securities Corp., 0.230% dated 9/30/2010	69999A006	\$ 3,516,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 4,510,522,000	Barclays Capital, Inc., 0.230% dated 9/30/2010	068992007	\$ 4,510,522,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 100,000,000	CIBC World Markets Corp., 0.230% dated 9/30/2010	126997006	\$ 100,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 390,000,000	Citibank NA, New York, 0.240% dated 9/30/2010	989LHR002	\$ 390,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 65,000,000	Citigroup Global Markets, Inc., 0.240% dated 9/30/2010	99CBF2906	\$ 65,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 2,900,000,000	Credit Agricole Securities (USA), Inc., 0.230% dated 9/30/2010	959KQW111	\$ 2,900,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 750,000,000 ⁽⁶⁾	Credit Suisse First Boston LLC, 0.220% dated 7/9/2010	319981007	\$ 750,000,000	10/7/2010	10/7/2010	Treasury Repurchase Agreement
\$ 1,065,000,000	Credit Suisse First Boston LLC, 0.250% dated 9/30/2010	319981007	\$ 1,065,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 36,000,000	Deutsche Bank Securities, Inc., 0.130% dated 9/30/2010	25199K004	\$ 36,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 279,395,000	J.P. Morgan Securities, Inc., 0.250% dated 9/30/2010	616994000	\$ 279,395,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 1,179,587,000	RBS Securities, Inc., 0.230% dated 9/30/2010	75099K9L5	\$ 1,179,587,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 150,000,000	RBS Securities, Inc., 0.300% dated 9/30/2010	75099K9L5	\$ 150,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 950,000,000	TD Securities (USA) LLC, 0.220% dated 9/30/2010	891960007	\$ 950,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
\$ 96,000,000	UBS Securities LLC, 0.130% dated 9/30/2010	93499W003	\$ 96,000,000	10/1/2010	10/1/2010	Treasury Repurchase Agreement
	TOTAL REPURCHASE AGREEMENTS		\$ 16,826,504,000			
	U.S. TREASURY - 12.1%					
\$ 310,000,000	United States Treasury Notes, 0.875%	912828JV3	\$ 310,467,249	12/31/2010	12/31/2010	Treasury Debt
\$ 387,000,000	United States Treasury Notes, 0.875%	912828KE9	\$ 387,960,905	2/28/2011	2/28/2011	Treasury Debt
\$ 245,000,000	United States Treasury Notes, 0.875%	912828KH2	\$ 245,682,775	3/31/2011	3/31/2011	Treasury Debt
\$ 670,000,000	United States Treasury Notes, 0.875%	912828KL3	\$ 672,461,495	4/30/2011	4/30/2011	Treasury Debt
\$ 178,000,000	United States Treasury Notes, 1.500%	912828JP6	\$ 178,180,199	10/31/2010	10/31/2010	Treasury Debt
\$ 192,500,000	United States Treasury Notes, 4.375%	912828EQ9	\$ 194,038,380	12/15/2010	12/15/2010	Treasury Debt
\$ 70,000,000	United States Treasury Notes, 4.750%	912828FA3	\$ 71,503,153	3/31/2011	3/31/2011	Treasury Debt
\$ 86,000,000	United States Treasury Notes, 4.875%	912828FD7	\$ 88,311,430	4/30/2011	4/30/2011	Treasury Debt
\$ 171,000,000	United States Treasury Notes, 5.125%	912828FK1	\$ 176,964,336	6/30/2011	6/30/2011	Treasury Debt

\$ 19,152,074.00

Principal Amount	⁽¹⁾ Security Description	CUSIP	Amortized Cost Value	⁽²⁾ Effective Maturity	⁽³⁾ Final Maturity	Rule 2a-7 Category of Investment
	TOTAL U.S. TREASURY		\$ 2,325,569,922			
	TOTAL INVESTMENTS		\$ 19,152,073,922			

- (1) Includes the name of issuer and coupon or yield of the security.
- (2) Maturity date as determined under Rule 2a-7(d) for purposes of calculating the portfolio's Weighted Average Maturity
- (3) The date on which the fund has an unconditional right to payment of the full principal amount of and any remaining interest on the security.
- (4) Discount rate at time of purchase.
- (5) Floating rate notes with current rate shown.
- (6) Although the repurchase date is more than seven days after the date of purchase, the Fund has the right to terminate the repurchase agreement at any time with seven-days' notice.

The categories of investments are shown as a percentage of net assets (\$19,163,069,280) at the close of business on September 30, 2010, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Where appropriate, the following acronyms may be used throughout this portfolio:

FDIC --Federal Deposit Insurance Corporation

GTD --Guaranteed

LIQ --Liquidity Agreement

LLC --Limited Liability Corporation

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Portfolio holdings are shown as of the date indicated and are unaudited. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

For more complete information on the fund, visit FederatedInvestors.com for a prospectus or a summary prospectus, if available. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus or summary prospectus, which you should read carefully before investing.

Principal Amount	⁽¹⁾ Security Description	CUSIP	Amortized Cost Value	⁽²⁾ Effective Maturity	⁽³⁾ Final Maturity	Rule 2a-7 Category of Investment
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A money market fund rated AAAM by Standard & Poor's is granted after evaluating a number of factors, including credit quality, market price exposure, and management. Money market funds rated Aaa by Moody's are judged to be of an investment quality similar to Aaa-rated fixed income obligations, that is, they are judged to be of the best quality. Fitch's money market fund ratings are an assessment of the safety of invested principal and the ability to maintain a stable market value of the fund's shares. Ratings are subject to change and do not remove market risk.

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

Federated Securities Corp., Distributor
(32248) 09/30/2010

FEDERATED U.S. TREASURY CASH RESERVES

Portfolio as of September 30, 2010

Current Net Assets – \$ 13,944,160,748

Weighted Average Maturity: 54 Days

Weighted Average Life: 54 Days

Credit Rating:

AAAm STANDARD & POOR'S

Aaa MOODY'S

Federated

WORLD-CLASS INVESTMENT MANAGER

Principal Amount		⁽¹⁾ Security Description	CUSIP	Amortized Cost Value	⁽²⁾ Effective Maturity	⁽³⁾ Final Maturity	Rule 2a-7 Category of Investment
		U.S. TREASURY - 100.0%					
\$ 450,000,000	⁽⁴⁾	United States Treasury Bills, 0.075%	912795W49	\$ 449,973,750	10/28/2010	10/28/2010	Treasury Debt
\$ 250,000,000	⁽⁴⁾	United States Treasury Bills, 0.080%	912795W49	\$ 249,985,938	10/28/2010	10/28/2010	Treasury Debt
\$ 891,300,000	⁽⁴⁾	United States Treasury Bills, 0.100%	912795W31	\$ 891,267,814	10/14/2010	10/14/2010	Treasury Debt
\$ 50,000,000	⁽⁴⁾	United States Treasury Bills, 0.105%	912795W31	\$ 49,998,104	10/14/2010	10/14/2010	Treasury Debt
\$ 150,000,000	⁽⁴⁾	United States Treasury Bills, 0.115%	912795W49	\$ 149,987,063	10/28/2010	10/28/2010	Treasury Debt
\$ 250,000,000	⁽⁴⁾	United States Treasury Bills, 0.115%	912795W56	\$ 249,971,667	11/4/2010	11/4/2010	Treasury Debt
\$ 100,000,000	⁽⁴⁾	United States Treasury Bills, 0.120%	912795UH2	\$ 99,993,333	10/21/2010	10/21/2010	Treasury Debt
\$ 1,367,025,000	⁽⁴⁾	United States Treasury Bills, 0.120%	912795W56	\$ 1,366,870,542	11/4/2010	11/4/2010	Treasury Debt
\$ 750,000,000	⁽⁴⁾	United States Treasury Bills, 0.125%	912795W56	\$ 749,911,931	11/4/2010	11/4/2010	Treasury Debt
\$ 100,000,000	⁽⁴⁾	United States Treasury Bills, 0.135%	912795UJ8	\$ 99,982,000	11/18/2010	11/18/2010	Treasury Debt
\$ 250,000,000	⁽⁴⁾	United States Treasury Bills, 0.140%	912795UH2	\$ 249,980,556	10/21/2010	10/21/2010	Treasury Debt
\$ 395,000,000	⁽⁴⁾	United States Treasury Bills, 0.145%	912795W72	\$ 394,933,179	11/12/2010	11/12/2010	Treasury Debt
\$ 1,500,000,000	⁽⁴⁾	United States Treasury Bills, 0.150%	912795UH2	\$ 1,499,875,000	10/21/2010	10/21/2010	Treasury Debt
\$ 550,000,000	⁽⁴⁾	United States Treasury Bills, 0.150%	912795UJ8	\$ 549,890,000	11/18/2010	11/18/2010	Treasury Debt
\$ 250,000,000	⁽⁴⁾	United States Treasury Bills, 0.150%	912795W49	\$ 249,971,875	10/28/2010	10/28/2010	Treasury Debt
\$ 1,032,475,000	⁽⁴⁾	United States Treasury Bills, 0.150%	912795W72	\$ 1,032,294,317	11/12/2010	11/12/2010	Treasury Debt
\$ 100,000,000	⁽⁴⁾	United States Treasury Bills, 0.155%	912795UJ8	\$ 99,979,333	11/18/2010	11/18/2010	Treasury Debt
\$ 95,080,000	⁽⁴⁾	United States Treasury Bills, 0.155%	912795W23	\$ 95,077,544	10/7/2010	10/7/2010	Treasury Debt
\$ 250,000,000	⁽⁴⁾	United States Treasury Bills, 0.155%	912795W31	\$ 249,986,007	10/14/2010	10/14/2010	Treasury Debt
\$ 250,000,000	⁽⁴⁾	United States Treasury Bills, 0.180%	912795286	\$ 249,826,250	2/17/2011	2/17/2011	Treasury Debt
\$ 90,250,000	⁽⁴⁾	United States Treasury Bills, 0.200%	912795UX7	\$ 90,197,856	1/13/2011	1/13/2011	Treasury Debt
\$ 250,000,000	⁽⁴⁾	United States Treasury Bills, 0.215%	912795W72	\$ 249,937,292	11/12/2010	11/12/2010	Treasury Debt
\$ 200,000,000	⁽⁴⁾	United States Treasury Bills, 0.250%	912795W23	\$ 199,991,667	10/7/2010	10/7/2010	Treasury Debt
\$ 100,000,000	⁽⁴⁾	United States Treasury Bills, 0.255%	912795W23	\$ 99,995,750	10/7/2010	10/7/2010	Treasury Debt
\$ 1,717,000,000		United States Treasury Notes, 0.875%	912828JY7	\$ 1,720,923,788	1/31/2011	1/31/2011	Treasury Debt
\$ 948,000,000		United States Treasury Notes, 0.875%	912828KE9	\$ 950,475,650	2/28/2011	2/28/2011	Treasury Debt
\$ 275,000,000		United States Treasury Notes, 1.250%	912828JS0	\$ 275,446,464	11/30/2010	11/30/2010	Treasury Debt

