ERCOT Fiscal Year 2010 Budget

Facilities Summary by Account

Line	Description	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget: $ Variance	2009 Budget vs. 2010 Proposed Budget: % Variance
1	**Utilities**								
2	Electricity	1,294,744	1,333,608	1,671,138	1,570,000	1,560,000	1,670,000	100,000	6.4%
3	Water Service	45,512	-	-	-	-	-	-	NA
4	Fuel Oil	6,020	11,739	10,501	12,000	5,154	12,000	-	0.0%
5	Water/Gas/Sewer/Trash	2,203	74,561	104,341	75,000	77,205	75,000	-	0.0%
6	Subtotal - Utilities	1,348,479	1,419,907	1,785,980	1,657,000	1,642,359	1,757,000	100,000	6.0%
7									
8	**Rent**								
9	Office Rental	831,127	690,252	809,330	864,000	848,546	864,000	-	0.0%
10	Miscellaneous Rental	-	5,343	50,860	-	75,482	-	-	NA
11	Storage Rental	6,341	14,376	77,205	55,200	70,836	55,200	-	0.0%
12	Subtotal - Rent	837,468	709,971	937,395	919,200	994,863	919,200	-	0.0%
13									
14	**Telecom**								
15	PBX Lease for ISO	560	-	-	-	-	-	-	NA
16	Telephone - Local	737,121	182,230	200,707	55,200	61,598	68,600	13,400	24.3%
17	Telephone - Long Distance	78,640	107,426	128,545	99,180	130,546	122,930	23,750	23.9%
18	Telephone - Conf Calls	43,381	31,020	21,646	53,850	4,410	37,850	(16,000)	-29.7%
19	Internet Service	92,323	83,302	144,800	108,100	145,658	171,600	63,500	58.7%
20	Data/Voice Circuits	-	-	7,579	-	8,637	21,600	21,600	NA
21	Web Conferencing	-	-	-	150,000	132,771	365,000	215,000	143.3%
22	Subtotal - Telecom	952,026	403,978	503,277	466,330	483,619	787,580	321,250	68.9%
23									
24	**WAN**	2,364,889	2,258,067	2,906,819	2,900,000	2,918,854	3,130,000	230,000	7.9%
25									
26	**Building Maintenance**								
27	Building Maintenance	451,206	568,644	627,162	238,000	385,592	238,000	-	0.0%
28	Grounds Maintenance	58,300	64,666	78,285	45,000	57,900	45,000	-	0.0%
29	Custodial Service	212,895	211,705	217,445	248,000	234,585	273,000	25,000	10.1%
30	Miscellaneous Services	118,885	104,999	141,111	134,150	125,481	134,150	-	0.0%
31	Bldg Security Services	848,453	993,053	820,711	990,000	924,254	955,000	(35,000)	-3.5%
32		1,689,739	1,943,067	1,884,714	1,655,150	1,727,811	1,645,150	(10,000)	-0.6%
33									
34	**Nodal & Texas RE Allocations**	(373,564)	(2,818,632)	(2,651,024)	(1,460,089)	(1,074,410)	(1,466,092)	(6,003)	0.4%
35									
36	**Total - ERCOT**	$ 6,819,038	$ 3,916,357	$ 5,367,161	$ 6,137,591	$ 6,693,096	$ 6,772,838	$ 635,247	10.4%
37									
38	Note								
39	Nodal & Texas RE Allocation includes recovery for facility and information technology utilization								
40									

ERCOT Fiscal Year 2010 Budget
Employee Expense Detail

Line		2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget: $ Variance	2009 Budget vs. 2010 Proposed Budget: % Variance
1	**ERCOT**								
2	Business - Meals	$ 792	$ 31,643	$ 45,063	$ 26,131	$ 21,646	$ 25,710	$ (422)	-1.6%
3	Business - Mileage Reimbursement	6,860	53,843	94,410	91,007	51,409	61,060	(29,947)	-32.9%
4	Business - Travel - Lodging	11,789	104,625	129,060	96,443	71,418	84,826	(11,617)	-12.0%
5	Business - Travel - Other	3,419	22,687	31,742	13,926	14,992	17,806	3,881	27.9%
6	Business - Registration Fees	2,150	10,252	86,986	88,681	39,283	46,658	(42,023)	-47.4%
7	Business- Travel - Airfare	8,864	68,051	97,198	53,085	47,456	56,366	3,281	6.2%
8	Cellular Phone	123,407	160,080	181,883	185,321	135,914	161,430	(23,891)	-12.9%
9	College Education Reimbursement	4,585	29,033	42,546	43,875	25,073	29,781	(14,094)	-32.1%
10	Professional Dues	31,658	31,020	37,222	38,142	28,834	34,247	(3,895)	-10.2%
11	Remote System Access	69,072	58,046	47,367	48,780	46,635	55,390	6,610	13.6%
12	Training - Meals	48,239	36,827	45,806	43,776	36,480	43,329	(448)	-1.0%
13	Training - Mileage Reimbursement	155,993	98,428	59,257	57,381	77,505	92,056	34,675	60.4%
14	Training - Registration Fees	437,277	392,028	635,109	654,708	442,634	525,735	(128,974)	-19.7%
15	Training - Travel -Airfare	133,953	86,460	80,735	78,973	79,398	94,304	15,331	19.4%
16	Training - Travel -Lodging	184,349	129,643	178,239	176,456	139,673	165,895	(10,561)	-6.0%
17	Training - Travel -Other	37,499	20,598	27,505	25,998	23,310	27,687	1,689	6.5%
18	Wireless PC Card	-	23,585	47,167	48,640	24,938	29,620	(19,020)	-39.1%
19	*Total - ERCOT*	$ 1,259,904	$ 1,356,851	$ 1,867,294	$ 1,771,324	$ 1,306,597	$ 1,551,900	$ (219,424)	-12.4%
20									
21	Note:								
22	Schedule excludes activity related to the Texas Regional Entity.								

ERCOT Fiscal Year 2010 Budget

Other Expense by Account

Line		2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget: $ Variance	2009 Budget vs. 2010 Proposed Budget: % Variance
1	**ERCOT**								
2	Dues	41,550	444,496	52,526	74,250	48,459	19,250	(55,000)	-74 1%
3	Late Fee Payment	17,047	13,699	10,077	6,000	11	6,000	-	0 0%
4	Write Off Adjustments	(9,721)	1,147	89,795	-	-	-	-	NA
5	Subscriptions & Publications	315,764	326,341	657,920	1,199,644	1,235,843	1,232,571	32,927	2 7%
6	Corporate Events	5,234	7,025	10,686	40,500	10,000	11,750	(28,750)	-71 0%
7	Sponsored Meetings	50,200	40,811	43,922	110,750	36,660	35,500	(75,250)	-67 9%
8	Miscellaneous Expenses	13,582	(4,583)	12,317	6,100	2,890	7,600	1,500	24 6%
9	Job Posting Advertising	13,288	38,158	63,882	112,250	67,981	40,000	(72,250)	-64 4%
10	Recruiting Expense	314,602	155,277	55,234	143,450	83,250	106,000	(37,450)	-26 1%
11	Temp-to-Hire Fees	0	-	2,013	650	7,400	650	-	0 0%
12	Freight	2,219	-	-	-		-	-	NA
13	Relocation Benefit	335,343	186,802	286,524	360,000	324,542	360,000	-	0 0%
14	Postage & Delivery	51,101	16,022	15,416	17,800	16,500	18,150	350	2 0%
15	Express Shipping	-	30,630	38,181	41,460	25,327	42,300	840	2 0%
16	Report Printing	55,488	54,312	52,663	63,700	45,717	63,700	-	0 0%
17	Stationery & Office Forms	-	1,631	3,531	-	3,512	-	-	NA
18	Reward & Recognition	(2,541)	2,657	27,398	100,000	46,102	65,000	(35,000)	-35 0%
19	Tax - Sales, Excise & Use	56,970	155,747	96,464	-	71,018	-	-	NA
20	Operator Training Services	(17,777)	824	4,362	-	(8,580)	-	-	NA
21	Training Cost Recovery	1,185	-	-	-		-	-	NA
22	Claim Settlements	20,482	-	-	-		-	-	NA
23	Total	$ 1,264,016	$ 1,470,997	$ 1,522,911	$ 2,276,554	$ 2,016,632	$ 2,008,471	$ (268,083)	-17 6%
24									
25									

26 Notes
27 (1) Subscription & Publication category includes weather and wind related forecasting and modeling services
28 (2) Schedule excludes activity related to the Texas RE
29 (3) Schedule excludes O&M project expenditures

ERCOT Fiscal Year 2010 Budget

Project Priority List

5 Year Project Forecast by CART

	2009	2010	2011	2012	2013	2014	2015
Corporate Operations	$ 2,245,000	$ 1,900,000	$ 6,925,000	$ 8,000,000	$ 7,700,000	$ 4,575,000	$ 4,575,000
Information Technology	3,495,000	1,450,000	-	6,100,000	3,550,000	6,600,000	29,875,000
Market Operations	470,000	1,500,000	11,600,000	14,620,000	14,000,000	6,875,000	7,975,000
Retail Operations	3,890,000	1,900,000	5,500,000	4,000,000	2,500,000	2,500,000	2,750,000
System Operations	1,350,000	150,000	10,000,000	11,750,000	11,750,000	9,750,000	9,750,000
Subtotal	$ 11,450,000	$ 6,900,000	$ 34,025,000	$ 44,470,000	$ 39,500,000	$ 30,300,000	$ 54,925,000
Facility Construction	20,000,000	31,900,000	1,000,000	6,000,000			
TCC1 Data Center Expansion	6,200,000		550,000				
Data Center Equipment		7,500,000	47,685,000				
Total	$ 37,650,000	$ 46,300,000	$ 83,260,000	$ 50,470,000	$ 39,500,000	$ 30,300,000	$ 54,925,000

