



# **Proposed 2013 Budget**

**Board of Directors Meeting  
June 19, 2012**

**ERCOT Public**

# Proposed 2013 Budget

## Revenue Requirements – 2012 Budget vs. 2013 Request

Line	(\$ Thousands)	2012 Budget	2013 Request	Variance \$	Variance %
1	Operating expenses				
2	Labor	\$ 74,367.09	\$ 77,165.0	\$ 2,797.9	3.8
3	Hardware & Software Support & Maintenance	20,114.2	19,705.7	(408.5)	(2.0)
4	Utility, Maintenance, & Facilities	12,456.1	11,930.9	(525.2)	(4.2)
5	Outside Services	6,964.9	8,005.6	1,040.7	14.9
6	Other Expenses	3,877.5	4,143.6	266.2	6.9
7	Employee Expenses	1,148.4	1,600.5	452.1	39.4
8	Equipment & Tools	877.8	982.0	104.1	11.9
9	Subtotal - Operating Expenses	119,806.1	123,533.4	3,727.3	3.1
10	Debt Service Obligations				
11	Principal Payments	26,200.0	16,570.0	(9,630.0)	(36.8)
12	Interest Expense	2,993.0	2,327.7	(665.3)	(22.2)
13	Subtotal - Debt Service Obligations	29,193.0	18,897.7	(10,295.3)	(35.3)
14	Revenue-Funded Project Expenditures				
15	Project Expenditures	15,000.0	15,000.0	-	-
16	Debt-Funded Project Expenditures	9,000.0	9,000.0	-	-
17	Subtotal - Revenue-Funded Project Expenditures	6,000.0	6,000.0	-	-
18	Reliability Organization Assessment	13,062.3	13,248.6	186.4	1.4
19	Subtotal - Revenue Requirements	168,061.3	161,679.7	(6,381.6)	(3.8)
20					
21	Revenue Sources				
22	System Administration Fee Revenue	137,664.7	139,895.8	2,231.1	1.6
23	Reliability Organization Assessment Fee	13,062.3	13,248.6	186.4	1.4
24	Other Revenue	3,607.5	3,735.3	127.8	3.5
25	Interest Income	-	-	-	n/a
26	Extraordinary Item Revenue	-	-	-	n/a
27	2010 Carry Forward	-	-	-	n/a
28	2011 Carry Forward	13,726.9	-	(13,726.9)	(100.0)
29	2012 Projected Carry Forward	-	4,800.0	4,800.0	n/a
30	Subtotal - Revenue Sources	168,061.3	161,679.7	(6,381.6)	(3.8)
31					
32	System Administration Fee Calculation				
33	System Administration Fee Revenue	137,664.7	139,895.8	2,231.1	1.6
34	Energy Consumption (GWH)	330,033.6	335,401.2	5,367.6	1.6
35	System Administration Fee	0.4171	0.4171	(0.0000)	(0.0)
36					
37	Total Spending Authorization Computation				
38	Revenue Requirements	168,061.3	161,679.7	(6,381.6)	(3.8)
39	Debt-Funded Project Expenditures	9,000.0	9,000.0	-	-
40	Total Spending Authorization	\$ 177,061.3	\$ 170,679.7	\$ (6,381.6)	(3.6)

# Proposed 2013 Budget Revenue Requirements

Line	(\$ Thousands)	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	Operating expenses								
2	Labor	\$ 69,142.0	\$ 74,367.1	\$ 77,165.0	\$ 80,214.6	\$ 83,386.2	\$ 86,684.7	\$ 90,115.1	\$ 93,682.7
3	Hardware & Software Support & Maintenance	9,703.8	20,114.2	19,705.7	20,012.8	20,345.2	20,709.8	21,111.5	21,531.4
4	Utility, Maintenance, & Facilities	11,187.4	12,456.1	11,930.9	12,135.7	12,357.2	12,599.7	12,866.2	13,145.1
5	Outside Services	7,349.0	6,964.9	8,005.6	8,473.4	8,197.5	8,337.2	8,496.0	8,701.2
6	Other Expenses	4,110.7	3,877.5	4,143.6	4,213.2	4,287.0	4,365.9	4,450.8	4,538.8
7	Employee Expenses	1,364.2	1,148.4	1,600.5	1,623.1	1,648.1	1,676.2	1,708.0	1,741.5
8	Equipment & Tools	740.9	877.8	982.0	995.8	1,011.2	1,028.4	1,047.9	1,068.4
9	Subtotal - Operating Expenses	103,598.0	119,806.1	123,533.4	127,668.7	131,232.4	135,402.0	139,795.6	144,409.1
10	Debt Service Obligations								
11	Principal Payments	26,200.0	26,200.0	16,570.0	11,604.3	12,093.9	8,599.1	7,540.9	5,917.8
12	Interest Expense	3,978.5	2,993.0	2,327.7	2,137.5	1,969.6	1,773.9	1,675.4	1,574.0
13	Subtotal - Debt Service Obligations	30,178.5	29,193.0	18,897.7	13,741.8	14,063.5	10,373.0	9,216.4	7,491.9
14	Revenue-Funded Project Expenditures								
15	Project Expenditures	32,357.5	15,000.0	15,000.0	20,000.0	20,000.0	25,000.0	25,000.0	25,000.0
16	Debt-Funded Project Expenditures	19,414.5	9,000.0	9,000.0	12,000.0	10,000.0	10,000.0	10,000.0	10,000.0
17	Subtotal - Revenue-Funded Project Expenditures	12,943.0	6,000.0	6,000.0	8,000.0	10,000.0	15,000.0	15,000.0	15,000.0
18	Reliability Organization Assessment	11,974.9	13,062.3	13,248.6	13,435.5	13,642.4	13,875.3	14,138.2	14,415.0
19	Subtotal - Revenue Requirements	158,694.3	168,061.3	161,679.7	162,846.0	168,938.2	174,650.3	178,150.2	181,316.0
20									
21	Revenue Sources								
22	System Administration Fee Revenue	139,533.1	137,664.7	139,895.8	145,622.6	151,453.9	156,872.2	160,040.3	162,857.4
23	Reliability Organization Assessment Fee	11,974.9	13,062.3	13,248.6	13,435.5	13,642.4	13,875.3	14,138.2	14,415.0
24	Other Revenue	3,429.2	3,607.5	3,735.3	3,787.9	3,842.0	3,902.9	3,971.6	4,043.6
25	Interest Income	6.6	-	-	-	-	-	-	-
26	Extraordinary Item Revenue	5,000.0	-	-	-	-	-	-	-
27	2010 Carry Forward	17,599.8	-	-	-	-	-	-	-
28	2011 Carry Forward	(18,849.3)	13,726.9	-	-	-	-	-	-
29	2012 Projected Carry Forward	-	-	4,800.0	-	-	-	-	-
30	Subtotal - Revenue Sources	158,694.3	168,061.3	161,679.7	162,846.0	168,938.2	174,650.3	178,150.2	181,316.0
31									
32	System Administration Fee Calculation								
33	System Administration Fee Revenue	139,533.1	137,664.7	139,895.8	145,622.6	151,453.9	156,872.2	160,040.3	162,857.4
34	Energy Consumption (GWH)	334,547.5	330,033.6	335,401.2	349,131.2	363,111.7	376,102.0	383,697.8	390,451.7
35	System Administration Fee	0.4171	0.4171	0.4171	0.4171	0.4171	0.4171	0.4171	0.4171
36									
37	Total Spending Authorization Computation								
38	Revenue Requirements	158,694.3	168,061.3	161,679.7	162,846.0	168,938.2	174,650.3	178,150.2	181,316.0
39	Debt-Funded Project Expenditures	19,414.5	9,000.0	9,000.0	12,000.0	10,000.0	10,000.0	10,000.0	10,000.0
40	Total Spending Authorization	\$ 178,108.8	\$ 177,061.3	\$ 170,679.7	\$ 174,846.0	\$ 178,938.2	\$ 184,650.3	\$ 188,150.2	\$ 191,316.0