Principal Amount	⁽¹⁾ Security Description	CUSIP	Amortized Cost Value	⁽²⁾ Effective Maturity	⁽³⁾ Final Maturity	Rule 2a-7 Category of Investment
\$ 1,038,000,000	United States Treasury Notes, 1.500%	912828JP6	\$ 1,039,099,517	10/31/2010	10/31/2010	Treasury Debt
\$ 35,000,000	United States Treasury Notes, 4.250%	912828EJ5	\$ 35,054,190	10/15/2010	10/15/2010	Treasury Debt
\$ 201,185,000	United States Treasury Notes, 4.250%	912828E55	\$ 203,511,719	1/15/2011	1/15/2011	Treasury Debt
\$ 50,000,000	United States Treasury Notes, 4.500%	912828EX4	\$ 50,870,467	2/28/2011	2/28/2011	Treasury Debt
13,935,315,000.00	TOTAL U.S. TREASURY		\$ 13,945,260,560			
	TOTAL INVESTMENTS		\$ 13,945,260,560			

- (1) Includes the name of issuer and coupon or yield of the security.
- (2) Maturity date as determined under Rule 2a-7(d) for purposes of calculating the portfolio's Weighted Average Maturity
- (3) The date on which the fund has an unconditional right to payment of the full principal amount of and any remaining interest on the security.
- (4) Discount rate at time of purchase.
- (5) Floating rate notes with current rate shown.

The categories of investments are shown as a percentage of net assets (\$13,944,160,748) at the close of business on September 30,2010, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Where appropriate, the following acronyms may be used throughout this portfolio:

FDIC --Federal Deposit Insurance Corporation

GTD --Guaranteed

LIQ --Liquidity Agreement

LLC --Limited Liability Corporation

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Portfolio holdings are shown as of the date indicated and are unaudited. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

For more complete information on the fund, visit FederatedInvestors.com for a prospectus or a summary prospectus, if available. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus or summary prospectus, which you should read carefully before investing.

Principal Amount	⁽¹⁾ Security Description	CUSIP	Amortized Cost Value	⁽²⁾ Effective Maturity	⁽³⁾ Final Maturity	Rule 2a-7 Category of Investment
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A money market fund rated AAAM by Standard & Poor's is granted after evaluating a number of factors, including credit quality, market price exposure, and management. Money market funds rated Aaa by Moody's are judged to be of an investment quality similar to Aaa-rated fixed income obligations, that is, they are judged to be of the best quality. Fitch's money market fund ratings are an assessment of the safety of invested principal and the ability to maintain a stable market value of the fund's shares. Ratings are subject to change and do not remove market risk.

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Federated Securities Corp., Distributor
 (32255) 09/30/2010



Treasury Portfolio

Short-Term Investments Trust

Portfolio Holdings
Data as of September 30, 2010

Quantity (Par)	Amortized Cost	Security Yield	Security Description	CUSIP	Maturity Date	Final Maturity Date	Associated Issuer	Short-Term Ratings			% of Portfolio
								S&P	Moody's	Fitch	
REPURCHASE AGREEMENT											
129,075,389	129,075,389	0.20	BARCLAYS CAPITAL INC. REPO		10/01/2010	10/01/2010	US TREASURY	A-1+ (Int)	P-1 (Int)	NR	1.15
600,000,000	600,000,000	0.20	BMO CAPITAL MARKETS CORP REPO		10/01/2010	10/01/2010	US TREASURY	A-1 (Int)	P-1 (Int)	NR	5.36
100,000,000	100,000,000	0.20	CIBC WORLD MARKETS CORP. REPO		10/01/2010	10/01/2010	US TREASURY	A-1 (Int)	P-1 (Int)	NR	0.89
150,000,000	150,000,000	0.23	DEUTSCHE BANK SECURITIES INC. REPO		10/01/2010	10/01/2010	US TREASURY	A-1 (Int)	P-1	F-1+	1.34
250,000,000	250,000,000	0.23	HSBC SECURITIES (USA) INC. REPO		10/01/2010	10/01/2010	US TREASURY	A-1+ (Int)	P-1 (Int)	NR	2.23
250,000,000	250,000,000	0.20	JP MORGAN SECURITIES INC. REPO		10/01/2010	10/01/2010	US TREASURY	A-1 (Int)	P-1 (Int)	NR	2.23
400,000,000	400,000,000	0.20	RBS SECURITIES INC. REPO		10/01/2010	10/01/2010	US TREASURY	A-1 (Int)	P-1 (Int)	NR	3.57
500,000,000	500,000,000	0.20	SOCIETE GENERALE REPO		10/01/2010	10/01/2010	US TREASURY	A-1	P-1	F-1+	4.47
250,000,000	250,000,000	0.20	WELLS FARGO SECURITIES, LLC REPO		10/01/2010	10/01/2010	US TREASURY	A-1+ (Int)	P-1 (Int)	NR	2.23
2,629,075,389	2,629,075,389		Repurchase Agreement Total								23.50
REPURCHASE AGREEMENT - TERM											
850,000,000	850,000,000	0.20	BNP PARIBAS SECURITIES CORP REPO	10101410D	10/01/2010	10/14/2010	US TREASURY	A-1+ (Int)	P-1 (Int)	NR	7.60
500,000,000	500,000,000	0.22	CREDIT SUISSE SECURITIES (USA) LLC REPO	19101810D	10/18/2010	10/18/2010	US TREASURY	A-1 (Int)	P-1 (Int)	NR	4.47
250,000,000	250,000,000	0.22	DEUTSCHE BANK SECURITIES INC. REPO	23101210D	10/01/2010	10/12/2010	US TREASURY	A-1 (Int)	P-1	F-1+	2.23
500,000,000	500,000,000	0.20	RBC CAPITAL MARKETS CORP REPO	76100810D	10/01/2010	10/08/2010	US TREASURY	A-1+ (Int)	P-1 (Int)	NR	4.47
2,100,000,000	2,100,000,000		Repurchase Agreement - Term Total								18.77

Continued...