Attachment C3

ERCOT

2010 Proposed Budget

Board of Directors
September 15, 2009

2010 Funding Requirements

Requirements

- Provide sufficient staff for base operations and Nodal Program Implementation
- Provide essential facilities including the Met Center Replacement
- Accommodate software upgrades and hardware refreshes necessitated by delay in the Nodal Program including expansion of the data center
- Accommodate principal and interest payments on the Senior Note and Term Loan

000105

2010 Budget Assumptions

Major Assumptions

- Nodal Program remains on schedule and budget
- Protocol compliance verification is paid for by ERCOT via System Administration Fee
- Capital Spend Funding
  - 60% Debt
  - 40% Equity

000106

2010 Budget Assumptions

Staffing

- Headcount growth
  - Held headcount to 2009 budget level – 739
- Salary Administration
  - Assume increase of 2% for merit and 1% for other salary adjustments
- Benefit/Tax Load
  - Assume 33%
- Reward & Recognition
  - Assume 1% of base compensation
- Vacancy Savings
  - Calculated based on turnover rate and average number of days to fill a position
  - Assume 2%
  - Funding 724 positions

000107

2010 Budget Assumptions

Contra Labor for Nodal and Base Projects

- Internal resource requirements for projects
- Reconciled to resource utilization plans compiled by PMO and Nodal Program

Employee Expenses

- Reduced to $2,100 average per employee

Allocations

- Support
  - Nodal Program - calculated based on expenditure projections
  - Texas RE – calculated based on existing Memorandum of Understanding
- Facilities
  - Nodal Program - calculate based on headcount (Internal & external) estimates
  - Texas RE – calculated based on existing Memorandum of Understanding
- Backfill
  - Reconcile to Nodal budget

000108

2010 Budget Assumptions

Outside Services
- Detailed description provided in supporting schedule

HW/SW Maintenance and Support
- Estimated by IT based on application/hardware requirements

Interest Expense
- Estimated based on projected spend & debt requirements

Capital Spending
- Submitted by PMO Office based on CART &TAC input/approval

Other Categories
- Detailed description provided in supporting schedule

000109

2011 – 2015 Assumptions

000110

2010 Budget – Assumptions 2011 thru 2015

Staffing

- Headcount Growth
  - 2011 – increased authorized headcount by 6 positions – from 739 to 745
  - 2012 – 2015 increased authorized headcount by 3 positions – to 748
- Salary Administration
  - Assume increase of 2% for merit and 1% for other salary adjustments
- Benefit/Tax Load
  - Assume 33%
- Reward & Recognition
  - Assume 1% of base compensation
- Vacancy Savings
  - Assume 2%

Contra Labor

- Capital Projects
  - Based on project portfolio forecast and historical effort trend

Employee Expenses

- Assume $2,100 average per employee

000111

2010 Budget – Assumptions 2011 thru 2015

Allocations

- 2011 - 2015 Nodal allocation eliminated (go live assumed in 2010)
- 2011 – 2015 assumed Texas RE spin-off

Outside Services

- 1.2% growth based on CPI
- Exceptions
  - Sunset Review completed in 2010
  - Independent Market Monitoring per existing contract

HW/SW Maintenance & Support

- Estimated by IT based on application/hardware requirements
- Assumed Nodal renewals in Base post go live

Other Categories

- 1.2% growth based on CPI

Interest Expense

- Updated based on estimated spend and debt requirements

Project Spending

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

2010 Budget Schedules

Achieving a "Flat Fee" in 2010

- **Further cost reductions since August meeting**
  - Additional reductions in Employee costs
  - Additional reductions in Outside Services
  - Reduction in Sunset Review cost

- **Offsets**
  - Foregoing proposed revenue increases in Generation Interconnection, WAN and REC programs

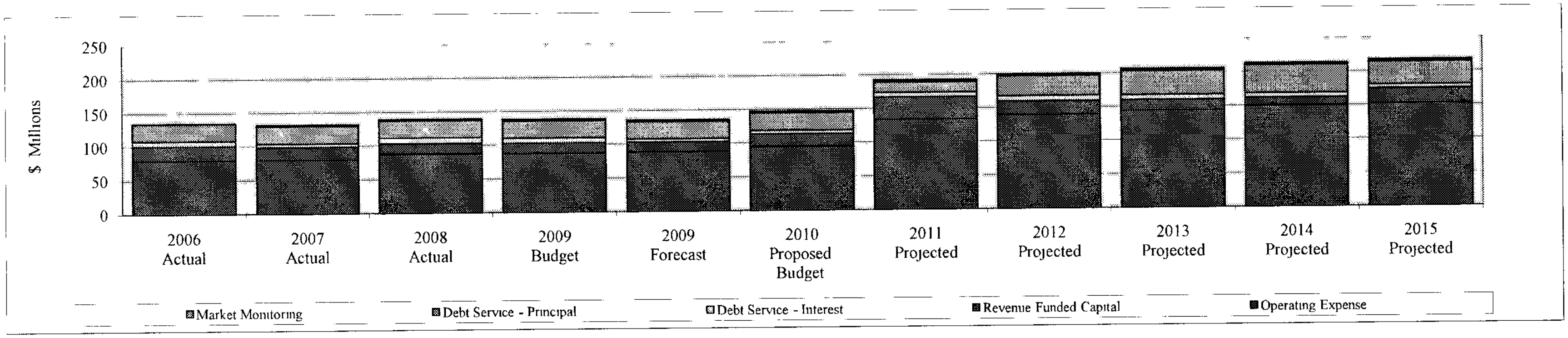
- **Recommendation to fund extraordinary facility construction expenditures (equity portion) with extraordinary revenues received from Sales tax refund**

- **Additionally, projections for 2011 and beyond include a management challenge cost reduction of 10% in O&M expense**
  - Planning is underway to conduct a comprehensive organizational review to be completed prior to Nodal go live

000114

ERCOT Fiscal Year 2010 Budget

Revenue Requirement - UPDATED

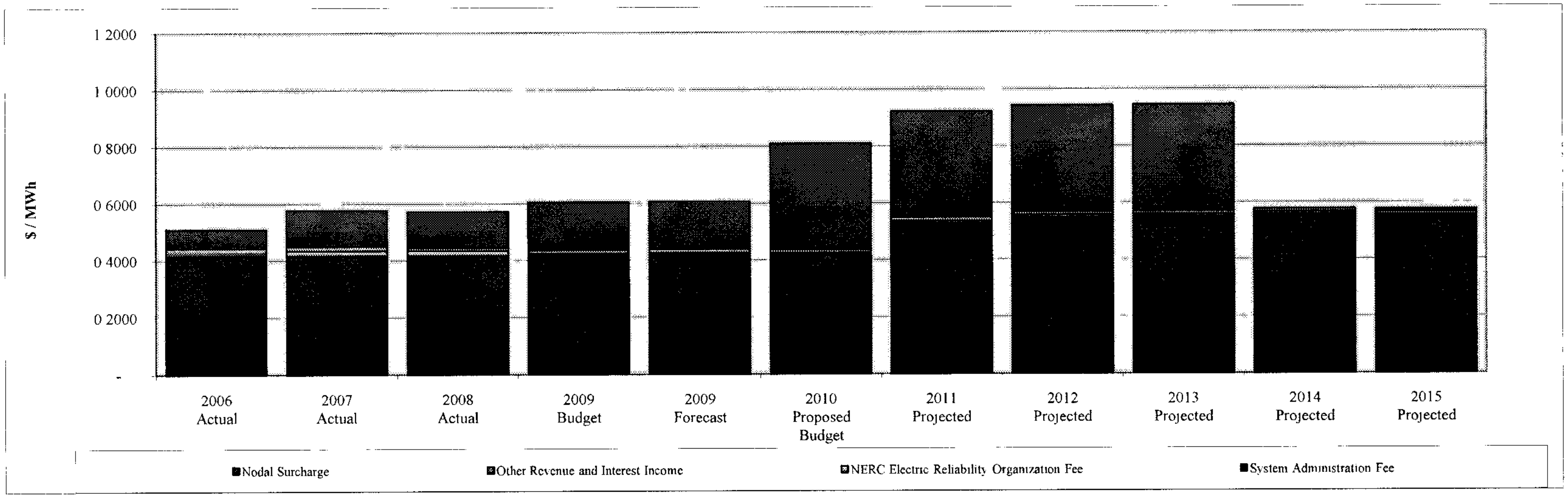


Line	($ Thousands)	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
1	Operating Expense	79,580	80,153	87,989	87,225	88,318	95,057	133,495	139,144	144,011	149,828	152,405
2	Revenue Funded Capital	20,989	18,435	15,140	15,260	14,634	18,520	33,304	20,188	15,800	12,120	21,970
3	Debt Service - Interest	7,632	5,442	8,653	7,580	4,302	5,272	6,776	8,015	7,553	6,497	5,898
4	Debt Service - Principal	26,137	26,137	26,137	26,137	26,137	26,137	15,900	29,600	35,927	42,027	34,027
5	Sunset Review	-	-	-	-	-	195	-	-	-	-	-
6	Protocol Services	-	477	451	872	872	1,500	1,518	1,536	1,555	1,573	1,592
7	Market Monitoring	600	1,650	1,750	2,100	2,383	2,300	2,700	2,800	2,800	2,800	2,800
8	Subtotal Revenue Requirement	134,938	132,294	140,119	139,174	136,647	148,982	193,693	201,283	207,645	214,845	218,692
9	Less Other Revenue	7,995	4,875	9,822	5,955	6,427	18,467	11,380	6,510	6,645	6,788	6,938
10	Less O&M 10% Reduction Goal	-	-	-	-	-	-	13,349	13,914	14,401	14,983	15,241
11	Revenue Rqmt from System Admin Fee	126,943	127,419	130,297	133,218	130,220	130,515	168,963	180,859	186,599	193,074	196,514
12	GWh	304,374	305,482	312,401	319,392	312,204	312,922	319,846	329,955	338,994	346,358	353,436
13	System Administration Fee	$0.4171	$0.4171	$0.4171	$0.4171	$0.4171	$0.4171	$0.5283	$0.5481	$0.5504	$0.5574	$0.5560
14												
15	Total Project Spending	34,465	42,871	25,318	38,150	36,585	46,300	83,260	50,470	39,500	30,300	54,925
16												
17	($ / MWh)											
18	Operating Expense	0.2460	0.2527	0.2619	0.2614	0.2696	0.2661	0.3641	0.3789	0.3818	0.3887	0.3875
19	Revenue Funded Capital	0.0649	0.0581	0.0451	0.0457	0.0447	0.0518	0.0908	0.0550	0.0419	0.0314	0.0559
20	Debt Service - Interest	0.0236	0.0172	0.0258	0.0227	0.0131	0.0148	0.0185	0.0218	0.0200	0.0169	0.0150
21	Debt Service - Principal	0.0808	0.0824	0.0778	0.0783	0.0798	0.0732	0.0434	0.0806	0.0952	0.1090	0.0865
22	Sunset Review	0.0000	0.0000	0.0000	0.0000	0.0000	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000
23	Protocol Services	0.0000	0.0015	0.0013	0.0026	0.0027	0.0042	0.0041	0.0042	0.0041	0.0041	0.0040
24	Market Monitoring	0.0019	0.0052	0.0052	0.0063	0.0073	0.0064	0.0074	0.0076	0.0074	0.0073	0.0071
25	Total Revenue Requirement	$0.4171	$0.4171	$0.4171	$0.4171	$0.4171	$0.4171	$0.5283	$0.5481	$0.5504	$0.5574	$0.5560