# **Detailed Schedules**

## ERCOT Fiscal Year 2013 Budget

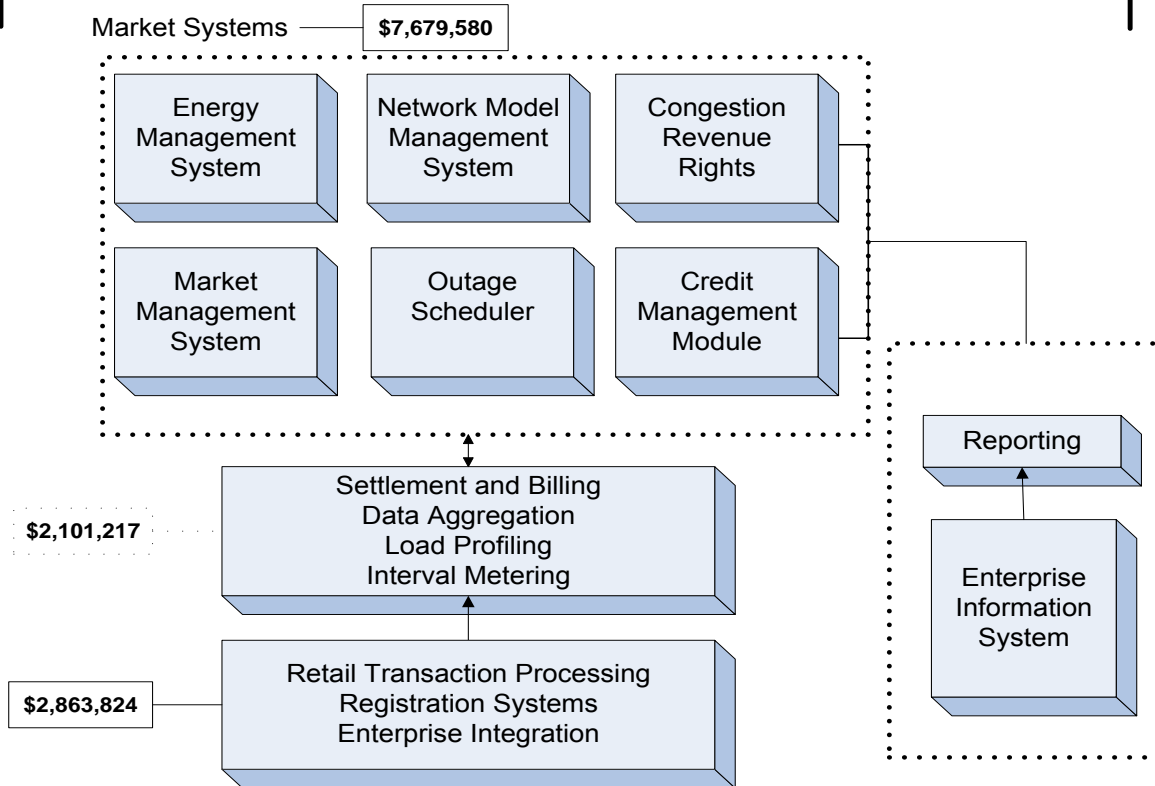
### Labor - 2012 vs. 2013 Comparison

Line	Description	2012 Budget	2013 Request	Variance \$	Variance %	Explanations
1	Salaries and wages	\$ 55,553,325	\$ 58,117,087	\$ 2,563,762	4.6%	Increase primarily driven by annual merit.
2	Benefits, taxes and other	18,813,761	19,047,945	234,183	1.2%	Benefit burden as a percentage of salaries was reduced in 2013 based on actual historical costs.
3	Total - Labor	\$ 74,367,086	\$ 77,165,032	\$ 2,797,945	3.8%	

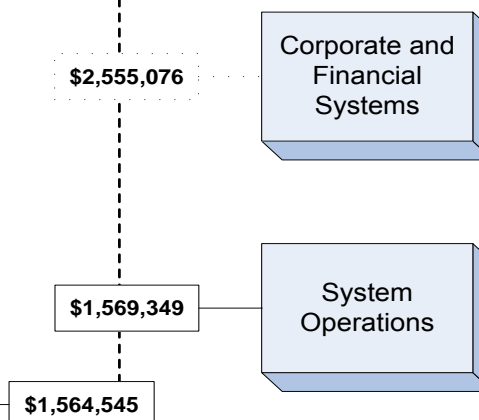
**ERCOT Fiscal Year 2013 Budget**  
**Hardware & Software Support/Maintenance**

**ERCOT 2013 Hardware & Software Support/Maintenance Budget = \$19,705,706**

**ERCOT Production Systems**



**ERCOT Corporate Systems**



**Security - \$1,372,115**

**ERCOT Fiscal Year 2013 Budget**  
**Utility, Maintenance, & Facilities**

Line	Description	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	<b><u>Building Maintenance</u></b>								
2	Building Security Services	\$ 1,266,797	\$ 1,434,506	\$ 1,435,000	\$ 1,455,238	\$ 1,477,646	\$ 1,502,873	\$ 1,531,356	\$ 1,561,338
3	Building Maintenance	824,435	1,064,222	1,048,888	1,063,681	1,080,059	1,098,498	1,119,317	1,141,232
4	Custodial Service	222,521	217,488	250,000	253,526	257,430	261,825	266,787	272,010
5	Miscellaneous Facilities Services	163,376	204,346	155,654	157,850	160,280	163,016	166,105	169,358
6	Grounds Maintenance	57,171	99,984	60,000	60,846	61,783	62,838	64,029	65,283
7	Subtotal - Building Maintenance	2,534,301	3,020,547	2,949,542	2,991,141	3,037,198	3,089,050	3,147,594	3,209,221
8									
9	<b><u>Wide Area Network (WAN)</u></b>	2,740,769	2,803,319	2,880,000	2,920,617	2,965,590	3,016,220	3,073,385	3,133,558
10									
11	<b><u>Property Tax</u></b>	2,171,625	2,912,816	2,299,260	2,368,238	2,439,285	2,512,463	2,587,837	2,665,473
12									
13	<b><u>Utilities</u></b>								
14	Electricity	2,076,019	1,924,376	2,000,000	2,028,206	2,059,437	2,094,596	2,134,294	2,176,081
15	Water/Gas/Sewer/Trash	147,678	108,996	150,000	152,115	154,457	157,094	160,071	163,205
16	Fuel Oil	49,988	72,480	75,000	76,058	77,229	78,547	80,036	81,603
17	Subtotal - Utilities	2,273,686	2,105,852	2,225,000	2,256,379	2,291,123	2,330,237	2,374,401	2,420,889
18	<b><u>Rent</u></b>								
19	Office Rental	849,300	877,007	900,000	912,693	926,747	942,569	960,433	979,237
20	Storage Rental	68,929	62,554	66,000	66,931	67,961	69,120	70,429	71,808
21	Miscellaneous Rental	1,071	-	-	-	-	-	-	-
22	Subtotal - Rent	919,300	939,561	966,000	979,624	994,708	1,011,689	1,030,862	1,051,045
23	<b><u>Telecom</u></b>								
24	Conferencing	197,873	281,242	289,100	293,178	297,693	302,775	308,514	314,554
25	Telephone	193,397	261,600	204,000	206,877	210,063	213,649	217,698	221,960
26	Internet Service	118,922	95,196	88,000	89,241	90,615	92,162	93,908	95,747
27	Frame Relay	37,479	36,000	30,000	30,423	30,891	31,418	32,013	32,640
28	Subtotal - Telecom	547,671	674,038	611,100	619,719	629,262	640,004	652,133	664,901
29									
30	Total - Utility, Maintenance, & Facilities	\$ 11,187,352	\$ 12,456,133	\$ 11,930,902	\$ 12,135,718	\$ 12,357,166	\$ 12,599,663	\$ 12,866,212	\$ 13,145,087