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Treasury Portfolio

Short-Term Investments Trust

Portfolio Holdings
Data as of September 30, 2010

Quantity (Par)	Amortized Cost	Security Yield	Security Description	CUSIP	Maturity Date	Final Maturity Date	Associated Issuer	Short-Term Ratings			% of Portfolio
								S&P	Moody's	Fitch	
U.S. TREASURY BILL											
85,000,000	84,997,096	0.21	US TREASURY BILL	912795W23	10/07/2010	10/07/2010	US TREASURY	A-1+ (Int)	NR	NR	0.76
150,000,000	149,994,963	0.20	US TREASURY BILL	912795W23	10/07/2010	10/07/2010	US TREASURY	A-1+ (Int)	NR	NR	1.34
200,000,000	199,993,950	0.18	US TREASURY BILL	912795W23	10/07/2010	10/07/2010	US TREASURY	A-1+ (Int)	NR	NR	1.79
150,000,000	149,989,519	0.20	US TREASURY BILL	912795W31	10/14/2010	10/14/2010	US TREASURY	A-1+ (Int)	NR	NR	1.34
200,000,000	199,985,194	0.21	US TREASURY BILL	912795W31	10/14/2010	10/14/2010	US TREASURY	A-1+ (Int)	NR	NR	1.79
205,000,000	204,985,750	0.20	US TREASURY BILL	912795W31	10/14/2010	10/14/2010	US TREASURY	A-1+ (Int)	NR	NR	1.83
250,000,000	249,986,278	0.15	US TREASURY BILL	912795W31	10/14/2010	10/14/2010	US TREASURY	A-1+ (Int)	NR	NR	2.23
200,000,000	199,985,056	0.14	US TREASURY BILL	912795UH2	10/21/2010	10/21/2010	US TREASURY	A-1+ (Int)	NR	NR	1.79
25,000,000	24,997,937	0.11	US TREASURY BILL	912795W49	10/28/2010	10/28/2010	US TREASURY	A-1+ (Int)	NR	NR	0.22
25,000,000	24,995,101	0.21	US TREASURY BILL	912795W56	11/04/2010	11/04/2010	US TREASURY	A-1+ (Int)	NR	NR	0.22
100,000,000	99,985,597	0.15	US TREASURY BILL	912795W56	11/04/2010	11/04/2010	US TREASURY	A-1+ (Int)	NR	NR	0.89
150,000,000	149,969,896	0.22	US TREASURY BILL	912795W56	11/04/2010	11/04/2010	US TREASURY	A-1+ (Int)	NR	NR	1.34
150,000,000	149,971,383	0.20	US TREASURY BILL	912795W56	11/04/2010	11/04/2010	US TREASURY	A-1+ (Int)	NR	NR	1.34
400,000,000	399,943,333	0.15	US TREASURY BILL	912795W56	11/04/2010	11/04/2010	US TREASURY	A-1+ (Int)	NR	NR	3.57
150,000,000	149,928,000	0.37	US TREASURY BILL	912795UJ8	11/18/2010	11/18/2010	US TREASURY	A-1+ (Int)	NR	NR	1.34
150,000,000	149,937,000	0.32	US TREASURY BILL	912795UJ8	11/18/2010	11/18/2010	US TREASURY	A-1+ (Int)	NR	NR	1.34
200,000,000	199,956,667	0.16	US TREASURY BILL	912795UJ8	11/18/2010	11/18/2010	US TREASURY	A-1+ (Int)	NR	NR	1.79
200,000,000	199,956,933	0.16	US TREASURY BILL	912795UJ8	11/18/2010	11/18/2010	US TREASURY	A-1+ (Int)	NR	NR	1.79
200,000,000	199,958,667	0.16	US TREASURY BILL	912795UJ8	11/18/2010	11/18/2010	US TREASURY	A-1+ (Int)	NR	NR	1.79
140,000,000	139,949,075	0.14	US TREASURY BILL	912795X71	01/06/2011	01/06/2011	US TREASURY	A-1+ (Int)	NR	NR	1.25
150,000,000	149,926,846	0.18	US TREASURY BILL	912795X71	01/06/2011	01/06/2011	US TREASURY	A-1+ (Int)	NR	NR	1.34
250,000,000	249,878,750	0.18	US TREASURY BILL	912795X71	01/06/2011	01/06/2011	US TREASURY	A-1+ (Int)	NR	NR	2.23
100,000,000	99,906,833	0.33	US TREASURY BILL	912795UX7	01/13/2011	01/13/2011	US TREASURY	A-1+ (Int)	NR	NR	0.89
250,000,000	249,860,972	0.20	US TREASURY BILL	912795UX7	01/13/2011	01/13/2011	US TREASURY	A-1+ (Int)	NR	NR	2.23
200,000,000	199,885,917	0.19	US TREASURY BILL	912795X89	01/20/2011	01/20/2011	US TREASURY	A-1+ (Int)	NR	NR	1.79
100,000,000	99,934,444	0.20	US TREASURY BILL	912795X97	01/27/2011	01/27/2011	US TREASURY	A-1+ (Int)	NR	NR	0.89
200,000,000	199,888,228	0.17	US TREASURY BILL	912795X97	01/27/2011	01/27/2011	US TREASURY	A-1+ (Int)	NR	NR	1.79
15,000,000	14,990,365	0.19	US TREASURY BILL	912795Y21	02/03/2011	02/03/2011	US TREASURY	A-1+ (Int)	NR	NR	0.13
200,000,000	199,866,667	0.19	US TREASURY BILL	912795Y21	02/03/2011	02/03/2011	US TREASURY	A-1+ (Int)	NR	NR	1.79
20,000,000	19,973,930	0.36	US TREASURY BILL	912795V40	02/10/2011	02/10/2011	US TREASURY	A-1+ (Int)	NR	NR	0.18
50,000,000	49,934,825	0.36	US TREASURY BILL	912795V40	02/10/2011	02/10/2011	US TREASURY	A-1+ (Int)	NR	NR	0.45
100,000,000	99,879,000	0.33	US TREASURY BILL	912795V40	02/10/2011	02/10/2011	US TREASURY	A-1+ (Int)	NR	NR	0.89
200,000,000	199,861,767	0.19	US TREASURY BILL	912795V40	02/10/2011	02/10/2011	US TREASURY	A-1+ (Int)	NR	NR	1.79
200,000,000	199,862,500	0.19	US TREASURY BILL	912795V40	02/10/2011	02/10/2011	US TREASURY	A-1+ (Int)	NR	NR	1.79
200,000,000	199,855,981	0.19	US TREASURY BILL	9127952B6	02/17/2011	02/17/2011	US TREASURY	A-1+ (Int)	NR	NR	1.79
200,000,000	199,856,753	0.19	US TREASURY BILL	9127952B6	02/17/2011	02/17/2011	US TREASURY	A-1+ (Int)	NR	NR	1.79
250,000,000	249,808,750	0.18	US TREASURY BILL	9127952D2	03/03/2011	03/03/2011	US TREASURY	A-1+ (Int)	NR	NR	2.23
6,015,000,000	6,012,639,920		U.S. Treasury Bill Total								53.76

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Treasury Portfolio

Short-Term Investments Trust

Portfolio Holdings
Data as of September 30, 2010

Quantity (Par)	Amortized Cost ¹	Security Yield ²	Security Description	CUSIP ³	Maturity Date ⁴	Final Maturity Date	Associated Issuer	Short-Term Ratings ⁵			% of Portfolio
								S&P	Moody's	Fitch	
U.S. TREASURY NOTE/BOND											
390,000,000	390,902,361	0.18	USTN .875 01-31-11	912828JY7	01/31/2011	01/31/2011	US TREASURY	A-1+ (Int)	NR	NR	3.49
55,000,000	55,103,071	0.43	USTN .875 02-28-09	912828KE9	02/28/2011	02/28/2011	US TREASURY	A-1+ (Int)	NR	NR	0.49
445,000,000	446,005,432		U.S. Treasury Note/Bond Total								3.98
11,189,075,389	11,187,720,741		GRAND TOTAL								100.00

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

For more information about the Treasury Portfolio, please contact our Cash Management Sales Desk at 800 659 1005, Option 2 or visit invesco.com.

All data provided by Invesco unless otherwise noted.

* Multi Credit Enhancement Providers (CEP) - 100% CEP rated minimum A-1/P-1/F-1 or comparable long term rating.

¹ Amortized Cost method of valuation means the method of calculating an investment company's net asset value where portfolio securities are valued at the fund's acquisition cost as adjusted for amortization of premium or accretion of discount rather than their value based on current market factors.

² Past performance is no guarantee to future results. The security yield is not an indication of fund performance.

³ CUSIPs may include other unique identifiers, such as the central index key (CIK).

⁴ Certain security types may reset at various frequencies.

⁵ Credit ratings are used by the marketplace as indications of the likelihood of getting their money back in accordance with the terms on which they invested. The ratings provided within this report represent the current ratings for the underlying securities within the portfolio and do not represent the ratings assigned to the overall portfolio. Ratings are subject to change without notice and are based on many factors, including the likelihood of timely re-payment of interest and principal, industry positioning, competitive outlook, quality of management, etc. Standard & Poor's short-term credit ratings are issued based on varying degrees. Short-term ratings range from A-1; representing the highest rating assigned indicating that the degree of safety regarding timely payment is strong to SP-3, denoting speculative capacity to pay principal and interest. Securities that possess extremely strong safety characteristics are denoted with a plus sign (+) designation. Moody's short-term prime ratings are opinions of the ability of issuers to honor senior financial obligations and contracts. Such obligations generally have an original maturity not exceeding one year, unless explicitly noted. Moody's short-term prime ratings range from P-1, issuers or supporting institutions rated Prime-1 have a superior ability to repay short-term debt obligations to Not Prime (NP), issuers/supporting institutions rated Not Prime do not fall within any of the Prime rating categories. Moody's short-term MIG ratings are considered investment grade, and are referred to as Municipal Investment Grade (MIG), ranging from MIG 1, denotes superior credit quality to Speculative Grade (SG), and denotes speculative-grade credit quality; which may lack sufficient margins of protection. Fitch Ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, re-payment of principal, insurance claims or counterparty obligations. Short-term ratings has time horizon of less than 12 months for most obligations, or up to three years for US public finance securities, and thus places greater emphasis on the liquidity necessary to meet financial commitments in a timely manner. Short-term ratings range from F1+, denoting exceptionally strong credit quality to D, default. Plus (+) and minus (-) signs are used with a rating symbol to indicate the relative position of a credit within the rating category.

Portfolio composition is subject to change. The list of portfolio holdings is as of the date shown and may not represent current or future portfolio composition. This portfolio data has not been audited or adjusted for certain financial statement reclassifications. An audit could potentially result in adjustments to this data. For month-end portfolio data that coincides with your fund's quarterly, semi-annual, or annual reports, you should refer to those reports for the most accurate listing of portfolio holdings. The following attributes, if applicable, are available upon request: Security description, associated issuer, quantity, short-term ratings for Standard & Poor's (S&P), Moody's, Fitch Ratings and the Dominion Bond Rating Service (DBRS), long-term ratings for S&P, Moody's and Fitch Ratings, maturity date, weighted average life, coupon, industry, percent of Portfolio (by sector), security reset date and exposure to underlying asset class.