26
27 Notes
(1) Other revenue will supplement System Administration Fee to meet total funding requirement
28 (2) Revenues collected in excess of funding requirement are generally utilized to reduce debt funding with Board approval
29

000115

ERCOT Fiscal Year 2010 Budget
Income Summary -UPDATED



Line	($ / MWh)	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
1	System Administration Fee	0.4171	0.4171	0.4171	0.4171	0.4171	0.4171	0.5283	0.5481	0.5504	0.5574	0.5560
2	Other Revenue and Interest Income	0.0263	0.0160	0.0110	0.0119	0.0137	0.0104	0.0119	0.0115	0.0112	0.0110	0.0107
3	NERC Electric Reliability Organization Fee	0.0000	0.0169	0.0169	0.0067	0.0069	0.0079	0.0081	0.0082	0.0084	0.0086	0.0089
4	Subtotal	0.4434	0.4500	0.4450	0.4357	0.4377	0.4353	0.5481	0.5678	0.5700	0.5770	0.5756
5	Nodal Surcharge	0.0663	0.1270	0.1270	0.1690	0.1690	0.3750	0.3750	0.3750	0.3750	0.0000	0.0000
6	Total	0.5097	0.5770	0.5720	0.6047	0.6067	0.8103	0.9231	0.9428	0.9450	0.5770	0.5756
7	MWh	304,373,763	305,482,175	312,401,085	319,392,040	312,203,592	312,922,368	319,845,772	329,955,241	338,994,425	346,358,458	353,436,327

Notes

(1) System Administration Fee covers ERCOT's base operations and interdependent projects

(2) Other revenue and interest income is comprised of wide-area network revenue, non-ERCOT load serving entity revenue, generation interconnection revenue, membership dues, map sales, interest income, and other non-operating income

(3) ERO Fee commenced in 2007. The method by which the ERO Fee is assessed and collected is subject to an active Protocol Revision Request (PRR 720)

(4) NERC "Dues" Pass Through was reflected in the System Administration Fee until 2007. In 2007, the System Administration Fee includes approximately $963,000 for "NERC Dues". New responsibilities as ERO significantly increased the organization's dues assessments

(5) The Nodal Surcharge will remain in effect until the costs of implementing the Nodal Program, as approved by the Public Utility Commission of Texas, are fully recovered. It is currently expected the Nodal Surcharge will cease to be collected in 2013

000116

ERCOT Fiscal Year 2010 Budget

Summary of System Administration Fee Requests & Fee Projections - UPDATED

	Board		Requested and Projected System Administration Fee												
Line	Approved	Budget Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	10/15/2002	2003	0 3300	0 4000	0 4100	0 4200	0 4300								
2	10/21/2003	2004		0 4600	0 6300	0 6900	0 7000	0 6600							
3	12/14/2004	2005			0 4400	0 4400	0 4400	0 4800	0 4400	0 4400					
4	9/20/2005	2006				0 4200	0 4200	0 4200	0 4200	0 4200	0 4200				
5	11/14/2006	2007					0 4171	0 4171	0 4171	0 4171	0 4171	0 4138			
6	9/18/2007	2008						0 4171	0 6180	0 6280	0 6312	0 6356	0 5126		
7	5/20/2008	2009 Original							0 5698	0 5724	0 5784	0 5879	0 5943	0 6019	
8	1/20/2009	2009 Revised							0 4171	0 4731	0 6107	0 5623	0 5967	0 6249	
9		2010 Recommended								0 4171	0 5283	0 5481	0 5504	0 5574	0 5560
10															
11	Notes														
12	(1) 2004 Approved System Administration Fee - $0 44														
13	(2) 2005 Interim Fee of $0 42 ultimately became the approved fee														
14															

000117

ERCOT Fiscal Year 2010 Budget
Summary of Estimated Income Sources

Line	Description	Protocols Reference	Calculation/Rate/Comment	2010 Preliminary $	2010 Preliminary %
1	ERCOT system administration fee	9.7 1	$0.4171 per MWh	$ 130,514,690	96 0%
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	2,461,927	2 0%
3	Private wide-area network fees	9 7 6	Recovery of budgeted 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	2,297,400	2 0%
4	Generation interconnection study fees	NA	Security screening study fee Modeling fee	600,000	0 0%
5	Interest income	NA	Computed based on assumed bank rates and deposit balances	81,000	0 0%
6	Membership dues	NA	$2,000 for corporate members and $500 for associate and adjunct members	250,000	0 0%
7	Map sale fees	NA	$20 - $40 per map request	1,000	0.0%
8	Qualified scheduling entity application fee	9 7 5	$500 per entity	7,500	0.0%
9	Competitive retailer application fee	9 7 5	$500 per entity	7,500	0 0%
10	Mismatched schedule processing fee	9 7 4	$1 per mismatched event	1,000	0 0%
11	Voluminous copy fee	NA	$0 15 per page in excess of 50 pages	-	0 0%
12	Late fees	9 4 6	Wall Street Journal prime interest rate plus two (2) percent	-	0 0%
13					
14	Total			$ 136,222,017	100.0%

15

16 Note

17 In addition to the items listed above, ERCOT also collects a Nodal market surcharge which is currently $0.169 per MWh The Nodal Surcharge will remain

18 in effect until the costs of implementing the Nodal Program, as approved by the Public Utility Commission of Texas, are fully recovered It is currently

19 expected the Nodal Surcharge will cease to be collected in 2013

000118

ERCOT Fiscal Year 2010 Budget

Revenue Requirement - UPDATED

(in Thousands)