**ERCOT Fiscal Year 2013 Budget**  
**Outside Services - 2013 Listing**

Line	Department Name	Service Description	2013 Request
1	Market Analysis	Independent Market Monitoring Services	2,900,000
2	Standards and Compliance	Protocol Services	1,029,100
3	General Counsel	Outside legal services for specialized legal knowledge and skills not possessed by in-house legal staff or not requiring a full time position (e.g., litigation, expert witness fees, court reporting fees, employment/employee benefits, information technology, intellectual property, security/compliance, tax/financing, governance, insurance/risk management, records management, etc.).	600,000
4	Retail Client Services & Analysis	PUCT mandated end user switch notifications	580,400
5	General Counsel	Expenses associated with the ongoing support and administration of the Board of Directors: <ul style="list-style-type: none"> <li>• Independent member compensation</li> <li>• Business expense reimbursement</li> <li>• Special meetings and retreats</li> </ul>	554,000
6	Technology Services Administration	Lawson hosting services which would require hardware and three support specialists to host internally. It is cost beneficial to procure external hosting.	336,000
7	Commercial Services	Settlement system software contract resource needed to support application development due to cancellation of vendor maintenance contract .	288,000
8	Resource Integration	Define processes and software to routinely validate generator dynamic model parameters using data collected from Phasor Measurement Units and Fault Recorders. Assist ERCOT in implementing this process.	192,000
9	Human Resources & Organization Dvlpmnt	Specialized legal expertise in the area of Immigration Assistance, as well as, filing fees associated with hiring non-US citizens. These services assist in recruiting Power Engineers and certain Information Technology functions. A full-time position is not necessary, therefore approximately half of the estimated amount is for legal services and the remaining half is for filing fees.	190,000
10	Human Resources & Organization Dvlpmnt	Partnership with University of Texas for two management leadership/training programs: <ul style="list-style-type: none"> <li>• Professional Development Center (PDC)</li> <li>• Cockrell School of Engineering's Center for Lifelong Engineering Education (CLEE)</li> </ul>	162,645
11	Critical Infrastructure Security	Co-hosted managed security solution to support and maintain security applications	150,000
12	Accounting & Financial Reporting	Annual financial statement audit, which must be performed externally, is mandatory to be compliant with PUCT rules. Amount includes additional fees assumed to be necessary to account for implications from Commodity Futures Trading Commission (CFTC) legislation.	145,000
13	General Counsel	Statement on Standards for Attestation Engagements (SSAE 16) audit required to be performed by external, independent certified public accounting (CPA) firm.	86,100
14	Human Resources & Organization Dvlpmnt	External data and compensation reviews/comparisons for specific positions	80,000
15	Long Term Planning & Policy	Evaluation of Capacity Value (Effective Load Carrying Capability [ELCC]) of new technologies. The Generation Adequacy Task Force (GATF) has requested that ERCOT evaluate the ELCC of solar generation when greater than 300 MW of solar generation are connected to the ERCOT grid. Based on current interconnections, this could occur in 2012 or early 2013 (over 500 MW of solar currently in full interconnection study mode). Also, ERCOT will need an analysis of how to incorporate energy storage devices into the Capacity, Demand and Reserves (CDR) report.	75,000
16	Database & Storage Services	Professional Storage Services & Training (Services of Project Manager)	71,464
17	General Counsel	Senior Paralegal dedicated to support corporate functions, including procurement, vendor contracts and real estate matters	62,400
18	Settlements & Billing Operations	Contract resource to provide Verifiable Cost review and approval support	51,480
19	Training & Development	Instructor Based Training: <ul style="list-style-type: none"> <li>• Excel, SQL Level 1 and 2, Cognos, Sharepoint and Other</li> <li>• Basic Training, Generation 101 and Generation 201</li> </ul>	50,516
20	Facilities Management	Courier services necessary for mail collection, routing, and distribution	50,000



# ERCOT Fiscal Year 2013 Budget

## Outside Services - 2013 Listing

Line	Department Name	Service Description	2013 Request
21	Internal Audit	External Quality Assessment Review of the Internal Audit Department that is required every five years by the International Professional Practices Framework (IPPF) by the Institute of Internal Auditors (IIA Standard 1312 - External Assessments). As the last Quality Assessment Review (QAR) of the Internal Audit Department was performed in Q1 of 2008, an external QAR by a third party firm needs to be completed in 2013 in order to remain in compliance with the IIA Standards.	40,000
22	Resource Integration	Outside consultant review of Sub Synchronous Control Interaction studies completed by ERCOT staff to review technical accuracy	38,400
23	Business Integration	Outside Facilitation Advanced Metering Implementation Team (AMIT) meetings	37,600
24	General Counsel	Court reporting services for Board meetings	36,000
25	Settlements & Billing Operations	Consultant review of Reliability Must Run (RMR) actual cost submittals	35,000
26	Treasury	Investment rating review by independent recognized rating agency required by State law for bond issuance.	30,000
27	Accounting & Financial Reporting	Invoice Management Automation tool to allow for the automation of soft-copy invoice routing and manager approval.	20,000
28	Accounting & Financial Reporting	Required statutory audit and filing of annual Internal Revenue Service (IRS) Form 990 which provides financial information for tax-exempt entities	20,000
29	Human Resources & Organization Dvlpmnt	Federal law requires independently audited benefit plan financial statements be filed via Internal Revenue Service (IRS) Form 5500	18,000
30	Accounting & Financial Reporting	Assistance with annual inventory of fixed assets	17,000
31	Human Resources & Organization Dvlpmnt	Actuarial support to assist with the Financial Accounting Standards Board (FASB) 106 liability for post retiree medical benefits	15,000
32	Business Integration	Contract resource to assist with project initiation and impact analysis	14,400
33	Human Resources & Organization Dvlpmnt	External hosting of Candidate Tracking System	13,600
34	Physical Security	Lenel system upgrade to newer version. System information requested by NERC auditors and Statement on Standards for Attestation Engagements (SSAE 17), and necessary to remain compliant with CIP 6R8, CIP 7R3, R4 and R5.	10,000
35	External Affairs	Media Training Seminar	6,500
36			
37		Total - Outside Services	<u>\$ 8,005,605</u>