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An investor should consider the investment objectives, risks, fees and expenses carefully before investing. Please read the prospectus or other offering documents carefully before investing. For this and more complete information, contact your financial advisor or visit invesco.com/fundprospectus.

Global Liquidity

J.P.Morgan
Asset Management

UNAUDITED

JPM US TREASURY PLUS MONEY MARKET FUND

As of Date: 09/30/2010

Category of Investment	Name	Coupon Rate	Effective Maturity Date	Final Maturity Date	CUSIP / Security ID	Principal Amount	Value	% of Total Value	Moody's Rating	S&P Rating
TREASURY DEBT	US TREASURY	0.19%	02/24/11	01/13/11	9127952C4	350,000,000.00	349,734,563.89	2.31	P-1	A-1+
TREASURY DEBT	US TREASURY	0.19%	03/17/11	03/17/11	9127952G5	150,000,000.00	149,867,095.84	0.99	P-1	A-1+
TREASURY DEBT	US TREASURY	0.20%	03/24/11	01/13/11	9127952H3	150,000,000.00	149,855,000.01	0.99	P-1	A-1+
TREASURY DEBT	US TREASURY	0.18%	10/21/10	10/21/10	912795UH2	950,000,000.00	949,905,416.67	6.28	P-1	A-1+
TREASURY DEBT	US TREASURY	0.23%	11/18/10	11/18/10	912795UJ8	200,000,000.00	199,938,666.67	1.32	P-1	A-1+
TREASURY DEBT	US TREASURY	0.21%	12/16/10	12/16/10	912795UK5	100,000,000.00	99,956,300.00	0.66	P-1	A-1+
TREASURY DEBT	US TREASURY	0.29%	01/13/11	01/13/11	912795UX7	300,000,000.00	299,748,450.00	1.98	P-1	A-1+
TREASURY DEBT	US TREASURY	0.19%	02/10/11	02/10/11	912795V40	375,000,000.00	374,738,749.99	2.48	P-1	A-1+
TREASURY DEBT	US TREASURY	0.25%	10/14/10	10/14/10	912795W31	451,000,000.00	450,959,773.31	2.98	P-1	A-1+
TREASURY DEBT	US TREASURY	0.24%	10/28/10	10/28/10	912795W49	350,000,000.00	349,935,875.00	2.31	P-1	A-1+
TREASURY DEBT	US TREASURY	0.23%	11/26/10	11/26/10	912795W80	200,000,000.00	199,929,688.89	1.32	P-1	A-1+
TREASURY DEBT	US TREASURY	0.22%	12/02/10	01/06/11	912795W98	200,000,000.00	199,924,222.22	1.32	P-1	A-1+
TREASURY DEBT	US TREASURY	0.20%	01/20/11	01/20/11	912795X89	600,000,000.00	599,638,479.18	3.96	P-1	A-1+
TREASURY DEBT	US TREASURY	0.20%	01/27/11	12/09/10	912795X97	600,000,000.00	599,609,534.74	3.96	P-1	A-1+
TREASURY DEBT	US TREASURY	0.20%	02/03/11	02/03/11	912795Y21	350,000,000.00	349,756,944.45	2.31	P-1	A-1+
TREASURY DEBT	US TREASURY	0.22%	10/15/10	10/15/10	912828EJ5	350,000,000.00	350,539,130.88	2.32	P-1	A-1+
TREASURY DEBT	US TREASURY	0.20%	06/30/11	06/30/11	912828FK1	134,000,000.00	138,864,074.17	0.92	P-1	A-1+
TREASURY DEBT	US TREASURY	0.26%	01/31/11	01/31/11	912828JY7	195,000,000.00	195,394,523.77	1.29	P-1	A-1+
TREASURY DEBT	US TREASURY	0.23%	03/31/11	03/31/11	912828KH2	150,000,000.00	150,481,840.11	0.99	P-1	A-1+
TREASURY DEBT	US TREASURY	0.31%	08/31/11	08/31/11	912828LV0	70,000,000.00	70,445,503.05	0.47	P-1	A-1+
TREASURY DEBT	US TREASURY	0.33%	09/30/11	09/30/11	912828LW8	70,000,000.00	70,466,159.02	0.47	P-1	A-1+
TREASURY DEBT	US TREASURY	0.20%	03/31/11	03/24/11	912795ZJ9	200,000,000.00	199,798,888.89	1.32	P-1	A-1+
TREASURY REPO AGREEMENT	BANK OF AMERICA (REPO)	0.23%	10/01/10	10/01/10	0BOA12ST0	79,117,000.00	79,117,000.00	0.52	NA	NA
TREASURY REPO AGREEMENT	BARCLAYS CAPITAL INC. (REPO)	0.16%	10/05/10	10/05/10	0BAR11YO4	500,000,000.00	500,000,000.00	3.31	P-1	A-1+
TREASURY REPO AGREEMENT	BARCLAYS CAPITAL INC. (REPO)	0.22%	10/01/10	10/01/10	0BAR11YZ9	2,000,000,000.00	2,000,000,000.00	13.22	NA	NA
TREASURY REPO AGREEMENT	BARCLAYS CAPITAL INC. (REPO)	0.22%	10/01/10	10/01/10	0BAR11Z21	350,000,000.00	350,000,000.00	2.31	NA	NA
TREASURY REPO AGREEMENT	BARCLAYS CAPITAL INC. (REPO)	0.20%	10/01/10	10/01/10	0BAR11Z39	500,000,000.00	500,000,000.00	3.31	NA	NA
TREASURY REPO AGREEMENT	CREDIT SUISSE FIRST BOSTON CORP. (REPO)	0.23%	10/01/10	10/01/10	0CSF10F15	1,500,000,000.00	1,500,000,000.00	9.92	NA	NA
TREASURY REPO AGREEMENT	DEUTSCHE BANK SECURITIES (REPO)	0.15%	10/05/10	10/05/10	0DBS13EP2	500,000,000.00	500,000,000.00	3.31	P-1	A-1+
TREASURY REPO AGREEMENT	DEUTSCHE BANK SECURITIES (REPO)	0.23%	10/01/10	10/01/10	0DBS13FJ5	250,000,000.00	250,000,000.00	1.65	NA	NA
TREASURY REPO AGREEMENT	DEUTSCHE BANK SECURITIES (REPO)	0.23%	10/01/10	10/01/10	0DBS13FN6	400,000,000.00	400,000,000.00	2.64	NA	NA
TREASURY REPO AGREEMENT	DEUTSCHE BANK SECURITIES (REPO)	0.23%	10/01/10	10/01/10	0DBS13FP1	50,000,000.00	50,000,000.00	0.33	NA	NA
TREASURY REPO AGREEMENT	RBS SECURITIES INC. (REPO)	0.23%	10/01/10	10/01/10	0RS102125	1,000,000,000.00	1,000,000,000.00	6.61	NA	NA
TREASURY REPO AGREEMENT	UBS WARBURG LLC REPO	0.23%	10/01/10	10/01/10	0UBS15ML9	250,000,000.00	250,000,000.00	1.65	NA	NA
TREASURY REPO AGREEMENT	UBS WARBURG LLC REPO	0.25%	10/01/10	10/01/10	0UBS15MN5	1,250,000,000.00	1,250,000,000.00	8.26	NA	NA
Grand Total						14,089,117,000.00	15,128,605,880.75	100.00		
Weighted Average Maturity	42									
Weighted Average Life	42									

Global Liquidity

J.P.Morgan
Asset Management

UNAUDITED

JPM US TREASURY PLUS MONEY MARKET FUND

As of Date: 09/30/2010

Category of Investment	Name	Coupon Rate	Effective Maturity Date	Final Maturity Date	CUSIP / Security ID	Principal Amount	Value	% of Total Value	Moody's Rating	S&P Rating
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Must be preceded or accompanied by a prospectus.

The "UNAUDITED UNCERTIFIED MUTUAL FUND HOLDINGS" LIST ("the list") IS TO BE USED FOR REPORTING PURPOSES ONLY.

The list is submitted for the general information of the Fund. The list has been created from the books and records of the Fund without examination by independent auditors.

The uncertified holdings list is available on a one business day lag. The figures shown in the "Value" column, represent the values of the Fund's investments using the amortized cost method of valuation pursuant to Rule 2a-7 of the Investment Company Act of 1940. The list is subject to change without notice. The Value represents the Gross Assets of the Fund and may include forward settling trades.

This list is for informational purposes only and not intended as an offer or solicitation with respect to the purchase or sale of any security.

Each business day, each Fund will make available upon request an uncertified complete schedule of its portfolio holdings as of the prior business day.

Shareholders may request portfolio holdings schedules for a particular day or on an ongoing basis at no charge by calling 1-800-480-4111.

Unless otherwise noted, the dollar-weighted average maturity and the dollar-weighted average life listed for the Fund is the same for each of the Fund's share classes.

Dollar-weighted average maturity: The average maturity of the Fund is the average amount of time until the organizations that issued the debt securities in the Fund's portfolio must pay off the principal amount of the debt. "Dollar-weighted" means the larger the dollar value of debt security in the Fund, the more weight it gets in calculating this average. To calculate the dollar-weighted average maturity, the Fund may treat a variable or floating rate security as having a maturity equal to the time remaining to the security's next interest rate reset date rather than the security's actual maturity date.

Dollar-weighted average life: The dollar weighted average portfolio maturity without reference to the exceptions used for variable or floating rate securities regarding the use of the date of interest rate resets in lieu of the security's actual maturity date.