Line	($ Thousands)	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected	Comments
1	ERCOT O&M Expense												
2	Labor & Benefits	$ 59,241	$ 68,666	$ 72,740	$ 81,620	$ 84,135	$ 89,976	$ 93,797	$ 96,990	$ 99,900	$ 102,897	$ 105,984	2011- 745 FTEs 2012-2015 - 748
3	Contra Labor - Base Projects	(4,580)	(2,985)	(3,010)	(4,071)	(3,931)	(2,826)	(7,914)	(6,523)	(5,664)	(3,983)	(5,316)	Estimated based on PPL revisions to Nodal enh
4	Contra Labor - Nodal Program	(5,260)	(12,522)	(14,578)	(22,593)	(22,070)	(23,525)	-	-	-	-	-	Nodal go-live 2010
5	Subtotal - Labor & Benefits	49,402	53,159	55,153	54,956	58,134	63,624	85,883	90,467	94,235	98,913	100,667	
6	Support Allocations	(1,695)	(4,939)	(4,261)	(4,728)	(3,287)	(3,100)	-	-	-	-	-	Assumed Texas RE spin off
7	Incremental Resource Allocations	(381)	(1,593)	(1,913)	(1,297)	(1,284)	(1,266)	-	-	-	-	-	Nodal go-live 2010
8	Facilities Allocations	(374)	(2,818)	(2,651)	(1,409)	(1,074)	(1,466)	-	-	-	-	-	Assumed Texas RE spin off
9	Info Technology Svcs Allocations	-	(13)	(188)	(51)	(242)	(246)	-	-	-	-	-	Assumed Texas RE spin off
10	Subtotal - Allocations	(2,450)	(9,350)	(8,825)	(7,485)	(5,887)	(6,078)	-	-	-	-	-	
11	Equipment & Tools	1,093	1,241	1,146	1,156	1,015	1,227	1,242	1,257	1,272	1,287	1,302	Increase based on US CPI 1.2%
12	Outside Services	10,433	12,354	14,432	11,957	9,735	9,720	9,836	9,954	10,074	10,195	10,317	Increase based on US CPI 1.2%
13	Utility, Maintenance, & Facilities	7,193	6,735	8,018	7,598	7,768	8,239	8,338	8,438	8,539	8,642	8,745	Increase based on US CPI 1.2%
14	Hardware & Software License & Maint	7,740	9,629	9,797	9,628	9,304	9,101	17,441	17,957	18,495	19,058	19,287	Owner provided based on application/hardware
15	Insurance	1,677	1,692	1,671	2,125	1,802	1,877	1,899	1,922	1,945	1,969	1,992	Increase based on US CPI 1.2%
16	Employee Expenses	1,260	1,357	1,867	1,771	1,307	1,552	1,565	1,571	1,571	1,571	1,571	Average $2,000 per employee
17	Property Taxes	998	903	1,533	1,100	985	1,326	2,673	2,807	2,948	3,095	3,250	Increased for Met, Data Refresh & Post Nodal
18	NERC Dues	971	962	1,674	2,141	2,141	2,462	2,585	2,714	2,850	2,992	3,142	Increase by 5% annually - revenue offset
19	Other Expenses	1,264	1,471	1,523	2,277	2,017	2,008	2,033	2,057	2,082	2,107	2,132	Increase based on US CPI 1.2%
20	Subtotal - O&M Expense	79,580	80,153	87,989	87,225	88,318	95,057	133,495	139,144	144,011	149,828	152,405	
21	Debt Service - Interest	7,632	5,442	8,653	7,580	4,302	5,272	6,776	8,015	7,553	6,497	5,898	Estimated based on preliminary PPL
22	Debt Service - Principal	26,137	26,137	26,137	26,137	26,137	26,137	15,900	29,600	35,927	42,027	34,027	Estimated based on preliminary PPL
23	Revenue Funded Base Projects	20,989	18,435	14,334	7,100	6,634	2,760	13,830	17,788	15,800	12,120	21,970	Estimated based on preliminary PPL
24	Revenue Funded Data Center Equipment	-	-	-	-	-	3,000	19,074	-	-	-	-	Estimated based on preliminary PPL
25	Revenue Funded Facility Construction	-	-	806	8,160	8,000	12,760	400	2,400	-	-	-	Estimated based on preliminary PPL
26	Sunset Review	-	-	-	-	-	195	-	-	-	-	-	Sunset complete in 2010
27	Protocol Services	-	477	451	872	872	1,500	1,518	1,536	1,555	1,573	1,592	Increase based on US CPI 1.2%
28	Market Monitoring	600	1,650	1,750	2,100	2,383	2,300	2,700	2,800	2,800	2,800	2,800	2011-2012 per contract then held flat
29	Total Revenue Requirement	134,938	132,294	140,119	139,174	136,647	148,982	193,693	201,283	207,645	214,845	218,692	
30	Less Other Revenue	5,795	3,737	8,268	5,855	6,341	5,626	6,299	6,429	6,564	6,707	6,857	
31	Less Interest Income	2,200	1,138	1,554	100	86	81	81	81	81	81	81	
32	Less Extraordinary Item Revenue	-	-	-	-	-	12,760	5,000	-	-	-	-	
33	Less O&M 10% Reduction Goal	-	-	-	-	-	-	13,349	13,914	14,401	14,983	15,241	Comprehensive management review required
34	Revenue Rqmt from System Admin Fee	$ 126,943	$ 127,419	$ 130,297	$ 133,218	$ 130,220	$ 130,515	$ 168,963	$ 180,859	$ 186,599	$ 193,074	$ 196,514	
35	GWh	304,374	305,482	312,401	319,392	312,204	312,922	319,846	329,955	338,994	346,358	353,436	
36	% GWh Growth	1.9%	0.4%	2.3%	2.2%	2.2%	-2.0%	2.2%	3.2%	2.7%	2.2%	2.0%	
37	ERCOT System Administration Fee	$ 0.4171	$ 0.4171	$ 0.4171	$ 0.4171	$ 0.4171	$ 0.4171	$ 0.5283	$ 0.5481	$ 0.5504	$ 0.5574	$ 0.5560	
38	Debt Funded Base Projects	13,476	24,436	9,636	10,650	9,952	4,140	20,745	26,682	23,700	18,180	32,955	
39	Debt Funded Data Center Equipment	-	-	-	-	-	4,500	28,611	-	-	-	-	
40	Debt Funded Facility Construction	-	-	542	12,240	11,999	19,140	600	3,600	-	-	-	
41	Capital Spending	34,465	42,871	25,318	38,150	36,585	46,300	83,260	50,470	39,500	30,300	54,925	Preliminary PPL with Nodal enh reduction
42	Total ERCOT Spending Authorization	148,414	156,730	150,297	162,064	158,598	176,762	243,649	231,565	231,345	233,025	251,647	

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ERCOT Fiscal Year 2010 Budget
Revenue Requirement & ERCOT System Administration Fee Summary - UPDATED
2009 Budget vs. 2010 Proposed Budget
(in Thousands)

Line	($ Thousands)	2009 Budget	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $	%	Variance Explanations
1	ERCOT O&M Expenses					
2	Labor & Benefits	$ 81,620	$ 89,976	$ 8,356	10.2%	Expected staff vacancy rate decreased from 8% to 2% ($3.6M), Increased benefit load by 3% to reflect primarily higher health claims cost ($2.7M), Salary administration, job rebalancing, and 2009 salary growth ($2.1M)
3	Contra Labor - Base Projects	(4,071)	(2,826)	1,245	-30.6%	Reduced internal staff engaged in Zonal projects
4	Contra Labor - Nodal Program	(22,593)	(23,525)	(933)	4.1%	More internal labor supporting Nodal Program activity
5	Subtotal - Labor & Benefits	54,956	63,624	8,668	15.8%	Since 2009 budget, 624 positions remain at same authorization level, 69 positions have been upgraded, and 24 positions have been downgraded
6	Support Allocations	(4,728)	(3,100)	1,628	-34.4%	Support services provided to the Nodal Program anticipated to decrease in 2010 as project nears completion. Anticipated allocation credit for 2010 comprised of Nodal $2.73M and Texas RE $.37M
7	Incremental Resource Allocations	(1,297)	(1,266)	30	-2.4%	Staff augmentation necessary to cover daily base operation tasks anticipated to decrease in 2010 as the Nodal Program nears completion
8	Facilities Allocations	(1,409)	(1,466)	(57)	4.1%	Anticipated allocation credit for 2010 comprised of Nodal $1.35M and Texas RE $.12M
9	Info Technology Svcs Allocations	(51)	(246)	(194)	NA	Credit for IT Services provided to Texas RE
10	Subtotal - Allocations	(7,485)	(6,078)	1,407	-18.8%	
11	Equipment & Tools	1,156	1,227	71	6.1%	Increase in 2010 attributable to anticipated purchase of storage tapes
12	Outside Services	11,957	9,720	(2,237)	-18.7%	Reduced/Eliminated staff augmentation ($555K), Planning studies and services ($515K), Outsourced postcard processing ($394K), Software support services ($260K), and outside recruiters ($190K), Net decrease in other studies or services ($350K)
13	Utility, Maintenance, & Facilities	7,598	8,239	641	8.4%	Increases primarily caused by increased telecommunication and electric for the Bastrop Data center and Board meeting webcasting
14	Hardware & Software License & Maint	9,628	9,101	(528)	-5.5%	Expected cost reductions due to contract renegotiations
15	Insurance	2,125	1,877	(249)	-11.7%	Credit insurance budgeted in 2009 has not been obtained and is not anticipated to be needed in 2010
16	Employee Expenses	1,771	1,552	(219)	-12.4%	Average per employee $2,100
17	Property Taxes	1,100	1,326	226	20.5%	Increase attributable to purchase of land in Bastrop County and building expansion in Taylor
18	NERC Dues	2,141	2,462	321	15.0%	NERC dues reflects ERCOT's share of the regional costs. See Line 30 which contains full offset
19	Other Expenses	2,277	2,008	(268)	-11.8%	Board Retreat to be held on site, IT Research subscription canceled, Eliminated refreshments at quarterly employee meetings and CEO meetings, Removed Transmission Owners & Operators Forum membership, Reduced costs of stakeholder meetings and job posting/advertising costs
20	Subtotal - O&M Expenses	87,225	95,057	7,833	9.0%	
21	Debt Service - Interest	7,580	5,272	(2,308)	-30.4%	Weighted average cost of debt on the portfolio was reduced from approximately 6 % to approximately 5%
22	Debt Service - Principal	26,137	26,137	-	0.0%	Assumes refinancing of certain loans to extend maturities
23	Revenue Funded Base Project	7,100	2,760	(4,340)	-61.1%	Project spending decreased from $17.8 million in 2009 to $6.9 million in 2010
24	Revenue Funded Data Center Equipment	-	3,000	3,000	NA	Project spending budget of $7.5 million on Data Center equipment replacement in 2010
25	Revenue Funded Facility Construction	8,160	12,760	4,600	56.4%	Project spending increased from $20.4 million in 2009 to $31.9 million in 2010 for facility expansion
26	Sunset Review	-	195	195	NA	Addition of anticipated Sunset Review expenses
27	Protocol Services	872	1,500	628	72.0%	Increase assuming ERCOT to obtain alternative protocol compliance services
28	Market Monitoring	2,100	2,300	200	9.5%	Contractual increases to the Independent Market Monitoring costs based on additional IMM headcount
29	Total Revenue Requirement	139,174	148,982	9,808	7.0%	
30	Less Other Revenue	5,855	5,626	(229)	-3.9%	Increased NERC Electric Reliability Organizational Fees ($321K) offset by lowered Generation Interconnection Study Fees (550K)
31	Less Interest Income	100	81	(19)	-19.0%	Reduction based on current interest rates and balances
32	Less Extraordinary Item Revenue	-	12,760	12,760	NA	Proposed use of a portion of the Sales Tax Refund to fund the extra-ordinary equity associated with Facility Construction
33	Revenue Rqmt from System Admin Fee	$ 133,218	$ 130,515	$ (2,704)	-2.0%	
34	GWh	319,392	312,922	(6,470)	-2.0%	Latest load estimate provided by ERCOT Planning department
35	% GWh Growth	2.2%	-2.0%	NA	NA	
36	ERCOT System Administration Fee	$ 0.4171	$ 0.4171	(0.0000)	0.0%	
37	Debt Funded Base Project	10,650	4,140	(6,510)	-61.1%	Project spending decreased from $17.8 million in 2009 to $6.9 million in 2010
38	Debt Funded Data Center Equipment	-	4,500	4,500	NA	Project spending budget of $7.5 million on Data Center equipment replacement in 2010
39	Debt Funded Facility Construction	12,240	19,140	6,900	56.4%	Project spending increased from $20.4 million in 2009 to $31.9 million in 2010 for facility expansion
40	Total Project Capital Spending	38,150	46,300	8,150	21.4%	
41	Total ERCOT Spending Authorization	162,064	176,762	14,698	9.1%	