**ERCOT Fiscal Year 2013 Budget**  
**Outside Services - 2012 vs. 2013 Comparison**

Line	Department Name	Service Description	2012 Budget	2013 Request	Variance
<b>Mandated Outside Services</b>					
1	Market Analysis	Independent Market Monitoring Services	\$ 2,800,000	\$ 2,900,000	\$ 100,000
2	General Counsel	Outside legal services for specialized legal knowledge and skills not possessed by in-house legal staff or not requiring a full time position (e.g., litigation, expert witness fees, court reporting fees, employment/employee benefits, information technology, intellectual property, security/compliance, tax/financing, governance, insurance/risk management, records management, etc.).	550,000	600,000	50,000
3	Standards and Compliance	Protocol Services	1,000,000	1,029,100	29,100
4	Physical Security	Lenel system upgrade to newer version. System information requested by NERC auditors and Statement on Standards for Attestation Engagements (SSAE 17), and necessary to remain compliant with CIP 6R8, CIP 7R3, R4 and R5.	-	10,000	10,000
5	Human Resources & Organization Dvlpmnt	Federal law requires independently audited benefit plan financial statements be filed via Internal Revenue Service (IRS) Form 5500.	15,000	18,000	3,000
6	General Counsel	Expenses associated with the ongoing support and administration of the Board of Directors: <ul style="list-style-type: none"> <li>• Independent member compensation</li> <li>• Business expense reimbursement</li> <li>• Special meetings and retreats</li> </ul>	554,000	554,000	-
7	Accounting & Financial Reporting	Annual financial statement audit, which must be performed externally, is mandatory to be compliant with PUCT rules. Amount includes additional fees assumed to be necessary to account for implications from Commodity Futures Trading Commission (CFTC) legislation.	145,000	145,000	-
8	General Counsel	Statement on Standards for Attestation Engagements (SSAE 16) audit required to be performed by external, independent certified public accounting (CPA) firm.	86,100	86,100	-
9	Accounting & Financial Reporting	Required statutory audit and filing of annual Internal Revenue Service (IRS) Form 990 which provides financial information for tax-exempt entities.	20,000	20,000	-
10	Human Resources & Organization Dvlpmnt	Actuarial support to assist with the Financial Accounting Standards Board (FASB) 106 liability for post retiree medical benefits.	15,000	15,000	-
11	Physical Security	Managed services contract for availability and reliability of physical access control system and Internet Protocol (IP) based closed-circuit television (CCTV), which is integral to NERC CIP compliance. Physical Security staff do not have skill set or bandwidth to perform monthly patching, provide system maintenance, troubleshoot system, and resolve issues associated with the application, operating system, or hardware. Information Technology office does not provide necessary support due to non-standard hardware being utilized.	32,000	-	(32,000)
12	Physical Security	Cyber vulnerability assessment of the physical access control system as required by CIP 6 R2.2 and CIP 7 R8. Staff do not have technical skillset to perform this assessment.	80,000	-	(80,000)
13	Retail Client Services & Analysis	PUCT mandated end user switch notifications.	730,400	580,400	(150,000)
14					
15		Subtotal - Mandated Outside Services	\$ 6,027,500	\$ 5,957,600	\$ (69,900)
16					

**ERCOT Fiscal Year 2013 Budget**  
**Outside Services - 2012 vs. 2013 Comparison**

Line	Department Name	Service Description	2012 Budget	2013 Request	Variance
<b>Discretionary Outside Services</b>					
17	Commercial Services	Settlement system software contract resource needed to support application development due to cancellation of vendor maintenance contract .	\$ -	\$ 288,000	\$ 288,000
18	Resource Integration	Define processes and software to routinely validate generator dynamic model parameters using data collected from Phasor Measurement Units and Fault Recorders. Assist ERCOT in implementing this process.	-	192,000	192,000
19	Critical Infrastructure Security	Co-hosted managed security solution to support and maintain security applications	-	150,000	150,000
20	Human Resources & Organization Dvlpmnt	Partnership with University of Texas for two management leadership/training programs: <ul style="list-style-type: none"> <li>Professional Development Center (PDC)</li> <li>Cockrell School of Engineering's Center for Lifelong Engineering Education (CLEE)</li> </ul>	75,000	162,645	87,645
21	Long Term Planning & Policy	Evaluation of Capacity Value (Effective Load Carrying Capability [ELCC]) of new technologies. The Generation Adequacy Task Force (GATF) has requested that ERCOT evaluate the ELCC of solar generation when greater than 300 MW of solar generation are connected to the ERCOT grid. Based on current interconnections, this could occur in 2012 or early 2013 (over 500 MW of solar currently in full interconnection study mode). Also, ERCOT will need an analysis of how to incorporate energy storage devices into the CDR summary.	-	75,000	75,000
22	Database & Storage Services	Professional Storage Services & Training (Services of Project Manager)	-	71,464	71,464
23	General Counsel	Senior Paralegal dedicated to support corporate functions, including procurement, vendor contracts and real estate matters	-	62,400	62,400
24	Settlements & Billing Operations	Contract resource to provide Verifiable Cost review and approval support	-	51,480	51,480
25	Training & Development	Instructor Based Training: <ul style="list-style-type: none"> <li>Excel, SQL Level 1 and 2, Cognos, Sharepoint and Other</li> <li>Basic Training, Generation 101 and Generation 201</li> </ul>	-	50,516	50,516
26	Internal Audit	External Quality Assessment Review of the Internal Audit Department is required every five years by the International Professional Practices Framework (IPPF) by the Institute of Internal Auditors (IIA Standard 1312 - External Assessments). As the last Quality Assessment Review (QAR) of the Internal Audit Department was performed in Q1 of 2008, an external QAR by a third party firm needs to be completed in 2013 in order to remain in compliance with the IIA Standards.	-	40,000	40,000
27	Resource Integration	Outside consultant review of Sub Synchronous Control Interaction studies completed by ERCOT staff to review technical accuracy	-	38,400	38,400
28	Business Integration	Outside Facilitation Advanced Metering Implementation Team (AMIT) meetings	-	37,600	37,600
29	General Counsel	Court reporting services for Board meetings	-	36,000	36,000
30	Settlements & Billing Operations	Consultant review of Reliability Must Run (RMR) actual cost submittals	-	35,000	35,000
31	Treasury	Investment rating review by independent recognized rating agency required by State law for bond issuance.	-	30,000	30,000
32	Accounting & Financial Reporting	Invoice Management Automation tool to allow for the automation of soft-copy invoice routing and manager approval	-	20,000	20,000
33	Human Resources & Organization Dvlpmnt	External data and compensation reviews/comparisons for specific positions	60,000	80,000	20,000
34	Business Integration	Contract resource to assist with project initiation and impact analysis	-	14,400	14,400
35	Human Resources & Organization Dvlpmnt	External hosting of Candidate Tracking System	-	13,600	13,600
36	External Affairs	Media Training Seminar	-	6,500	6,500