J. P. Morgan Asset Management is the marketing name for the asset management business of JPMorganChase & Co.

J.P. Morgan Funds are distributed by JPMorgan Distribution Services, Inc., which is an affiliate of JPMorganChase & Co. Affiliates of JPMorganChase & Co. receive fees for providing various services to the funds.

JPMorganChase & Co. 2010.

Total Holdings – Money Market Funds

Select a money market fund below to view holdings for month-end, delivered on a 7-day or more delayed basis. To see a Fund's complete schedule of holdings as of the end of the previous business day, [click here](#).

This information should not be construed as a recommendation, offer or solicitation for the purchase or sale of any security or financial instrument.

Select a Fund

Wells Fargo Advantage Treasury Plus Money Market Fund

Holdings as of 9/30/2010

Portfolio holdings are subject to change and may have changed since the date specified.

Security	CUSIP	Amount				
BNP PARIBAS SECS CORP REPO UST PARSEC 13	981QVK008	Other Repurchase Agreement	0.23	10- 01- 10- 01- 2010 2010	1,975,000,000	1,975,000,000
RBS SECURITIES INC REPO UST RBSSEC 25	981RRX003	Other Repurchase Agreement	0.23	10- 01- 10- 01- 2010 2010	1,875,000,000	1,875,000,000
Barclays Capital Incorporated Repo Ust Brccap	981LFA009	Other Repurchase Agreement	0.23	10- 01- 10- 01- 2010 2010	1,543,175,000	1,543,175,000
CREDIT SUISSE SECS USA REPO UST CSFBCO 23	981QPG004	Other Repurchase Agreement	0.23	10- 01- 10- 01- 2010 2010	1,000,000,000	1,000,000,000
JP MORGAN SECURITIES REPO UST JPMSEC 22	981QRJ006	Other Repurchase Agreement	0.23	10- 01- 10- 01- 2010 2010	1,000,000,000	1,000,000,000
HSBC USA INC REPO UST HSBC 7	959JHF009	Other Repurchase Agreement	0.23	10- 01- 10- 01- 2010 2010	500,000,000	500,000,000
U.S. Treasury Note	912828KE9	Treasury Debt	0.87	02- 02- 28- 28- 2011 2011	250,000,000	250,692,950
MORGAN STANLEY AND CO REPO UST MORGCO 13	981RGW007	Other Repurchase Agreement	0.20	10- 01- 10- 01- 2010 2010	250,000,000	250,000,000
CREDIT SUISSE SECS USA REPO UST CSFBCO 18	981QPB005	Other Repurchase Agreement	0.20	10- 01- 10- 01- 2010 2010	250,000,000	250,000,000

CREDIT

SUISSE SECS USA REPO UST CSFBCO 19	981QPC003	Other Repurchase Agreement	0.21	10- 04- 2010	10- 04- 2010	250,000,000	250,000,000
CREDIT SUISSE SECS USA REPO UST CSFBCO 20	981QPD001	Other Repurchase Agreement	0.20	10- 04- 2010	10- 04- 2010	250,000,000	250,000,000
MORGAN STANLEY AND CO REPO UST MORGCO 22	981RQF003	Other Repurchase Agreement	0.20	10- 04- 2010	10- 04- 2010	250,000,000	250,000,000
UBS SECURITIES LLC REPO UST UBLLC 9	959JKH001	Other Repurchase Agreement	0.23	10- 01- 2010	10- 01- 2010	200,000,000	200,000,000
Morgan Stanley And CO Repo Ust Morgco 19	981RQC000	Other Repurchase Agreement	0.19	10- 01- 2010	10- 01- 2010	150,000,000	150,000,000
DEUTSCHE BANK SECURITIES REPO UST DB 21	981RBD004	Other Repurchase Agreement	0.23	10- 01- 2010	10- 01- 2010	150,000,000	150,000,000
DEUTSCHE BANK SECURITIES REPO UST DB 21	981RBD004	Other Repurchase Agreement	0.23	10- 01- 2010	10- 01- 2010	125,000,000	125,000,000
BANK OF AMERICA SEC LLC REPO UST BASLLC 5	959JBD000	Other Repurchase Agreement	0.20	10- 01- 2010	10- 01- 2010	125,000,000	125,000,000
GOLDMAN SACHS + CO REPO UST GOLDMN 19	981QHY004	Other Repurchase Agreement	0.10	10- 01- 2010	10- 01- 2010	100,000,000	100,000,000
United States Treas Bills Var	912795W72	Treasury Debt	0.14	11- 12- 2010	11- 12- 2010	100,000,000	99,982,792
U.S. Treasury Bill	912795UK5	Treasury Debt	0.15	12- 16- 2010	12- 16- 2010	100,000,000	99,967,700
U.S. Treasury Bill	912795UK5	Treasury Debt	0.15	12- 16- 2010	12- 16- 2010	100,000,000	99,967,278

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Wells Fargo Advantage Money Market Funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.



This Web site is accompanied by [current prospectuses for Wells Fargo Advantage Funds[®]](#), an [EdVestSM program description \(PDF\)](#), and a [tomorrow's scholar[®] program description \(PDF\)](#).

For 529 plans, an investor's or a designated beneficiary's home state may offer state tax or other benefits that are only available for investments in that state's qualified tuition program. Please consider this before investing.

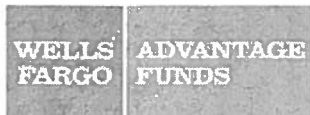
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Wells Fargo Advantage Funds 1-800-359-3379



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Fund Information

Total Holdings – Money Market Funds

Select a money market fund below to view holdings for month-end, delivered on a 7-day or more delayed basis. To see a Fund's complete schedule of holdings as of the end of the previous business day, [click here](#).

This information should not be construed as a recommendation, offer or solicitation for the purchase or sale of any security or financial instrument.

Select a Fund

Wells Fargo Advantage 100% Treasury Money Market Fund

Holdings as of 9/30/2010

Portfolio holdings are subject to change and may have changed since the date specified.

Security	CUSIP	Amount					
WI Treasury Sec Zcp	912795UJ8	Treasury Debt	0.16	11-18-2010	11-18-2010	500,000,000	499,891,667
TREASURY BILL 11/10 ZCP	912795W80	Treasury Debt	0.15	11-26-2010	11-26-2010	500,000,000	499,879,444
Treasury Bill Zcp	912795X30	Treasury Debt	0.13	12-09-2010	12-09-2010	475,000,000	474,877,094
United States Treas Bills Var	912795W72	Treasury Debt	0.15	11-12-2010	11-12-2010	450,000,000	449,918,625
UNITED STATES TREAS BILLS 12/10 ZCP	912795X48	Treasury Debt	0.16	12-23-2010	12-23-2010	450,000,000	449,828,812
Treasury Bill Zero Cpn	912795W56	Treasury Debt	0.15	11-04-2010	11-04-2010	425,000,000	424,937,785
United States Treas Bills Zcp	912795W98	Treasury Debt	0.15	12-02-2010	12-02-2010	400,000,000	399,896,667
U.S. Treasury Bill	912795UK5	Treasury Debt	0.14	12-16-2010	12-16-2010	400,000,000	399,881,778
Treasury Bill Zcp	912795W31	Treasury Debt	0.15	10-14-2010	10-14-2010	371,095,000	371,073,894
United States Treas Bills Zcp	912795W49	Treasury Debt	0.15	10-28-2010	10-28-2010	355,000,000	354,958,731
UNITED STATES TREAS BILLS	912795UH2	Treasury Debt	0.15	10-21-2010	10-21-2010	354,015,000	353,984,024
UNITED STATES TREAS BILLS 12/10 ZCP	912795X55	Treasury Debt	0.15	12-30-2010	12-30-2010	300,000,000	299,887,500
UNITED STATES TREAS BILLS 12/10 ZCP	912795X55	Treasury Debt	0.15	12-30-2010	12-30-2010	175,000,000	174,931,094
WI Treasury Sec. Zcp	912795W23	Treasury Debt	0.17	10-07-2010	10-07-2010	170,735,000	170,730,020
WI Treasury Sec. Zcp	912795W23	Treasury Debt	0.10	10-07-2010	10-07-2010	150,000,000	149,997,500
WI Treasury Sec. Zcp	912795W23	Treasury	0.14	10-07-	10-07-	150,000,000	149,996,375