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ERCOT Fiscal Year 2010 Budget

Salary Cost Driver - UPDATED

(in millions)

Line	Driver Description	2009 Budget vs. 2010 Proposed Budget	Comments
1	**Staffing**		
2	Vacancy Savings Assumption Reduction	3.6	2009 vacancy savings of 8 % of 739 full-time equivalents reduced to 2% for 2010.
3	Increased Benefit Cost	2.7	Increased benefit costs due to rising medical claims (30% in 2009 to 33% in 2010).
4	Merit Award	1.3	Merit award of 2% of base salaries effective 4/1.
5	Salary Adjustment	0.7	Salary Adjustment of 1% of base salaries for market adjustments, promotions, etc.
6	Net Change in Defined Positions	0.2	Net impact of retooling existing positions based on task prioritization.
7	**Total - Labor & Benefits**	**8.4**	

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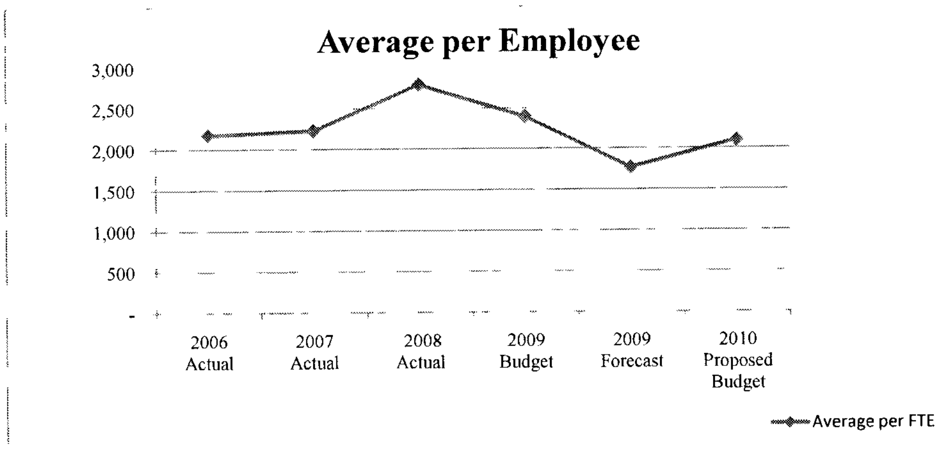
ERCOT Fiscal Year 2010 Budget
Employee Expense by Office - UPDATED



Line	Office	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $	2009 Budget vs. 2010 Proposed Budget %
1	Corporate Administration	$ 242,363	$ 261,241	$ 343,023	$ 364,197	$ 275,427	$ 285,278	$ (78,919)	-21 7%
2	Information Technology	397,326	381,189	646,463	506,000	389,733	464,000	(42,000)	-8 3%
3	Operations	620,216	714,420	877,808	901,127	641,437	802,623	(98,505)	-10 9%
4	*Total - ERCOT*	$ 1,259,905	$ 1,356,851	$ 1,867,294	$ 1,771,324	$ 1,306,597	$ 1,551,900	$ (219,424)	-12 4%
5									
6	FTEs	580	609	669	739	739	739	-	
7									
8	Average per FTE	2,172	2,228	2,791	2,397	1,768	2,100	(297)	

The Employee Expense category includes costs for the following:

Business - Registration Fees
Business - Meals
Business - Lodging
Training - Registration Fees
Training - Meals
Training - Lodging
Professional Dues
Remote System Access
Cellular Phone

Business - Mileage Reimbursement
Business - Airfare
Business - Other Travel Costs
Training - Mileage Reimbursement
Training - Airfare
Training - Other Travel Costs
College Education Reimbursement
Wireless PC Card

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ERCOT Fiscal Year 2010 Budget
Staffing Summary (Headcount)

Line	Office & Department	Dept #	2006 Budget	2007 Budget	2008 Budget	2009 Budget	Transfers	Additions / (Eliminations)	2010 Proposed Budget	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
1	**ERCOT**													
2	Corporate Administration		111	110	116	129	2	(4)	127	127	127	127	127	127
3	Information Technology		170	208	212	231	(1)	2	232	232	232	232	232	232
4	Program Operations		143	165	169	163	(8)	6	161	161	161	161	161	161
5	System Operations & Planning		147	186	187	193	2	(8)	187	193	195	195	195	195
6	Compliance		13	15	19	23	5	4	32	32	33	33	33	33
7	**Total - ERCOT**		584	684	703	739	-	-	739	745	748	748	748	748

Note
The impact of the budgeted vacancy savings credit for each year is not depicted in this schedule, schedule reflects staffing authorization

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ERCOT Fiscal Year 2010 Budget

Staffing Summary by Office (Full Time Equivalency)

Cost

Line		2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Proposed Budget	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
1	**ERCOT**										
2	*Base Operations*	49,402,038	53,158,791	55,153,219	54,956,495	63 624,265	85 882 810	90,466,837	94,235 446	98 913,206	100,667,086
3	*Base Projects*	4,579,821	2,984,973	3 009 585	4,070 703	2,826,062	7,914 270	6,523,140	5,664,230	3,983 460	5,316,480
4	*Nodal Program*	5,259,598	12,521,964	14,577,694	22,592,724	23,525,447	-	-	-	-	-
5	*Labor & Benefits Total*	59 241,457	68,665,727	72 740,498	81,619,922	89,975,774	93,797,080	96,989,977	99,899,676	102,896,666	105,983,566
6											
7	**Corporate Administration**										
8	*Base Operations*	9,530,121	11,408,903	11,107,453	9,448,078	12,317,762	13,528,704	14,443,729	15,206,760	16,241,578	16 349 423
9	*Base Projects*	(158,477)	211,894	443,676	363,909	883,560	2,474 374	2,039 441	1,770,905	1,245 417	1,662,182
10	*Nodal Program*	268,250	850,672	1,245,047	825,589	2,335,647	-	-	-	-	-
11	*Labor & Benefits Total*	9,639 894	12 471,469	12 796,176	10 637,576	15 536 969	16,003 078	16,483,170	16,977 666	17,486,996	18,011,605
12											
13	**Information Technology**										
14	*Base Operations*	13 164 311	13 761 798	15 755 657	16 897,951	18 503,921	26,996,454	28,517 335	29,833,269	31,536 235	31,952 532
15	*Base Projects*	2 707,319	1 403,236	1 333 891	1,771,185	1,233 788	3,455 172	2,847,840	2,472 861	1,739 079	2 321,042
16	*Nodal Program*	2,226,402	5,936,840	6,681,435	9,557,924	9,826,977	-	-	-	-	-
17	*Labor & Benefits Total*	18,098,033	21,101,875	23,770,983	28,227,060	29,564,686	30,451,626	31,365,175	32,306,130	33,275,314	34,273,574
18											
19	**Program Operations**										
20	*Base Operations*	26 707 605	28,108,180	28,305 960	28 610,466	32,842 234	45 357 651	47 505 772	49,195,416	51,135 393	52 365 131
21	*Base Projects*	2,030,979	1,369 842	1,232 018	1,935,609	708,714	1,984,724	1,635,859	1,420,464	998,964	1,333 256
22	*Nodal Program*	2,764,946	5,904,523	7,075,772	12,209,211	11,698,065	-	-	-	-	-
23	*Labor & Benefits Total*	31 503,530	35,382,546	36,613,751	42,755,286	45 249,013	47,342,376	49,141,631	50 615,880	52,134 356	53,698 387

Headcount (Funded) and **Variance**

Line		2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Proposed Budget	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected	Variance: 2006 Actual to 2010 Proposed Budget
1	**ERCOT**											
2	*Base Operations*	497	478	520	459	506	663	678	685	699	688	9
3	*Base Projects*	39	25	25	34	23	67	55	48	34	45	(15)
4	*Nodal Program*	44	106	123	187	195	-	-	-	-	-	150
5	*Labor & Benefits Total*	580	609	669	680	724	730	733	733	733	733	144
6												
7	**Corporate Administration**											
8	*Base Operations*	92	101	102	109	98	104	108	110	114	111	6
9	*Base Projects*	(1)	2	4	3	7	20	17	15	10	14	9
10	*Nodal Program*	2	7	10	7	19	-	-	-	-	-	17
11	*Labor & Benefits Total*	93	110	116	119	124	124	124	124	124	124	31
12												
13	**Information Technology**											
14	*Base Operations*	135	131	148	119	136	199	204	207	213	208	1
15	*Base Projects*	22	12	11	15	10	29	24	20	14	19	(12)
16	*Nodal Program*	18	49	55	79	81	-	-	-	-	-	63
17	*Labor & Benefits Total*	176	192	214	213	227	227	227	227	227	227	51
18												
19	**Program Operations**											
20	*Base Operations*	271	247	270	232	270	362	368	369	373	370	(2)
21	*Base Projects*	17	11	10	16	6	16	14	12	8	11	(11)
22	*Nodal Program*	23	49	59	101	97	-	-	-	-	-	74
23	*Labor & Benefits Total*	311	307	339	349	372	378	381	381	381	381	61

Notes
(1) The former Compliance department is excluded from 2006 the Texas RE is excluded from 2007 - 2010
(2) The full-time equivalency columns are based on a calculation which may result in a slight variance due to rounding
(3) 2009 - 2010 equivalency calculation has been modified to utilize 1 860 hours per year instead of 1,820 used in prior years. This change was necessary to ensure consistency with the Nodal Program budget assumptions for average work hours
(4) The 2006 Actual amount for Corporate Base Projects is negative due to postings for cancelled projects being reclassed at an amount greater than expenses charged for the year, therefore, the calculated full-time equivalency is negative as well.
(5) 2006 - 2008 Actual headcount as of year-end (12/31), 2009 - 2015 budget/projected headcount is adjusted for vacancy savings credit