**ERCOT Fiscal Year 2013 Budget**  
**Outside Services - 2012 vs. 2013 Comparison**

Line	Department Name	Service Description	2012 Budget	2013 Request	Variance
37	Technology Services Administration	Lawson hosting services which would require hardware and three support specialists to host internally. It is cost beneficial to procure external hosting.	336,000	336,000	-
38	Human Resources & Organization Dvlpmnt	Specialized legal expertise in the area of Immigration Assistance, as well as, filing fees associated with hiring non-US citizens. These services assist in recruiting Power Engineers and certain Information Technology functions. A full-time position is not necessary, therefore approximately half of the estimated amount is for legal services and the remaining half is for filing fees.	190,000	190,000	-
39	Facilities Management	Courier services necessary for mail collection, routing, and distribution	50,000	50,000	-
40	Accounting & Financial Reporting	Assistance with annual inventory of fixed assets	17,000	17,000	-
41	Training & Development	Training development support, as needed, in regards to web-based training assistance, materials, graphics art, etc.	16,000	-	(16,000)
42	Resource Integration	Develop methods and models to validate PSCAD software methodology in determining risk of subsynchronous resonance/interaction between Competitive Renewable Energy Zones (CREZ) series capacitors and generating units.	50,000	-	(50,000)
43	Training & Development	Staff augmenting services, as needed, to assist with delivery of market participant training courses	68,400	-	(68,400)
44	Long-Term Planning and Policy	Modeled wind generation patterns study for use in various planning tasks and reliability analyses. Despite known improvement needs, wind patterns developed during the Competitive Renewable Energy Zones (CREZ) study are being used for multiple planning activities. Recommended study will provide updated wind patterns that are tied to facility geography, be based on numerous improvements in wind forecasting information, and provide better correlation with weather information used for load forecasting. The patterns will allow more efficiency in transmission development and improved analysis of system reserve margin needs. In addition, this data will facilitate a Loss of Load Probability analysis that NERC is requiring be performed in 2012.	75,000	-	(75,000)
45					
46		Subtotal - Discretionary Outside Services	\$ 937,400	\$ 2,048,005	\$ 1,110,605
47					
48		Total - Outside Services	\$ 6,964,900	\$ 8,005,605	\$ 1,040,705

# ERCOT Fiscal Year 2013 Budget

## Other Expenses

Line	Description	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	Insurance Premiums	\$ 1,797,070	\$ 1,855,100	\$ 1,892,202	\$ 1,930,046	\$ 1,968,647	\$ 2,008,020	\$ 2,048,181	\$ 2,089,144
2	Subscriptions-Data Services & Applications	1,200,116	1,451,564	1,596,108	1,618,618	1,643,541	1,671,601	1,703,280	1,736,628
3	Sponsored Meetings	78,661	47,175	244,125	247,568	251,379	255,670	260,516	265,616
4	Dues	24,220	80,163	93,617	94,937	96,399	98,046	99,904	101,861
5	Subscriptions-Training	68,208	60,000	60,000	60,846	61,783	62,838	64,029	65,283
6	Job Posting Advertising	19,690	50,000	55,000	55,776	56,635	57,602	58,694	59,843
7	Recruiting Expense	211,227	114,000	50,000	50,705	51,486	52,365	53,357	54,402
8	Reward & Recognition	80,580	60,000	40,000	40,564	41,189	41,892	42,686	43,522
9	Report Printing	9,896	32,058	31,693	32,138	32,632	33,188	33,817	34,478
10	Employment Screening	15,294	25,000	25,000	25,353	25,743	26,182	26,678	27,200
11	Express Shipping	19,733	23,449	21,863	22,172	22,511	22,895	23,328	23,782
12	Publications	20,864	4,251	14,870	15,080	15,313	15,575	15,869	16,180
13	Corporate Events	20,010	7,000	12,000	12,170	12,357	12,568	12,806	13,056
14	Postage & Delivery	5,118	7,714	7,164	7,265	7,377	7,503	7,645	7,795
15	Tax - Sales, Excise & Use	52,535	60,000	-	-	-	-	-	-
16	Miscellaneous	487,438		-	-	-	-	-	-
17	Total - Other Expenses	\$ 4,110,662	\$ 3,877,475	\$ 4,143,642	\$ 4,213,238	\$ 4,286,992	\$ 4,365,945	\$ 4,450,790	\$ 4,538,790

**ERCOT Fiscal Year 2013 Budget**  
**Insurance Premiums - 2012 vs. 2013 Comparison**

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<b>Line</b>	<b>Description</b>	<b>2012 Budget</b>	<b>2013 Request</b>	<b>Variance</b>
1	Excess Liability	\$ 1,316,957	\$ 1,343,297	\$ 26,339
2	Board of Directors & Officers	248,361	253,329	4,967
3	Property	121,950	124,389	2,439
4	Workers' Compensation	76,224	77,749	1,524
5	Pollution	25,843	26,360	517
6	Commercial General Liability	24,125	24,607	483
7	Crime/Theft	20,208	20,612	404
8	Fiduciary Liability	13,871	14,149	277
9	Automobile	7,560	7,712	151
10	Total - Insurance Premiums	\$ 1,855,100	\$ 1,892,202	\$ 37,102

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**ERCOT Fiscal Year 2013 Budget**  
**Subscriptions - Data Services**

Line	Description	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	Wind Generation Forecasting Software	\$ 606,496	\$ 612,000	\$ 672,000	\$ 686,112	\$ 700,520	\$ 715,231	\$ 730,251	\$ 745,586
2	Generation and transmission data integration tool for energy scheduling and trading systems	158,458	146,438	146,438	146,438	146,438	150,831	155,356	160,017
3	Credit Subscriptions	18,584	25,800	136,907	138,838	140,976	143,383	146,100	148,960
4	Modeling Software tools to support internal load forecasting	108,660	108,660	115,278	117,698	120,170	122,694	125,393	128,152
5	Economic Forecasting Data	36,795	122,500	113,760	115,364	117,140	119,140	121,398	123,775
6	Information Technology industry research and related services	59,855	81,299	81,299	82,446	83,716	85,145	86,759	88,458
7	Daily fuel index price (FIP) subscription	59,734	62,864	62,040	62,915	63,884	64,975	66,206	67,502
8	Subscription to Employee Performance Management portal	54,402	55,388	56,772	55,604	56,772	57,964	59,182	60,424
9	Compensation and Benefit data subscriptions	10,657	45,913	46,000	46,649	47,367	48,176	49,089	50,050
10	Weather forecasting software for load forecasting	42,897	44,184	45,510	46,465	47,441	48,437	49,503	50,592
11	Enterprise Vulnerability Intelligence data	26,667	27,000	37,667	38,198	38,786	39,448	40,195	40,982
12	Miscellaneous Other	16,912	119,517	82,438	81,890	80,330	76,176	73,848	72,130
13	Total - Subscriptions -Data Services	\$ 1,200,116	\$ 1,451,563	\$ 1,596,108	\$ 1,618,618	\$ 1,643,541	\$ 1,671,601	\$ 1,703,280	\$ 1,736,628

**ERCOT Fiscal Year 2013 Budget****Employee Expenses**

Line	Description	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	Travel	\$ 960,918	\$ 725,732	\$ 1,045,918	\$ 1,060,672	\$ 1,077,006	\$ 1,095,391	\$ 1,116,153	\$ 1,138,010
2	Cellular Phone	217,207	231,770	236,421	239,756	243,448	247,604	252,297	257,237
3	College Education Reimbursement	31,530	64,865	150,000	152,116	154,459	157,095	160,073	163,207
4	Remote System Access	103,485	85,856	112,639	114,228	115,987	117,967	120,203	122,557
5	Professional Dues	51,037	40,178	55,551	56,335	57,202	58,179	59,282	60,442
6	Total - Employee Expenses	\$ 1,364,177	\$ 1,148,400	\$ 1,600,529	\$ 1,623,107	\$ 1,648,102	\$ 1,676,236	\$ 1,708,007	\$ 1,741,454