		Debt	2010	2010	Attachment I	
Treasury Bill Zcp	912795W31	Treasury Debt	0.07	10-14-2010	10-14-2010	150,000,000 149,996,208
U.S. Treasury Bill	912795UK5	Treasury Debt	0.14	12-16-2010	12-16-2010	137,375,000 137,332,948
United States Treas Bills Zcp	912795W49	Treasury Debt	0.14	10-28-2010	10-28-2010	125,000,000 124,986,219
WI Treasury Sec Zcp	912795UJ8	Treasury Debt	0.15	11-18-2010	11-18-2010	118,105,000 118,080,592
UNITED STATES TREAS BILLS 12/10 ZCP	912795X48	Treasury Debt	0.15	12-23-2010	12-23-2010	113,435,000 113,395,770
United States Treas Bills Var	912795W72	Treasury Debt	0.15	11-12-2010	11-12-2010	112,225,000 112,205,361
UNITED STATES TREAS BILLS	912795UH2	Treasury Debt	0.09	10-21-2010	10-21-2010	105,305,000 105,299,735
U.S. Treasury Note	912828KE9	Treasury Debt	0.87	02-28-2011	02-28-2011	100,000,000 100,278,892
WI Treasury Sec. Zcp	912795W23	Treasury Debt	0.01	10-07-2010	10-07-2010	100,000,000 99,999,833
UNITED STATES TREAS BILLS	912795UH2	Treasury Debt	0.07	10-21-2010	10-21-2010	100,000,000 99,996,111
UNITED STATES TREAS BILLS	912795UH2	Treasury Debt	0.14	10-21-2010	10-21-2010	100,000,000 99,991,944
United States Treas Bills Zcp	912795W49	Treasury Debt	0.13	10-28-2010	10-28-2010	100,000,000 99,990,250
United States Treas Bills Var	912795W72	Treasury Debt	0.14	11-12-2010	11-12-2010	100,000,000 99,983,083
TREASURY BILL 11/10 ZCP	912795W80	Treasury Debt	0.13	11-26-2010	11-26-2010	100,000,000 99,979,389
Treasury Bill Zcp	912795X30	Treasury Debt	0.15	12-09-2010	12-09-2010	100,000,000 99,970,771
UNITED STATES TREAS BILLS 12/10 ZCP	912795X48	Treasury Debt	0.15	12-23-2010	12-23-2010	100,000,000 99,964,264
Treasury Bill Zcp	912795X30	Treasury Debt	0.21	12-09-2010	12-09-2010	85,000,000 84,964,973
UNITED STATES TREAS BILLS 01/11 ZCP	912795UX7	Treasury Debt	0.20	01-13-2011	01-13-2011	85,000,000 84,950,889
UNITED STATES TREAS BILLS 01/11 ZCP	912795X71	Treasury Debt	0.21	01-06-2011	01-06-2011	80,000,000 79,954,733
UNITED STATES TREAS BILLS 02/11 ZCP	912795Y21	Treasury Debt	0.20	02-03-2011	02-03-2011	80,000,000 79,944,444
United States Treas Bills Zcp	912795W98	Treasury Debt	0.22	12-02-2010	12-02-2010	75,000,000 74,971,583
WI Treasury Sec Zcp	912795UJ8	Treasury Debt	0.15	11-18-2010	11-18-2010	68,805,000 68,791,239
United States Treas Bills Var	912795W72	Treasury Debt	0.11	11-12-2010	11-12-2010	67,310,000 67,300,891
TREASURY BILL 11/10 ZCP	912795W80	Treasury Debt	0.12	11-26-2010	11-26-2010	67,140,000 67,127,467
U.S. Treasury Bill	912795UK5	Treasury Debt	0.15	12-16-2010	12-16-2010	66,675,000 66,653,886
Treasury Bill Zero Cpn	912795W56	Treasury Debt	0.14	11-04-2010	11-04-2010	66,305,000 66,296,170

WI TREASURY SEC 01/11 ZCP	912795X97	Treasury Debt	0.20	01-27- 2011	01-27- 2011	60,000,000	59,960,667	Attachment I
Treasury Bill Zero Cpn	912795W56	Treasury Debt	0.14	11-04- 2010	11-04- 2010	59,695,000	59,686,825	
Treasury Bill Zero Cpn	912795W56	Treasury Debt	0.12	11-04- 2010	11-04- 2010	51,525,000	51,518,966	
Treasury Bill Zcp	912795W31	Treasury Debt	0.09	10-14- 2010	10-14- 2010	50,000,000	49,998,285	
TREASURY BILL 11/10 ZCP	912795W80	Treasury Debt	0.15	11-26- 2010	11-26- 2010	50,000,000	49,987,944	
Treasury Bill Zcp	912795W31	Treasury Debt	0.13	10-14- 2010	10-14- 2010	46,525,000	46,522,732	
Treasury Bill Zero Cpn	912795W56	Treasury Debt	0.24	11-04- 2010	11-04- 2010	45,585,000	45,574,452	
WI Treasury Sec. Zcp	912795W23	Treasury Debt	0.17	10-07- 2010	10-07- 2010	45,000,000	44,998,688	
Treasury Bill Zcp	912795W31	Treasury Debt	0.13	10-14- 2010	10-14- 2010	45,000,000	44,997,774	
United States Treas Bills Zcp	912795W49	Treasury Debt	0.24	10-28- 2010	10-28- 2010	44,125,000	44,117,058	
UNITED STATES TREAS BILLS	912795UH2	Treasury Debt	0.14	10-21- 2010	10-21- 2010	42,980,000	42,976,609	
UNITED STATES TREAS BILLS	912795UH2	Treasury Debt	0.14	10-21- 2010	10-21- 2010	38,095,000	38,091,931	
WI Treasury Sec. Zcp	912795W23	Treasury Debt	0.13	10-07- 2010	10-07- 2010	35,000,000	34,999,242	
Treasury Bill Zcp	912795W31	Treasury Debt	0.13	10-14- 2010	10-14- 2010	35,000,000	34,998,294	
United States Treas Bills Var	912795W72	Treasury Debt	0.23	11-12- 2010	11-12- 2010	25,340,000	25,333,053	
United States Treas Bills Zcp	912795W49	Treasury Debt	0.10	10-28- 2010	10-28- 2010	24,000,000	23,998,110	
United States Treas Bills Zcp	912795W98	Treasury Debt	0.13	12-02- 2010	12-02- 2010	22,085,000	22,080,055	
UNITED STATES TREAS BILLS	912795UH2	Treasury Debt	0.13	10-21- 2010	10-21- 2010	17,310,000	17,308,702	
Treasury Bill Zcp	912795W31	Treasury Debt	0.13	10-14- 2010	10-14- 2010	14,680,000	14,679,284	
UNITED STATES TREAS BILLS 01/11 ZCP	912795X71	Treasury Debt	0.21	01-06- 2011	01-06- 2011	10,000,000	9,994,342	
TREASURY BILL 11/10 ZCP	912795W80	Treasury Debt	0.15	11-26- 2010	11-26- 2010	6,135,000	6,133,568	
United States Treas Bills Zcp	912795W49	Treasury Debt	0.24	10-28- 2010	10-28- 2010	5,500,000	5,499,010	
Treasury Bill Zero Cpn	912795W56	Treasury Debt	0.24	11-04- 2010	11-04- 2010	5,000,000	4,998,843	
United States Treas Bills Var	912795W72	Treasury Debt	0.23	11-12- 2010	11-12- 2010	5,000,000	4,998,629	
United States Treas Bills Zcp	912795W98	Treasury Debt	0.22	12-02- 2010	12-02- 2010	5,000,000	4,998,106	
Treasury Bill Zcp	912795X30	Treasury Debt	0.21	12-09- 2010	12-09- 2010	5,000,000	4,997,940	

Corporation or any other government agency. Although the Wells Fargo Advantage Money Market Funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.

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This Web site is accompanied by current prospectuses for Wells Fargo Advantage Funds[®], an EdVestSM program description (PDF), and a tomorrow's scholar[®] program description (PDF).

For 529 plans, an investor's or a designated beneficiary's home state may offer state tax or other benefits that are only available for investments in that state's qualified tuition program. Please consider this before investing.

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Wells Fargo Advantage Funds 1-800-359-3379

14. Committee Briefs

Q&A only

ERCOT Market Credit Status

as of 9/30/2010

as of 10/31/2010

Exposure in the ERCOT Market (owed to ERCOT)

QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

	# of QSEs*	Estimated Aggregate Liability (\$)	% of EAL	Total Unsec Credit Limit / Security Posted	
Ratings over BBB-	11	57,452,536	13%	173,909,282	U
<u>QSEs that do not meet ERCOT Creditworthiness Standards</u>					
Ratings below BBB- or not rated					
Cash & Letters of Credit	53	197,463,858	45%	343,634,439	S
Guarantee Agreements	17	183,406,829	42%	440,157,469	S
Total Exposure	81	438,323,223	100%		

	# of QSEs*	Estimated Aggregate Liability (\$)	% of EAL	Total Unsec Credit Limit / Security Posted	
Ratings over BBB-	12	52,150,240	12%	212,805,911	U
<u>QSEs that do not meet ERCOT Creditworthiness Standards</u>					
Ratings below BBB- or not rated					
Cash & Letters of Credit	48	210,606,773	49%	325,412,013	S
Guarantee Agreements	19	166,818,914	39%	549,070,630	S
Total Exposure	79	429,575,928	100%		

Other QSEs in the ERCOT Market (ERCOT owes)

QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

QSEs that do not meet ERCOT Creditworthiness Standards

Ratings below BBB- or not rated

 Cash & Letters of Credit

 Guarantee Agreements

Total

Total

173

181

U: For QSEs that meet ERCOT's Creditworthiness Standards, amount of unsecured credit granted.