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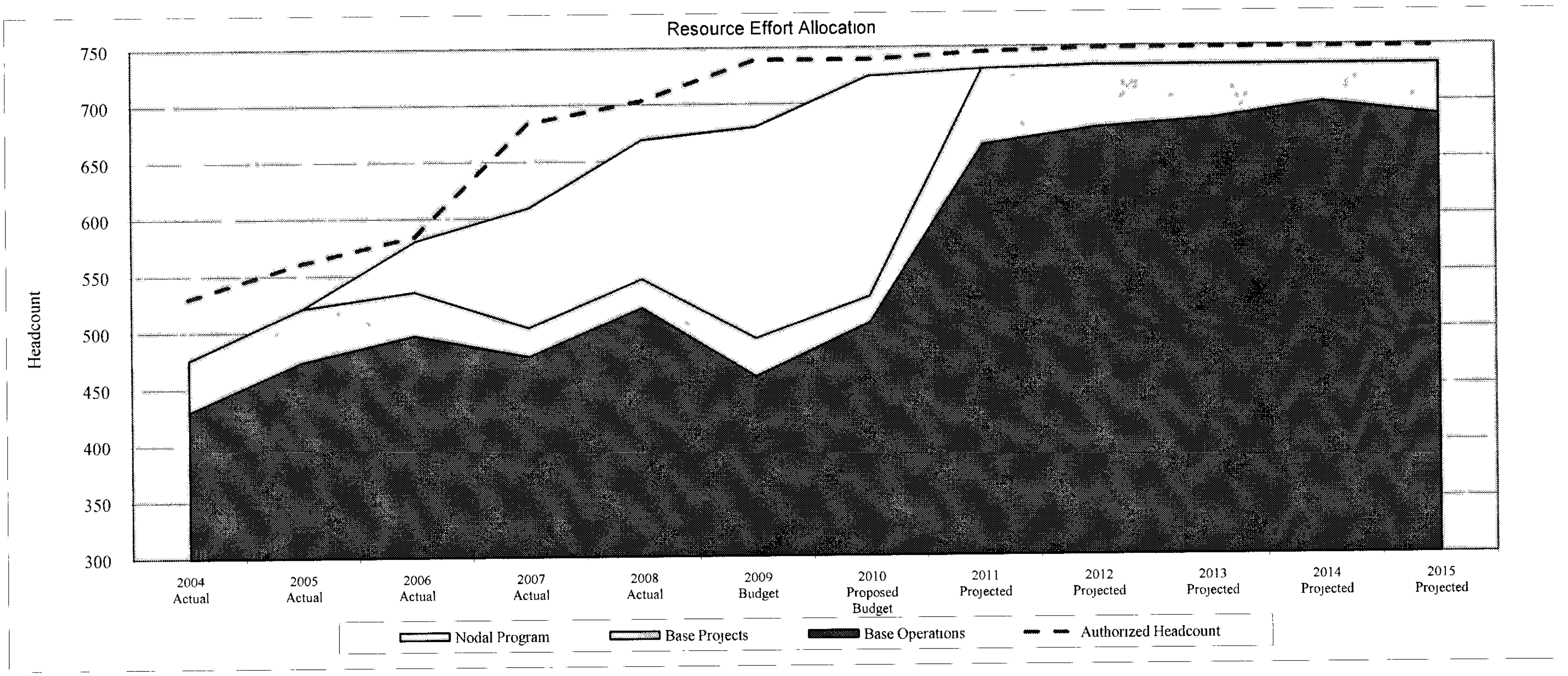
ERCOT Fiscal Year 2010 Budget

Resource Effort Allocation - ERCOT (excluding Texas RE) - UPDATED



Line		2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2010 Proposed Budget	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
1	**Headcount**												
2	Base Operations	430	474	497	478	520	459	506	663	678	685	699	688
3	Base Projects	46	47	39	25	25	34	23	67	55	48	34	45
4	Subtotal - Base Operations	476	521	536	503	546	493	530	730	733	733	733	733
5													
6	Nodal Program	-	-	44	106	123	187	195	-	-	-	-	-
7	Total Headcount	476	521	580	609	669	680	724	730	733	733	733	733

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Appendix

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ERCOT Fiscal Year 2010 Budget

Expenditure Summary by Office - UPDATED

Line	Description	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $	2009 Budget vs. 2010 Proposed Budget %	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
1	**ERCOT**													
2	*Salary & Benefits*	59,241,457	68,665,727	72,740,498	81,619,922	84,134,560	89,975,774	8,355 852	10 2%	93,797,080	96,989,977	99,899,676	102,896,666	105,983,566
3	*Contra Labor for Capital Projects*	(4,579 821)	(2 984,973)	(3,009,585)	(4 070,703)	(3,931,165)	(2,826,062)	1,244,641	-30 6%	(7,914,270)	(6,523,140)	(5,664,230)	(3,983,460)	(5,316,480)
4	*Contra Labor for Nodal Program*	(5,259,598)	(12,521,964)	(14,577,694)	(22,592,724)	(22,069,652)	(23,525,447)	(932,723)	4 1%	-	-	-	-	-
5	*Subtotal - Labor*	49 402,038	53 158,791	55 153,219	54 956,495	58 133,743	63,624,265	8,667,770	15 8%	85,882,810	90 466,837	94,235 446	98,913,206	100,667,086
6	*Support Allocations*	(1,695 122)	(4 938 801)	(4,261,292)	(4 728,135)	(3,286,735)	(3,100,358)	1,627,777	-34 4%	-	-	-	-	-
7	*Incremental Resource Allocations*	(380,888)	(1,592,512)	(1 912,804)	(1,296 711)	(1,284,001)	(1,266,231)	30 480	-2 4%	-	-	-	-	-
8	*Facilities Allocations*	(373,564)	(2,818,332)	(2,651,024)	(1,408,839)	(1,074 410)	(1,466,092)	(57 253)	4 1%	-	-	-	-	-
9	*Info Technology Svcs Allocations*	-	(13,132)	(187,910)	(51,250)	(242,270)	(245,545)	(194,295)	NA	-	-	-	-	-
10	*Subtotal - Allocations*	(2,449 573)	(9,362,777)	(9,013,031)	(7 484,935)	(5,887 416)	(6,078,227)	1,406,708	-18 8%	-	-	-	-	-
11	*Equipment & Tools*	1 092,541	1,240 743	1,146,123	1,155,973	1,015 050	1,227,016	71,043	6.1%	1,241,740	1,256,641	1,271,721	1,286 981	1,302,425
12	*Outside Services*	10,432,911	12,353,814	14,431,661	14 056,989	12,118 181	12 019 807	(2,037 182)	-14 5%	12,164,045	12,310,013	12 457 734	12,607,226	12,758,513
13	*Utility, Maintenance, & Facilities*	7 192 602	6 734,990	8 018 185	7 597 680	7,767,506	8 238 930	641,250	8 4%	8,337 797	8 437,851	8 539 105	8 641,574	8,745,273
14	*Hardware & Software License & Maint*	7 740 247	9,629,301	9 796 512	9,628 313	9,303,551	9 100,639	(527 674)	-5 5%	17,441,121	17,956,744	18 495,446	19,057,921	19,286,616
15	*Insurance*	1,676,549	1,691,854	1,671,041	2,125,369	1,801,841	1,876,837	(248,532)	-11 7%	1,899,359	1,922,152	1,945,217	1,968,560	1,992,183
16	*Employee Expenses*	1,259,905	1,356,851	1 867,294	1,771,324	1,306,597	1 551,900	(219,424)	-12 4%	1,564,400	1,570,700	1 570,700	1,570,700	1,570,700
17	*Depreciation & Amortization*	42,167,574	33,898,051	31,871 716	30,065,852	30,009,038	26 549,334	(3,516,518)	-11 7%	34,346,979	48 873,991	62,547 841	72,038,619	68,913,799
18	*Interest & Fees*	7,631,714	5,441,727	8 652,858	7,580,059	4,302,380	5,272,419	(2,307 640)	-30.4%	6,775,695	8,015 072	7.552 865	6 496 818	5 898,167
19	*Property Taxes*	997 716	903 497	1,532,878	1,100,000	985 235	1,325,706	225 706	20 5%	2 673,480	2 807 154	2,947 511	3,094,887	3 249,631
20	*NERC Dues*	971 475	961 889	1 673,872	2 140,806	2,140 802	2,461 927	321,121	15 0%	2,585,023	2,714,274	2 849 988	2,992,487	3,142 112
21	*Other Expenses*	1,264,016	1,470,997	1,522,910	2,276,554	2,016,632	2,008,471	(268,084)	-11 8%	2,032,572	2,056,963	2,081,647	2,106,626	2,131,906
22	***Total - ERCOT***	129,379,714	119,479,728	128,325,239	126,970,479	125,013,140	129,179,024	2,208,545	1 7%	176,945,022	198,388,392	216,495,220	230,775,607	229,658,411
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ERCOT Fiscal Year 2010 Budget
Expenditure Summary by Office - UPDATED