# ERCOT Fiscal Year 2013 Budget

## Equipment & Tools

Line	Description	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	Hardware < \$1,000	\$ 144,861	\$ 236,051	\$ 246,751	\$ 250,231	\$ 254,084	\$ 258,422	\$ 263,320	\$ 268,475
2	Software < \$1,000	182,282	158,406	175,000	177,468	180,201	183,277	186,751	190,407
3	Equipment Maintenance	119,553	156,000	156,000	158,200	160,636	163,378	166,474	169,733
4	Equipment & Tools < \$1,000	112,902	115,065	119,992	121,685	123,559	125,668	128,051	130,558
5	Office Supplies	95,191	84,124	104,775	106,253	107,894	109,737	111,811	113,995
6	Equipment Rental	38,791	31,716	83,160	84,333	85,631	87,093	88,743	90,480
7	Chemical Supplies	33,271	52,488	52,500	53,240	54,060	54,983	56,025	57,122
8	Misc Equip Repairs	2,780	31,359	31,200	31,640	32,127	32,675	33,294	33,946
9	Vehicle Maintenance	11,285	12,635	12,600	12,778	12,975	13,197	13,447	13,710
10	Total - Equipment & Tools	\$ 740,914	\$ 877,844	\$ 981,978	\$ 995,828	\$ 1,011,167	\$ 1,028,430	\$ 1,047,916	\$ 1,068,426

# ERCOT Fiscal Year 2013 Budget

## Project Priority List Summary

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### 2013 Budget for Project Portfolio is \$15 M

Key Areas of Focus (Project Categories)	2013 Budget Range
<b>Technical Foundation</b> <ul style="list-style-type: none"> <li>• Required maintenance and upgrades</li> <li>• Technical evolution and performance</li> <li>• Systemic growth</li> </ul>	<b>\$9.1 M-\$16.8 M</b>
<b>Business Strategy</b> <ul style="list-style-type: none"> <li>• Market driven enhancements and efficiencies</li> <li>• ERCOT strategic initiatives</li> </ul>	<b>\$6.5M-\$11.5M</b>
<b>Efficiencies / Enhancements</b> <ul style="list-style-type: none"> <li>• Internally driven operational improvements</li> <li>• Enhanced customer service</li> </ul>	<b>\$3.3 M-\$5.9 M</b>
<b>Regulatory</b> <ul style="list-style-type: none"> <li>• Required by Legislature, PUCT, NERC, FERC or legal ruling</li> </ul>	<b>\$0</b>

**ERCOT Fiscal Year 2013 Budget**  
**Project Priority List Detail**

Line	Project Category	2013 Rank	Project Name	Budget Range
1	Technical Foundation	1	Settlement System Upgrade	\$2.0M-\$2.5M
2	Technical Foundation	2	EMS Upgrade	\$2M-\$4M
3	Technical Foundation	3	REC Enhancements	\$500k-\$1M
4	Technical Foundation	4	CRR Upgrade to v12.3	\$100k-\$250k
5	Technical Foundation	5	Cognos 10.x Upgrade	\$500k-\$1M
6	Technical Foundation	6	Capacity growth - storage/comp.	\$250k-\$500k
7	Technical Foundation	7	UC4 Automation Upgrade v9	\$250k-\$500k
8	Technical Foundation	8	Replace Sun DSEE	\$500k-\$1M
9	Technical Foundation	9	Replace Sun IDM	\$500k-\$1M
10	Technical Foundation	10	Minor Cap - Critical - 2013	\$500k-\$1M
11	Technical Foundation	11	Data Center Growth & Asset Replacement - 2013	\$2M-\$4M

**ERCOT Fiscal Year 2013 Budget**  
**Project Priority List Detail**

<b>Line</b>	<b>Project Category</b>	<b>2013 Rank</b>	<b>Project Name</b>	<b>Budget Range</b>
12	Business Strategy	1	Cyber Security Project #5	\$700k-\$800k
13	Business Strategy	2	Cyber Security Project #6	\$50k-\$100k
14	Business Strategy	3	Certified Data Product Subscription Standardization	\$100k-\$250k
15	Business Strategy	4	EPS Metering DB Redesign	\$250k-\$500k
16	Business Strategy	5	FIP Definition Revision	\$100k-\$250k
17	Business Strategy	6	Wind Forecasting Change to P50, Sync with PRR841	\$50k-\$100k
18	Business Strategy	7	AIL Calculation & Credit Reports Publish Corrections	\$100k-\$250k
19	Business Strategy	8	Sync with PRR787, Add Non-Compliance Language to QSE Performance Standards	\$100k-\$250k
20	Business Strategy	9	Proxy Energy Offer Curve	<\$50k
21	Business Strategy	10	Incremental Update Capability - Phase 2	\$2M-\$4M
22	Business Strategy	11	MP Online Data Entry - Ph 2	\$1M-\$2M
23	Business Strategy	12	2013 NPRR/SCR Funds	\$2M-\$3M

**ERCOT Fiscal Year 2013 Budget**  
**Project Priority List Detail**

<b>Line</b>	<b>Project Category</b>	<b>2013 Rank</b>	<b>Project Name</b>	<b>Budget Range</b>
24	Efficiencies / Enhancements	1	MP Online Data Entry - Ph 1	\$300k-\$350k
25	Efficiencies / Enhancements	2	CMS and MIR Replacement	\$500k-\$1M
26	Efficiencies / Enhancements	3	Macomber Map NERC SA/Compliance Enhancements	\$75k-\$100k
27	Efficiencies / Enhancements	4	Secure File Transfer	\$50k-\$100k
28	Efficiencies / Enhancements	5	EMIL and View by Protocol Enhancements	\$100k-\$250k
29	Efficiencies / Enhancements	6	Replace N2N System	\$50k-\$100k
30	Efficiencies / Enhancements	7	Contract Mgmt Software	\$100k-\$250k
31	Efficiencies / Enhancements	8	Control Room AV Wall Upgrade	\$1M-\$2M
32	Efficiencies / Enhancements	9	Control Room Console Upgrade	\$250k-\$500k
33	Efficiencies / Enhancements	10	Control Room Electrical/Mechanical Upgrade	\$250k-\$500k
34	Efficiencies / Enhancements	11	OTS Enhancements	\$100k-\$250k
35	Efficiencies / Enhancements	12	ERCOT Website Enhancements - 2013	\$250k-\$500k

**ERCOT Fiscal Year 2013 Budget**  
**Summary of Estimated Income Sources**

Line	Description	Protocols Reference	Calculation/Rate/Comment	2013 Request		2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
				\$	%					
1	ERCOT System Administration Fee	9.7.1	\$0.4171 per MWh	\$ 139,895,824	89.0%	\$ 145,622,622	\$ 151,453,906	\$ 156,872,165	\$ 160,040,340	\$ 162,857,414
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.	13,248,627	9.0%	13,435,475	13,642,358	13,875,264	14,138,233	14,415,040
3	Private Wide-Area Network Fee	9.7.6	Recovery of costs associated with the wide area network	2,820,000	2.0%	2,859,771	2,899,510	2,944,314	2,994,897	3,047,736
4	Generation Interconnection Study Fees	NA	Security screening study fee: Project Size <= 150 MW; Fee = \$5,000 Project Size > 150 MW; Fee = \$7,000  Full screening study fee: \$15 per MW	300,000	0.0%	304,231	308,916	314,189	320,144	326,412
5	Membership Dues	NA	\$2,000 for corporate members and \$500 for associate and adjunct members	320,000	0.0%	324,513	329,510	335,135	341,487	348,173
6	Operations Training Seminar	NA	Cost Sharing	215,250	0.0%	218,286	221,647	225,431	229,703	234,201
7	Blackstart Training	NA	Cost Sharing	65,000	0.0%	65,917	66,932	68,074	69,365	70,723
8	Qualified Scheduling Entity Application Fee	9.7.5	\$500 per entity	7,500	0.0%	7,606	7,723	7,855	8,004	8,160
9	Competitive Retailer Application Fee	9.7.5	\$500 per entity	7,500	0.0%	7,606	7,723	7,855	8,004	8,160
10				.						
11			Total - Income Sources	<u>\$ 156,879,701</u>	100.0%	<u>\$ 162,846,026</u>	<u>\$ 168,938,224</u>	<u>\$ 174,650,282</u>	<u>\$ 178,150,176</u>	<u>\$ 181,316,018</u>