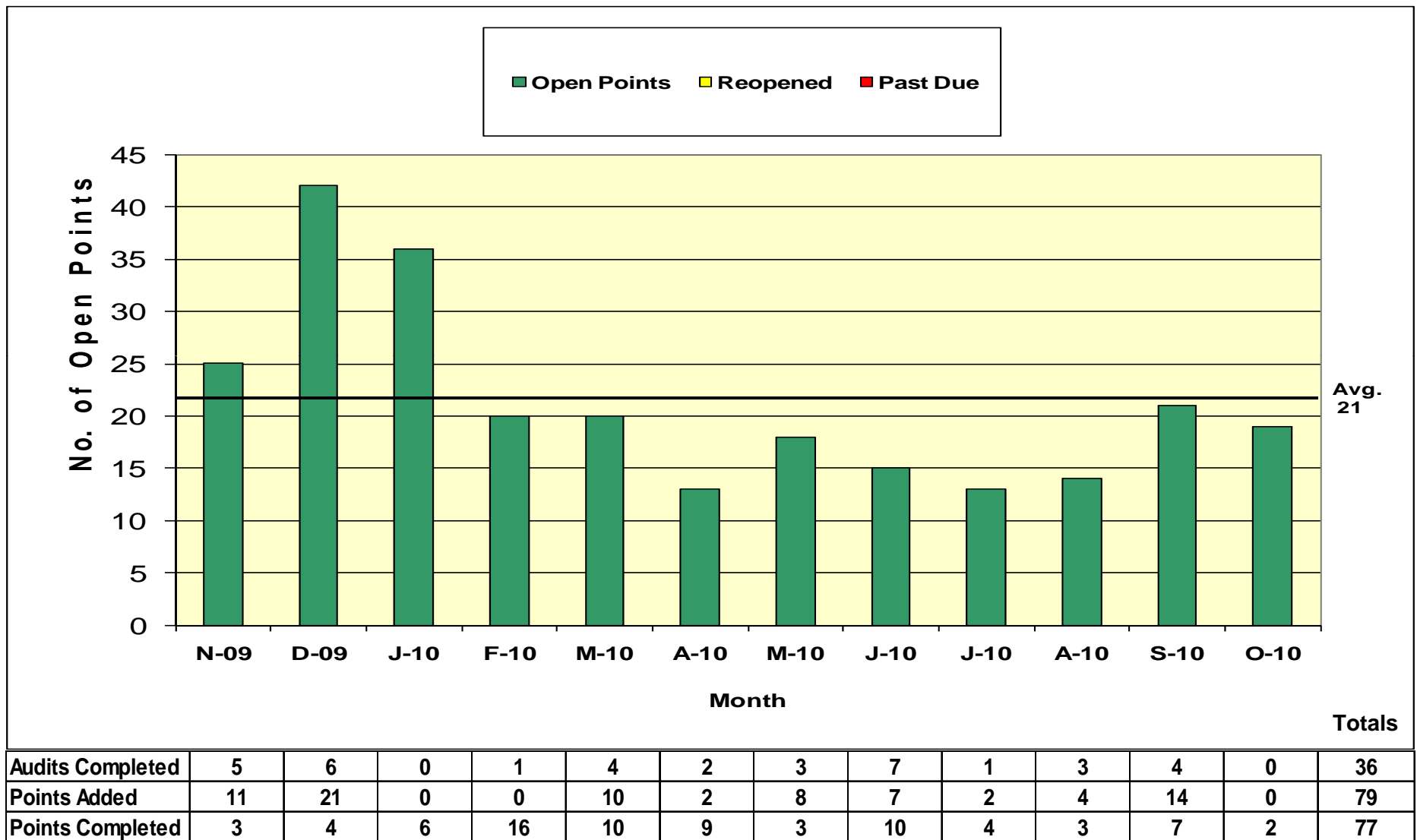
S: For QSEs that do not meet ERCOT's Creditworthiness Standards, amount of Security posted.

Note 1: Guarantee Agreements provided to meet a QSE's collateral requirements by entities that meet ERCOT's Creditworthiness Standards.

Guarantee Agreements provided to meet financial statement requirements by entities that do not meet ERCOT's Creditworthiness Standards are not included on this schedule.

14. Committee Brief ICMP - Status of Open Audit Points

Cheryl Moseley



All audit points except 2 are expected to be complete by 1/31/11.

14. Committee Brief: ICMP - Audits

Cheryl Moseley

Audits Completed

(last 3 months)

Internal Audits

- Patch Management and Server Hardening
- Cash and Investments
- Q2 Fraud Auditing
- Nodal Program Spending (Part 1 of 2)
- Access Management for Financial System
- 2009 Unaffiliated Board Member Expense Reimbursement (Special Request)

External Audits

- 2010 Benefit Plan Audit (Maxwell, Locke & Ritter)

Audits in Progress

Internal Audits

- Pre-Audit Testing for 2011 Nodal SAS70 Audit
- Nodal Program Reporting (Special Request)
- Nodal Protocol Owners (Special Request)
- Q3 2010 Fraud Auditing
- Nodal Program Spending (Part 2 of 2)
- Protocol 1.4 Required Audit – Ethics
- Employee & Contract Worker Ethics Compliance
- Software License Management (Special Request)

External Audits

- 2010 Zonal SAS70 Audit (SAS70 Solutions, Inc.)

Planned Audits

(next 3 months)

Internal Audits

- Outage Coordination

External Audits

- 2010 Financial Audit (Ernst & Young, LLP)

14. Committee Brief: ICMP - Security Assessments

Cheryl Moseley

Consultation/Analysis Reports Completed

(last 3 months)

Assessments

- 1 Internal Assessment

Open Consultation/ Analysis Reviews

(in progress)

Assessments

- None

Planned Consultation/ Analysis Reviews

(next 3 months)

Assessments

- 1 Assessment planned in Q4

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
RISK MANAGEMENT EVENT PROFILE MATRIX (as of November 1, 2010)**

Strategic	Operational Excellence	Market Facilitation	Grid Reliability	Reporting	Legal and Regulatory Compliance
Strategy Development Corporate objective setting adequately incorporates informed stakeholder input, market realities and management expertise.	Performance Monitoring Clearly defined and actively monitored performance metrics linked to mission and goals - Performance status communicated and corrective action taken.	Customer Choice Market design promotes efficient choice by customers of energy providers with effective mechanisms to change incumbent market participants as desired.	Grid Operations Information required to operate the grid is efficiently gathered. Appropriate tools are prudently configured to efficiently operate the system.	Review Practices Prudent measures are taken to insure that company disclosures are properly vetted and not misleading.	Legal & Legislative Operations are conducted in compliance with all laws and regulations. Impacts of current and proposed legislation are understood and communicated.
Mission and Goals Corporate objectives and performance standards are understood and followed.	Business Practices Business planning, processes and management standards are effective and efficient.	Nodal Implementation Project Nodal Implementation on budget on schedule, and within defined scope.	Planning Long-range planning methods enable efficient responses to system changes that are necessary to maintain reliability standards.	Disclosure Reporting and other disclosures to intended parties is timely, accurate and effective.	Internal Control Compliance Internal Control Compliance processes and management standards are effective, efficient, and provide stakeholders with required assurances of quality.
2011 budget is completed and ready for submission and discussion with the board. Efforts to transform the Project Management Organization into the Business Integration Organization are complete.		Full market trials functionality testing continues. Board has certified full nodal systems ready for December 1 Go-Live. Soft Launch scheduled for 11/15. Reporting support for DAM / RUC / SASM continues to be upgraded.	Demand for planning studies continues to grow. ERCOT has received two awards totaling \$3.5 million to produce long-term resource and transmission planning studies in 2011. Hiring is completed. In the scoping phase of the studies. Project completion 2013.		Efforts underway to streamline and increase the effectiveness of ERCOT's internal controls program and integrate it with the company's Enterprise Risk Management program.
Reputation Positive perceptions by stakeholders lead to less cost and greater flexibility resulting in enhanced enterprise value.	Workforce Organization design, managerial and technical skills, bench strength and reward systems aligned with corporate goals.	Counterparty Credit Maintain credit risk exposure for overall market within acceptable limits.	Bulk System Resources Market Participants construct and make available adequate bulk electric grid resources.	Communication Internal & external communications are timely and effective.	Industry Standards Business and operational activities in compliance with all applicable regulatory, financial & accounting requirements, standards, & directives.
ERCOT addressing reputation issues by 1) refocusing communication efforts, 2) continuing to complete Nodal on time and on budget, 3) preparing a well thought out budget for 2011, and 4) increasing accountability.	Initial organizational alignment of capabilities and employee skill sets required in a Nodal stabilized environment resulted in the reduction of 37 employees. Ready to move forward with succession planning and training initiatives once the new organization is put in place.	Color remains yellow pending the review of risk factors in the Nodal market requested by F&A. Daily ACL postings have begun for the December monthly CRR auction.			Still waiting for the final 2009 NERC audit report for the Critical Infrastructure Protection (CIP) portion. For 2010 NERC Audit, ERCOT was found to be fully compliant on the 693 (O/P) standards. CIP status is not determined at this point
Fiscal Management ISO design requires competent, prudent and cost effective provision of services.	Technology Infrastructure Information systems, supporting facilities and data are effectively managed and are reliable.	Administration, Settlement & Billing Market rules fairly applied to all participants. Accounting is timely and accurately reflects electricity production and delivery.	Operational Responsibility Market participant conduct their operations in a manner which facilitates consistent grid reliability.	Adequacy and Integrity Robust processes exist to support management assertions embodied within financial reports.	Regulatory Filings Evidence, testimony and other supporting materials are compelling and successful.
	Systems stable. Sufficient system and computer room capacity exist for Nodal 'go-live'. Austin data center capacity near maximum and may not be able to accommodate additional unforeseen expansion prior to switchover to Bastrop. Capacity requirements are being closely monitored. New data center buildings complete. Installation of communications equipment in progress. Replacement equipment acquisition in progress.		There are still uncertainties involved regarding operational impacts of existing and continually increasing amount of intermittent renewable generation on the system. RTWG brought a draft of the Texas Renewables Integration Plan (TRIP) to TAC in August that will provide additional guidance on what those uncertainties are and how to address them.		