Line	Description	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $	2009 Budget vs. 2010 Proposed Budget %	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
24	**Corporate Administratioı**													
25	*Salary & Benefits*	9,639.894	12,181,307	12,355,765	10,637,576	15,148,138	15,162,075	4.524 499	42 5%	15 616 938	16 085.446	16.568 009	17 065 049	17,577 001
26	*Contra Labor for Capital Projects*	158,477	(211,894)	(443,676)	(363,909)	(490,981)	(883,560)	(519,651)	142 8%	(2,474,374)	(2,039,441)	(1,770 905)	(1,245,417)	(1,662,182)
27	*Contra Labor for Nodal Program*	(268,250)	(680,601)	(820,486)	(825,589)	(1,341,666)	(2,000,405)	(1,174,816)	142.3%	-	-	-		
28	*Subtotal - Labor*	9,530 121	11.288,812	11,091 602	9 448,078	13,315,492	12,278,110	2,830,032	30 0%	13,142,564	14,046,005	14 797,104	15,819,632	15,914,819
29	*Support Allocations*	(932.299)	(2,830.980)	(2,725 437)	(2 913 687)	(2,147 067)	(1 917,122)	996.565	-34 2%	-	-	-	-	-
30	*Incremental Resource Allocations*	-	(90,383)	(26,737)	(42,776)	(55,983)	(161,606)	(118 830)	277 8%	-	-	-	-	-
31	*Facilities Allocations*	(373,564)	(1,322.572)	(1,252,724)	(806,161)	(523,950)	(756,726)	49,435	-6.1%	-	-	-	-	-
32	*Info Technology Svcs Allocations*	-	-	-	-	-	-	-	NA	-	-	-	-	-
33	*Subtotal - Allocations*	(1,305,863)	(4 243,935)	(4,004,899)	(3 762,624)	(2,727 000)	(2,835,454)	927,170	-24 6%	-	-	-	-	-
34	*Equipment & Tools*	629 499	713 415	611 888	692 468	546,076	578,651	(113,817)	-16 4%	585,595	592,622	599,733	606,930	614,213
35	*Outside Services*	5,711 037	3,533.358	4.080.836	3 997 800	3,327,329	4 145,388	147.588	3 7%	4 195,133	4,245,474	4,296,420	4,347 977	4 400 153
36	*Utility Maintenance, & Facilities*	2.918 077	3,076,505	3 722,847	3 211 000	3,534,356	3 506,000	295 000	9 2%	3,548,072	3,590 649	3,633,737	3,677,341	3 721,470
37	*Hardware & Software License & Maint.*	25.226	(50.860)	(31,494)	-	-	-	-	NA	-	-	-	-	-
38	*Insurance*	1,676,549	1,691,854	1,671,041	2,125,369	1,801,841	1,876,837	(248.532)	-11 7%	1 899,359	1 922,152	1 945,217	1 968 560	1,992,183
39	*Employee Expenses*	242.363	261,241	343,023	364,197	275,427	285,278	(78,919)	-21 7%	264 600	264,600	264 600	264,600	264,600
40	*Depreciation & Amortization*	42,167,574	33 898,051	31,871,716	30,065,852	30 009,038	26,549,334	(3,516,518)	-11 7%	34,346 979	48 873,991	62,547,841	72,038,619	68,913,799
41	*Interest & Fees*	7,631 714	5,441 727	8,652 798	7,580 059	4,302,380	5,272,419	(2,307,640)	-30 4%	6 775 695	8,015,072	7,552,865	6,496.818	5 898,167
42	*Property Taxes*	997,716	903.497	1.532,878	1 100 000	985,235	1.325.706	225 706	20 5%	2,673,480	2,807 154	2 947.511	3,094,887	3 249,631
43	*NERC Dues*	971.475	-	1 673 872	2,140 806	2,140 802	2 461 927	321 121	15 0%	2.585,023	2.714.274	2 849.988	2 992 487	3.142,112
44	*Other Expenses*	586,537	948,038	573,046	917,910	665,444	782,610	(135,300)	-14.7%	792,001	801,505	811,123	820,857	830,707
45	***Subtotal - Corporate Administration***	71,782,025	57,461,703	61,789,154	57,880,915	58,176,420	56,226,805	(1,654,110)	-2 9%	70,808,501	87,873,498	102,246,139	112,128,709	108,941,853
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ERCOT Fiscal Year 2010 Budget

Expenditure Summary by Office - UPDATED

Line	Description	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $	2009 Budget vs. 2010 Proposed Budget %	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
47	**Information Technolog**													
48	*Salary & Benefits*	18 098,033	21,101,875	23,770,983	28,227,060	27,511,539	29,564,686	1,337,626	4 7%	30,451 626	31 365 175	32 306 130	33 275,314	34,273,574
49	*Contra Labor for Capital Projects*	(2,707,319)	(1,403,236)	(1,333,891)	(1 771,185)	(1,840,975)	(1,233,788)	537 397	-30 3%	(3,455,172)	(2,847,840)	(2,472,861)	(1,739,079)	(2,321,042)
50	*Contra Labor for Nodal Program*	(2,226,402)	(5,936,840)	(6,681,435)	(9,557,924)	(9,829,576)	(9,826,977)	(269,053)	2 8%					
51	*Subtotal - Labor*	13,164,311	13 761,798	15 755,657	16,897,951	15,840 988	18,503,921	1,605,970	9 5%	26,996 454	28,517,335	29,833 269	31,536 235	31,952 532
52	*Support Allocations*	(65,628)	(274,799)	(259 848)	(311 056)	(199 089)	(500,454)	(189,398)	60 9%	-	-	-	-	-
53	*Incremental Resource Allocations*	(45 866)	(374,372)	(506 951)	(332,171)	(327 783)	(411,550)	(79 379)	23 9%	-	-	-	-	-
54	*Facilities Allocations*	-	(1 131,226)	(1,035,391)	(386,208)	(403,816)	(526,605)	(140 397)	36 4%	-	-	-	-	-
55	*Info Technology Svcs Allocations*	-	(13,132)	(187,910)	(51,250)	(242,270)	(245,545)	(194,295)	NA	-	-	-	-	-
56	*Subtotal - Allocations*	(111,494)	(1,793,529)	(1,990,101)	(1 080,685)	(1,172,958)	(1,684,154)	(603,470)	55 8%	-	-	-	-	-
57	*Equipment & Tools*	368,657	341 626	320 638	373 405	389 688	490 675	117,270	31 4%	496,563	502,522	508,552	514,655	520,831
58	*Outside Services*	1 045,059	2,558 704	3,610 088	2,179 078	2,561 913	1,785,915	(393,163)	-18 0%	1,807 346	1,829 034	1,850,982	1 873,194	1,895,673
59	*Utility Maintenance & Facilities*	3 283,139	2 644,910	3,456 158	3 349 430	3,312 062	3 746 680	397,250	11 9%	3 791 640	3,837 140	3 883,186	3 929,784	3,976,941
60	*Hardware & Software License & Maint*	7 634,923	9 564,129	9,826 158	9,628,313	9,303,551	9,100,639	(527,674)	-5 5%	17 441,121	17,956,744	18,495,446	19 057,921	19,286 616
61	*Insurance*	-	-	-	-	-	-	-	NA	-	-	-	-	-
62	*Employee Expenses*	397,326	381,189	646,463	506,000	389,733	464,000	(42,000)	-8 3%	487 200	487,200	487,200	487,200	487,200
63	*Depreciation & Amortization*	-	-	-	-	-	-	-	NA	-	-	-	-	-
64	*Interest & Fees*	-	-	-	-	-	-	-	NA	-	-	-	-	-
65	*Property Taxes*	-	-	-	-	-	-	-	NA	-	-	-	-	-
66	*NERC Dues*	-	-	-	-	-	-	-	NA	-	-	-	-	-
67	*Other Expenses*	329,747	297,371	566,269	1,001,594	970,214	994,811	(6,783)	-0 7%	1,006,749	1,018,830	1,031,056	1,043,428	1,055,949
68	***Subtotal - Information Technology***	26,111,669	27,756,199	32,191,329	32,855,087	31,595,193	33,402,486	547,399	1 7%	52,027,073	54,148,805	56,089 691	58,442,417	59,175 741
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ERCOT Fiscal Year 2010 Budget
Expenditure Summary by Office - UPDATED

Line	Description	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $	2009 Budget vs. 2010 Proposed Budget %	2011 Projected	2012 Projected	2013 Projected	2014 Projected	2015 Projected
70	**Operations**													
71	*Salary & Benefits*	31,503,530	35,382,546	36,613,751	42,755,286	41,474,882	45,249,013	2,493,728	5 8%	47,342,376	49,141,631	50,615,880	52,134,356	53,698,387
72	*Contra Labor for Capital Projects*	(2,030,979)	(1,369,842)	(1,232,018)	(1,935,609)	(1,599,209)	(708,714)	1,226,895	-63 4%	(1,984,724)	(1,635,859)	(1,420,464)	(998,964)	(1,333,256)
73	*Contra Labor for Nodal Program*	(2,764,946)	(5,904,523)	(7,075,772)	(12,209,211)	(10,898,410)	(11,698,065)	511,146	-4 2%					
74	*Subtotal - Labor*	26,707,605	28,108,180	28,305,960	28,610,466	28,977,263	32,842,234	4,231,769	14 8%	45,357,651	47,505,772	49,195,416	51,135,393	52,365,131
75	*Support Allocations*	(697,195)	(1,833,022)	(1,276,007)	(1,503,392)	(940,580)	(682,782)	820,610	-54 6%	-	-	-	-	-
76	*Incremental Resource Allocations*	(335,022)	(1,127,757)	(1,379,116)	(921,764)	(900,235)	(693,075)	228,689	-24 8%	-	-	-	-	-
77	*Facilities Allocations*	-	(364,534)	(362,909)	(216,470)	(146,644)	(182,761)	33,709	-15 6%	-	-	-	-	-
78	*Info Technology Svcs Allocations*	-	-	-	-	-	-	-	NA	-	-	-	-	-
79	*Subtotal - Allocations*	(1,032,217)	(3,325,313)	(3,018,031)	(2,641,626)	(1,987,459)	(1,558,618)	1,083,008	-41 0%	-	-	-	-	-
80	*Equipment & Tools*	94,385	185,702	213,598	90,100	79,286	157,690	67,590	75 0%	159,582	161,497	163,435	165,396	167,381
81	*Outside Services*	3,676,815	6,261,752	6,740,737	7,880,111	6,228,939	6,088,504	(1,791,607)	-22 7%	6,161,566	6,235,505	6,310,331	6,386,055	6,462,688
82	*Utility Maintenance & Facilities*	991,386	1,013,576	839,180	1,037,250	921,088	986,250	(51,000)	-4 9%	998,085	1,010,062	1,022,183	1,034,449	1,046,862
83	*Hardware & Software License & Maint*	80,098	116,033	1,848	-	-	-	-	NA	-	-	-	-	-
84	*Insurance*	-	-	-	-	-	-	-	NA	-	-	-	-	-
85	*Employee Expenses*	620,216	714,420	877,808	901,127	641,437	802,623	(98,505)	-10 9%	810,600	816,900	816,900	816,900	816,900
86	*Depreciation & Amortization*	-	-	-	-	-	-	-	NA	-	-	-	-	-
87	*Interest & Fees*	-	-	60	-	-	-	-	NA	-	-	-	-	-
88	*Property Taxes*	-	-	-	-	-	-	-	NA	-	-	-	-	-
89	*NERC Dues*	-	961,889	-	-	-	-	-	NA	-	-	-	-	-
90	*Other Expenses*	347,731	225,588	383,596	357,050	380,974	231,050	(126,000)	-35 3%	233,822	236,628	239,468	242,341	245,249
91	***Subtotal - Operations***	31,486,020	34,261,827	34,344,756	36,234,477	35,241,528	39,549,733	3,315,255	9 1%	53,721,307	55,966,364	57,747,733	59,780,534	61,104,212