# Debt Scenarios

# ERCOT Fiscal Year 2013 Budget

## Revenue Requirements - Scenario for Retiring \$120 Million Debt by December 2013

Line	(\$ Thousands)	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	Operating expenses								
2	Labor	\$ 69,142.0	\$ 74,367.1	\$ 77,165.0	\$ 80,214.6	\$ 83,386.2	\$ 86,684.7	\$ 90,115.1	\$ 93,682.7
3	Hardware & Software Support & Maintenance	9,703.8	20,114.2	19,705.7	20,012.8	20,345.2	20,709.8	21,111.5	21,531.4
4	Utility, Maintenance, & Facilities	11,187.4	12,456.1	11,930.9	12,135.7	12,357.2	12,599.7	12,866.2	13,145.1
5	Other Expenses	7,349.0	6,964.9	8,005.6	8,473.4	8,197.5	8,337.2	8,496.0	8,701.2
6	Outside Services	4,110.7	3,877.5	4,143.6	4,213.2	4,287.0	4,365.9	4,450.8	4,538.8
7	Employee Expenses	1,364.2	1,148.4	1,600.5	1,623.1	1,648.1	1,676.2	1,708.0	1,741.5
8	Equipment & Tools	740.9	877.8	982.0	995.8	1,011.2	1,028.4	1,047.9	1,068.4
9	Subtotal - Operating Expenses	103,598.0	119,806.1	123,533.4	127,668.8	131,232.4	135,402.0	139,795.6	144,409.1
10	Debt Service Obligations								
11	Principal Payments	26,200.0	26,200.0	128,175.0	11,821.6	12,066.4	8,304.5	7,106.0	5,344.4
12	Interest Expense	3,978.5	2,993.0	75.0	-	-	-	-	-
13	Subtotal - Debt Service Obligations	30,178.5	29,193.0	128,250.0	11,821.6	12,066.4	8,304.5	7,106.0	5,344.4
14	Revenue-Funded Project Expenditures								
15	Project Expenditures	32,357.5	15,000.0	15,000.0	20,000.0	20,000.0	25,000.0	25,000.0	25,000.0
16	Debt-Funded Project Expenditures	19,414.5	9,000.0	9,000.0	12,000.0	10,000.0	10,000.0	10,000.0	10,000.0
17	Subtotal - Revenue-Funded Project Expenditures	12,943.0	6,000.0	6,000.0	8,000.0	10,000.0	15,000.0	15,000.0	15,000.0
18	Reliability Organization Assessment	11,974.9	13,062.3	13,248.6	13,435.5	13,642.4	13,875.3	14,138.2	14,415.0
19	Subtotal - Revenue Requirements	158,694.3	168,061.3	271,032.0	160,925.8	166,941.1	172,581.7	176,039.8	179,168.5
20									
21	Revenue Sources								
22	System Administration Fee Revenue	139,533.1	137,664.7	249,291.6	143,702.4	149,456.8	154,803.6	157,930.0	160,709.9
23	Reliability Organization Assessment Fee	11,974.9	13,062.3	13,248.6	13,435.5	13,642.4	13,875.3	14,138.2	14,415.0
24	Other Revenue	3,429.2	3,607.5	3,735.3	3,787.9	3,842.0	3,902.9	3,971.6	4,043.6
25	Interest Income	6.6	-	-	-	-	-	-	-
26	Extraordinary Item Revenue	5,000.0	-	-	-	-	-	-	-
27	2010 Carry Forward	17,599.8	-	-	-	-	-	-	-
28	2011 Carry Forward	(18,849.3)	13,726.9	-	-	-	-	-	-
29	2012 Projected Carry Forward	-	-	4,756.5	-	-	-	-	-
30	Subtotal - Revenue Sources	158,694.3	168,061.3	271,032.0	160,925.8	166,941.1	172,581.7	176,039.8	179,168.5
31									
32	System Administration Fee Calculation								
33	System Administration Fee Revenue	139,533.1	137,664.7	249,291.6	143,702.4	149,456.8	154,803.6	157,930.0	160,709.9
34	Energy Consumption (GWH)	334,547.5	330,033.6	335,401.2	349,131.2	363,111.7	376,102.0	383,697.8	390,451.7
35	System Administration Fee	0.4171	0.4171	0.7433	0.4116	0.4116	0.4116	0.4116	0.4116
36									
37	Total Spending Authorization Computation								
38	Revenue Requirements	158,694.3	168,061.3	271,032.0	160,925.8	166,941.1	172,581.7	176,039.8	179,168.5
39	Debt-Funded Project Expenditures	19,414.5	9,000.0	9,000.0	12,000.0	10,000.0	10,000.0	10,000.0	10,000.0
40	Total Spending Authorization	\$ 178,108.8	\$ 177,061.3	\$ 280,032.0	\$ 172,925.8	\$ 176,941.1	\$ 182,581.7	\$ 186,039.8	\$ 189,168.5