Legend: Elevated Risk Level

Reduced Risk Level

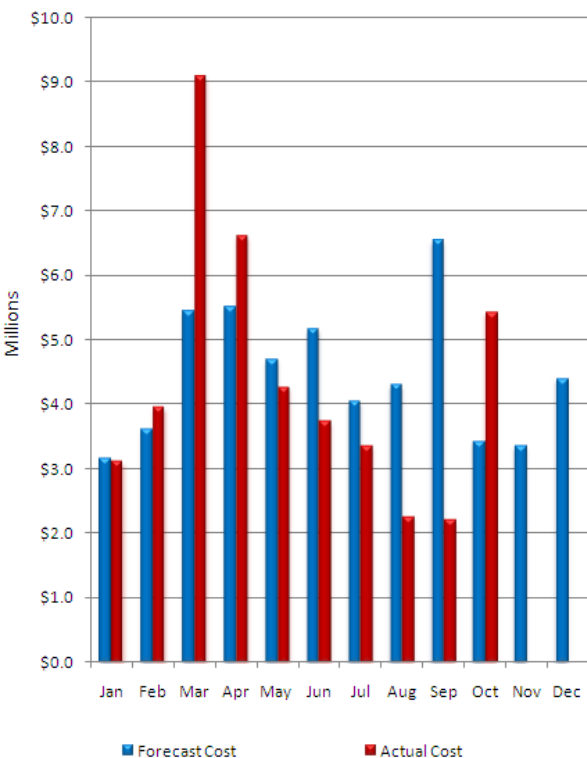
(New Risk Categories / Descriptions Indicated in Green)

14. Committee Brief: PMO

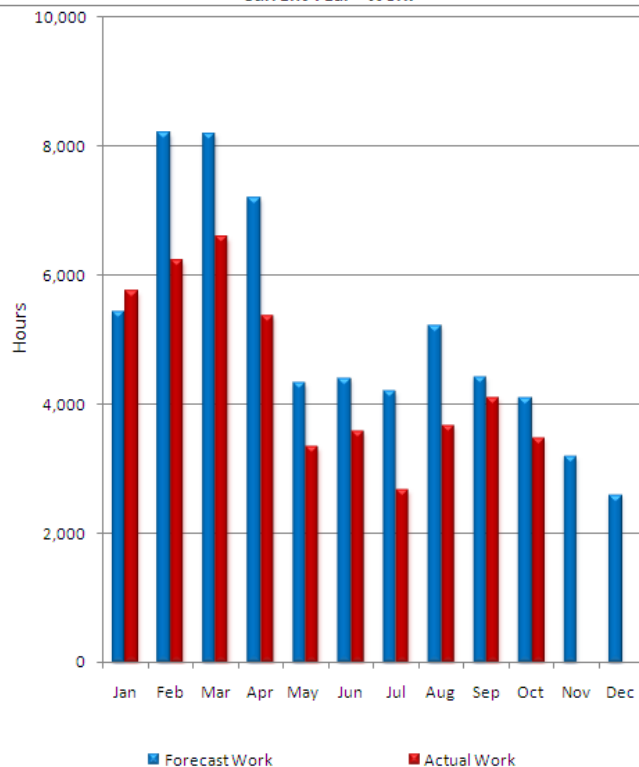
ERCOT Enterprise Projects Summary Report

ERCOT		Overall Projects Report					Reporting Period:	10/31/2010	
		Projects in ERCOT's Portfolio						Portfolio Performance	
Deferred	Concept	On Hold	Initiation	Planning	Execution	Closing	Schedule	Budget	
0	2	1	0	6	12	2	Green	Green	
			Closed	Total Active		22			
			Cancelled	Projects Not Started		0	Current Year Funded Budget:	\$55,720,000	

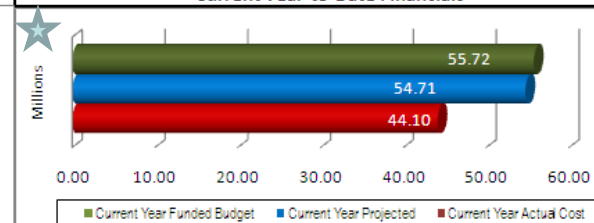
ERCOT Projects
Current Year - Cost



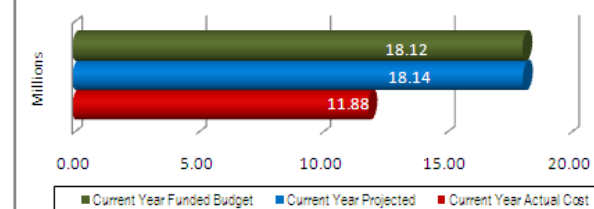
ERCOT Projects
Current Year - Work



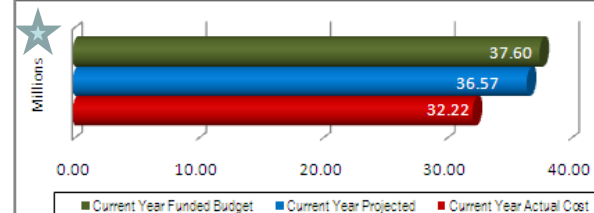
ERCOT Projects
Current Year-to-Date Financials



ERCOT Projects (Excluding MET Center)



MET Center Project



ERCOT
Summary of Investments
October 31, 2010
(\$ in 000s)

<u>Investment Account</u>	<u>Investment Type</u>	<u>Operating</u>	<u>Market</u>	<u>Deposit/ Restricted</u>	<u>Total</u>	<u>% Investments</u>
Bank of America	<i>Treasury and Repo</i>		\$ 11	\$ 7,000	\$ 7,011	5%
BlackRock 60	<i>Treasury and Repo</i>		3	8,543	8,545	6%
BlackRock 62	<i>Treasury only</i>			22,500	22,500	16%
Federated 068	<i>Treasury and Repo</i>	2,622	5	5,883	8,509	6%
Federated 0125	<i>Treasury only</i>		15	22,001	22,016	16%
Fidelity 695	<i>Treasury and Repo</i>			7,000	7,000	5%
Fidelity 680	<i>Treasury only</i>			14,000	14,000	10%
Invesco	<i>Treasury and Repo</i>		8	6,016	6,024	4%
JPMorgan	<i>Treasury and Repo</i>	2,556	175	7,584	10,315	8%
Wells Fargo 793	<i>Treasury and Repo</i>		8	8,871	8,879	6%
Wells Fargo 3722	<i>Treasury only</i>			22,500	22,500	16%
	Subtotal	<u>\$ 5,178</u>	<u>\$ 223</u>	<u>\$ 131,897</u>	<u>\$ 137,299</u>	<u>100%</u>

Other cash net of outstanding checks \$ (2,595)

Total cash and cash equivalents \$ 134,704

Note:

ERCOT has and will continue to increase the number of investment accounts available to it in preparation for additional levels of cash expected to be held during Nodal. However, ERCOT proposes allowing some flexibility in the maximum dollars held per fund as defined in the Investment Corporate Standard for a period of time (3-6 months) to ensure that ERCOT stays compliant with that Standard until investable funds in Nodal reach "steady state".

15. Future Agenda Items: December 2010

Mike Petterson

- **Standing Internal Audit agenda items**
- **Perform Finance and Audit Committee self assessment**
- **Review the Company's dealings with any financial institutions that are also market participants**
- **Approve audit committee meeting planner for the upcoming year, confirm mutual expectations with management and the auditors**
- **ERCOT credit status**
- **Credit Working Group status**
- **Review performance of Chief Audit Executive**
- **Quarterly Committee education on accounting developments**
- **Committee briefs**
- **Future agenda items**

15. Future Agenda Items: F&A 2010 Yearly Schedule

Mike Petterson

Quarter 1

- √ •Elect officers and confirm financial qualifications
- √ •Vote on CWG Chair/Vice Chair

Quarter 2

- √•Report results of annual independent audit to the Board
- √•Review the procedures for handling Reporting violations
- √•Review results of annual audit, together with significant accounting policies (including required communications)
- √•Review operating plan and budget assumptions
- √•Review and approve Internal Audit Department Charter
- √•Conduct annual review of insurance coverage(s)
- √•Review the Company's dealings with any financial institutions that are also market participants
- √•Review the Market Credit Risk Corporate Standard

Quarter 3

- Appoint the independent auditors for upcoming year
- Approval of independent auditor fees for upcoming year
- √•Review of committee charter
- Assessment of compliance, the internal control environment and systems of internal controls
- √•Report by CWG Chair on ERCOT credit policy

Quarter 4

- Approve audit committee meeting planner for the upcoming year, confirm mutual expectations with management and the auditors
- Review and approval of Financial & Investment Corporate Standards
- Review and approval of annual operating budget
- Approve scope of internal auditing plan for upcoming year
- Assessment of the adequacy and effectiveness of the Internal Audit staff
- Perform Finance & Audit committee self assessment
- Review requirements for membership in CWG
- Review and approve CWG Charter
- Review the Company's dealings with any financial institutions that are also market participants
- Review scope of annual financial audit
- Review of external auditor quality control procedures and independence

Recurring Items

- Review minutes of previous meeting
- Report monthly matters to the Board (chair)
- Review EthicsPoint activity
- Review significant audit findings and status relative to annual audit plan
- Review investment results quarterly

16. Other Business

Mike Petterson