# ERCOT Fiscal Year 2013 Budget

## Revenue Requirements - Scenario for Retiring \$120 Million Debt by December 2017

Line	(\$ Thousands)	2011 Actual	2012 Budget	2013 Request	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
1	Operating expenses								
2	Labor	\$ 69,142.0	\$ 74,367.1	\$ 77,165.0	\$ 80,214.6	\$ 83,386.2	\$ 86,684.7	\$ 90,115.1	\$ 93,682.7
3	Hardware & Software Support & Maintenance	9,703.8	20,114.2	19,705.7	20,012.8	20,345.2	20,709.8	21,111.5	21,531.4
4	Utility, Maintenance, & Facilities	11,187.4	12,456.1	11,930.9	12,135.7	12,357.2	12,599.7	12,866.2	13,145.1
5	Other Expenses	7,349.0	6,964.9	8,005.6	8,473.4	8,197.5	8,337.2	8,496.0	8,701.2
6	Outside Services	4,110.7	3,877.5	4,143.6	4,213.2	4,287.0	4,365.9	4,450.8	4,538.8
7	Employee Expenses	1,364.2	1,148.4	1,600.5	1,623.1	1,648.1	1,676.2	1,708.0	1,741.5
8	Equipment & Tools	740.9	877.8	982.0	995.8	1,011.2	1,028.4	1,047.9	1,068.4
9	Subtotal - Operating Expenses	103,598.0	119,806.1	123,533.4	127,668.8	131,232.4	135,402.0	139,795.6	144,409.1
10	Debt Service Obligations								
11	Principal Payments	26,200.0	26,200.0	36,291.6	32,133.2	33,444.9	30,713.9	30,102.3	14,168.6
12	Interest Expense	3,978.5	2,993.0	2,327.7	2,137.5	1,969.6	1,773.9	1,675.4	-
13	Subtotal - Debt Service Obligations	30,178.5	29,193.0	38,619.3	34,270.7	35,414.5	32,487.8	31,777.8	14,168.6
14	Revenue-Funded Project Expenditures								
15	Project Expenditures	32,357.5	15,000.0	15,000.0	20,000.0	20,000.0	25,000.0	25,000.0	25,000.0
16	Debt-Funded Project Expenditures	19,414.5	9,000.0	9,000.0	12,000.0	10,000.0	10,000.0	10,000.0	10,000.0
17	Subtotal - Revenue-Funded Project Expenditures	12,943.0	6,000.0	6,000.0	8,000.0	10,000.0	15,000.0	15,000.0	15,000.0
18	Reliability Organization Assessment	11,974.9	13,062.3	13,248.6	13,435.5	13,642.4	13,875.3	14,138.2	14,415.0
19	Subtotal - Revenue Requirements	158,694.3	168,061.3	181,401.3	183,374.9	190,289.2	196,765.1	200,711.6	187,992.7
20									
21	Revenue Sources								
22	System Administration Fee Revenue	139,533.1	137,664.7	159,660.9	166,151.5	172,804.9	178,987.0	182,601.8	169,534.1
23	Reliability Organization Assessment Fee	11,974.9	13,062.3	13,248.6	13,435.5	13,642.4	13,875.3	14,138.2	14,415.0
24	Other Revenue	3,429.2	3,607.5	3,735.3	3,787.9	3,842.0	3,902.9	3,971.6	4,043.6
25	Interest Income	6.6	-	-	-	-	-	-	-
26	Extraordinary Item Revenue	5,000.0	-	-	-	-	-	-	-
27	2010 Carry Forward	17,599.8	-	-	-	-	-	-	-
28	2011 Carry Forward	(18,849.3)	13,726.9	-	-	-	-	-	-
29	2012 Projected Carry Forward	-	-	4,756.5	-	-	-	-	-
30	Subtotal - Revenue Sources	158,694.3	168,061.3	181,401.3	183,374.9	190,289.2	196,765.1	200,711.6	187,992.7
31									
32	System Administration Fee Calculation								
33	System Administration Fee Revenue	139,533.1	137,664.7	159,660.9	166,151.5	172,804.9	178,987.0	182,601.8	169,534.1
34	Energy Consumption (GWH)	334,547.5	330,033.6	335,401.2	349,131.2	363,111.7	376,102.0	383,697.8	390,451.7
35	System Administration Fee	0.4171	0.4171	0.4760	0.4759	0.4759	0.4759	0.4759	0.4342
36									
37	Total Spending Authorization Computation								
38	Revenue Requirements	158,694.3	168,061.3	181,401.3	183,374.9	190,289.2	196,765.1	200,711.6	187,992.7
39	Debt-Funded Project Expenditures	19,414.5	9,000.0	9,000.0	12,000.0	10,000.0	10,000.0	10,000.0	10,000.0
40	Total Spending Authorization	\$ 178,108.8	\$ 177,061.3	\$ 190,401.3	\$ 195,374.9	\$ 200,289.2	\$ 206,765.1	\$ 210,711.6	\$ 197,992.7

## ERCOT Fiscal Year 2013 Budget

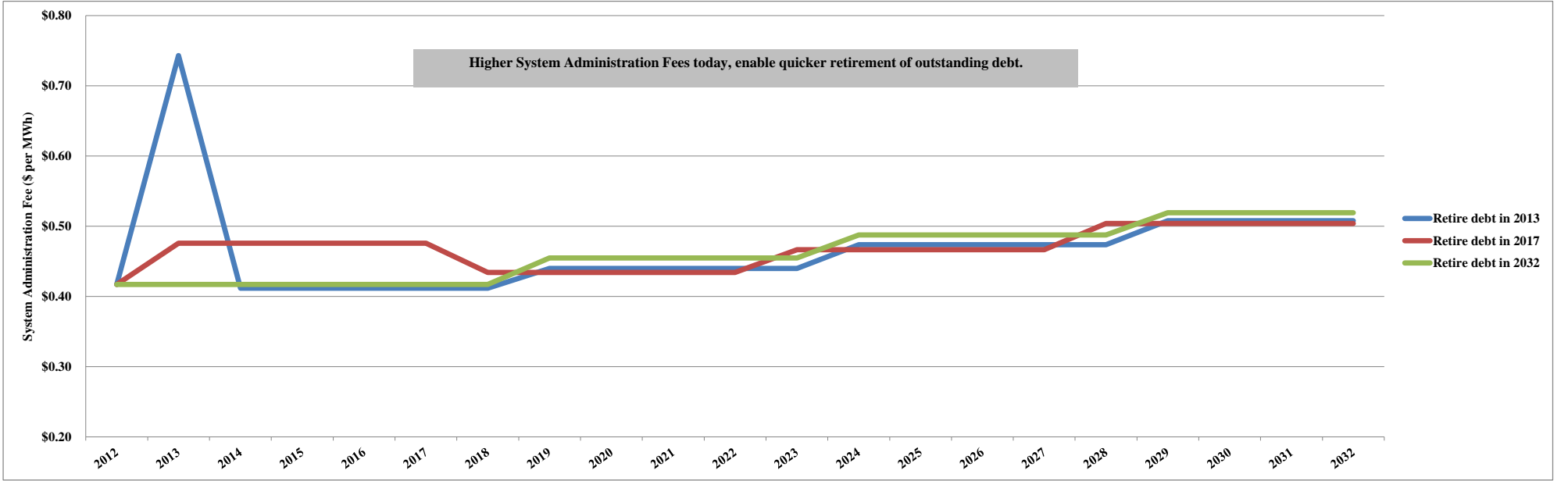
### Net Present Value for Future Fees to be Collected - Comparison of Three Debt Retirement Scenarios

	Cumulative Net Present Value				
	Year 1	Year 5	Year 10	Year 15	Year 20
Retire Debt in 2013	\$ 135,097,009	\$ 744,239,393	\$ 1,333,613,878	\$ 1,867,435,204	\$ 2,349,007,471
Retire Debt in 2017	\$ 135,097,009	\$ 719,904,438	\$ 1,330,093,398	\$ 1,864,120,278	\$ 2,347,991,915
Retire Debt in 2032	\$ 134,447,009	\$ 646,998,340	\$ 1,251,461,550	\$ 1,801,853,806	\$ 2,295,593,153

Assumptions:

1. Discount factor of 5% assuming current rates with expectation of rise in interest rates.
2. Labor growing by 4% year over year.
3. All other operating expenses growing by current inflation rates year over year.

ERCOT Fiscal Year 2013 Budget  
System Administration Fee Profiles - Comparison of Three Debt Retirement Scenarios



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Retire debt in 2013	0.4171	0.7431	0.4116	0.4116	0.4116	0.4116	0.4116	0.4398	0.4398	0.4398	0.4398	0.4398	0.4738	0.4738	0.4738	0.4738	0.4738	0.5078	0.5078	0.5078	0.5078
Retire debt in 2017	0.4171	0.4759	0.4759	0.4759	0.4759	0.4759	0.4342	0.4342	0.4342	0.4342	0.4342	0.4666	0.4666	0.4666	0.4666	0.4666	0.5038	0.5038	0.5038	0.5038	0.5038
Retire debt in 2032	0.4171	0.4171	0.4171	0.4171	0.4171	0.4171	0.4171	0.4547	0.4547	0.4547	0.4547	0.4547	0.4876	0.4876	0.4876	0.4876	0.4876	0.5193	0.5193	0.5193	0.5193