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ERCOT Fiscal Year 2010 Budget
Outside Services Expense Detail

Description of Service(s)	Type of Service	Mandated	2010 Proposed Budget	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
Zonal backfill for FTEs working on Nodal Program - 7 contractors	■ Staff Augmentation □ Professional Service	No	1,490,624	ERCOT FTEs are focused on nodal development and testing. Contract staff is trained to operate zonal settlement and billing through termination of the zonal market. Once the zonal market activities cease (2009 - 2010), the contract staff will roll off	Not possible or feasible. 19 additional FTEs would need to be hired for zonal operations and then laid off/fired when zonal market ceases. Additionally, we couldn't ramp up to the number of FTEs we need fast enough	No resources to operate the zonal market
Outsource postcard printing and mailing for switch and POLR processing services	□ Staff Augmentation ■ Professional Service	Yes	870,000	This activity is required under the ERCOT Protocols and the Public Utility Regulatory Act as stated in the Customer Protection Rules of the Public Utility Commission of Texas.	This function would require ERCOT to operate a mass volume printing and mailing service for the creation and distribution of the daily notices. To date, the outsourced solution has been a more viable option from a cost perspective	Non-compliance of protocols and state utility regulations
Performance of required Statement on Auditing Standard SAS70 Type II External Audit	□ Staff Augmentation ■ Professional Service	Yes	781,198	These audits are required by ERCOT By-Laws and Sarbanes-Oxley requirements that are in place for our Market Participants. Protocol Section 1 4 Operational Audit, requires an annual operational or "settlements" audit, otherwise commonly known as the SAS70 Type II Audit.	SAS70 Audits are required to be performed by an external independent certified public accounting firm.	ERCOT could not express an independent opinion on the adequacy and effectiveness of the internal control environment. ERCOT would not be in compliance with Protocol Section 1 4 Operational Audit.
Expenses associated with the ongoing support and administration of the Board of Directors • Independent member compensation • Member replacement • Business expense reimbursement • Special meetings and retreats as necessary	□ Staff Augmentation ■ Professional Service	Yes	600,000	ERCOT is governed by a board of directors made up of independent members, consumers and representatives from each of ERCOT's electric market segments	Governance structure requires board oversight and inclusion of independent members.	Failure to comply with governance requirements.
Outside Legal Services regarding litigation or areas requiring specialized legal knowledge and skills not possessed by in-house legal staff	□ Staff Augmentation ■ Professional Service	No	500,000	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.).	Outside legal services brings independence and expertise that is not available within current ERCOT resources	The legal services could not be provided and the company could decide to take the risk of not complying with the law and/or governmental rules and regulations.
Contractors to backfill for staff working on Nodal	■ Staff Augmentation □ Professional Service	No	470,000	This is necessary for EMMS Production Support to support both Zonal & Nodal systems concurrently	Existing staff is inadequate to support two complete production systems (Zonal & Nodal)	Nodal involvement will be reduced during the testing and market trials phases.
Contractor expense to backfill for staff working on Nodal	■ Staff Augmentation □ Professional Service	No	453,600	This service will ensure that all zonal credit management activity is covered while ERCOT staff are dedicated to the Nodal Program.	Existing staff does not have the bandwidth to support the Nodal Program and daily operational tasks	Staff involvement in the Nodal program will be reduced and/or eliminated.
Contractors to provide backfill support to network modeling team (Allegis Consulting)	■ Staff Augmentation □ Professional Service	No	410,568	This is needed to support the Zonal system, transition to Nodal, and support cross training of ERCOT FTEs necessary to transition to Nodal	There are not enough ERCOT FTE's to perform both Zonal and Nodal modeling functions at the level required. Additionally the modeling systems are completely different in terms of technology and process.	The Zonal and Nodal modeling systems will both suffer in terms of quality because of the lack of support. Additionally the implementation of NMMS would be delayed which could cause Nodal Go-Live to be delayed
Contractors to backfill for staff working on Nodal	■ Staff Augmentation □ Professional Service	No	400,660	This service will ensure that all zonal production support is covered while ERCOT staff work on the nodal systems.	With the deployment of nodal systems, ERCOT staff does not have enough bandwidth to cover zonal activities.	Nodal work will not get done or production support problems will occur

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Description of Service(s)	Type of Service	Mandated	2010 Proposed Budget	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
Lawson Hosting	□ Staff Augmentation ■ Professional Service	Yes	316,255	ERCOT is in the second year of a five year contract to provide infrastructure, patching, and management services for Lawson	Datacenter capacity previously used to host Lawson has been reallocated to other ERCOT functions and no additional capacity exists	ERCOT will not have an ERP system which performs accounting, procurement, payroll, and other services.
Organizational Structure Study	□ Staff Augmentation ■ Professional Service	No	300,000	Review entity requirements and ensure that organizational structure reflects the most effective and efficient means of meeting objectives	Independent Review by third party	ERCOT could not express an independent opinion on the adequacy and effectiveness of its organizational structure.
Immigration Assistance	□ Staff Augmentation ■ Professional Service	No	237,400	These fees cover the specialized legal expertise in the immigration area as well as the filing fees associated with the hiring of non-US citizens These fees are increasing at a rapid rate and are required to recruit for power engineers and certain Information Technology functions	The legal expertise in immigration is a very specialized area and ERCOT does not require a full-time position Approximate 1/2 of the expense in this area is for legal services and the rest covers the actual fees	If we do not pay for the immigration process for our new employees, we would not be able to staff many of the functions or meet the required needs of the nodal project Ongoing expenses for current employees are approximately 70%.
Dynamic Analysis study of the Low Voltage Ride-Through (LVRT) of Wind Generation and Validation of Dynamic Models	□ Staff Augmentation ■ Professional Service	Yes	200,000	Requested by Technical Advisory Committee (TAC) and Board of Directors.	Outside consultant brings independence and expertise that is not available within current ERCOT resources.	Could impact system reliability and could result in loss of load, blackouts, and cascading outages Wind generation is becoming a bigger component of generation pattern within ERCOT Inability to provide this capability may result in loss of too much generation resulting in load loss and possible system collapse
Security assessment of a sample of ERCOT's applications for vulnerabilities and exploits The assessment will identify exploitable Application vulnerabilities that exist in the ERCOT Information Technology systems Creation of a remediation action plan for all identified security issues	□ Staff Augmentation ■ Professional Service	No	160,600	In order to show due diligence and non partiality, it is best practice to have these types of assessments performed by an external party In addition, ERCOT cannot be compliant for North American Electric Reliability Corporation (NERC) CIP 7 R8 which states "The Responsible Entity shall perform a cyber vulnerability assessment of all Cyber Assets within the Electronic Security Perimeter at least annually "	A significant contribution of this type of service is the peer review concept where the use of outsiders confirms or corrects the staff view of the security model	ERCOT's security posture may be compromised because of changing application vulnerabilities, exploits or threats.
Security assessment of ERCOT's Electronic Security Perimeter around Critical Cyber Assets in accordance with requirement R4 of North American Electric Reliability Corporation (NERC) CIP 005-01 The testing will identify exploitable access point vulnerable	□ Staff Augmentation ■ Professional Service	No	153,000	In order to show due diligence and non partiality, it is best practice to have these types of assessments performed by an external party In addition, ERCOT cannot be compliant for NERC CIP 5 4 which states "Cyber Vulnerability Assessment — The Responsible Entity shall perform a cyber vulnerability assessment of the electronic access points to the Electronic Security Perimeter(s) at least annually "	A significant contribution of this type of service is the peer review concept where the use of outsiders confirms or corrects the staff view of the security model	ERCOT's security posture may be compromised because of changing Internet facing vulnerabilities or threats Failure of North American Electric Reliability Corporation (NERC) CIP 5 R4
Lawson Integration and Maintenance	□ Staff Augmentation ■ Professional Service	No	144,000	These interfaces are necessary to provide services for the Corporate Operations division and all ERCOT employees Without the interfaces, there would be a very high volume of manual work ERCOT does not have the resources to do the work manually and it would not be cost effective.	The hosting vendor has already developed interfaces with all the major organizations such as Cigna, Fidelity, etc It is much more cost effective to have them implement a solution they already have than it would be to write one from scratch	Data could not be shared easily with external partners for payroll, 401K, MPP, healthcare, etc
Property Tax Services	□ Staff Augmentation ■ Professional Service	No	140,000	To ensure property tax rates from taxing authorities are accurate Amount paid is directly linked to savings achieved for ERCOT	ERCOT accounting staff does not have necessary expertise in property valuations and associated tax strategies to effectively represent ERCOT with tax authorities	May over pay property taxes.

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ERCOT Fiscal Year 2010 Budget
Outside Services Expense Detail

Description of Service(s)	Type of Service	Mandated	2010 Proposed Budget	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
Resources to support the Zonal System until such time as the PUCT determines we no longer have to support Zonal Settlements.	■ Staff Augmentation □ Professional Service	No	132,000	Zonal Settlements will not stop once the new Nodal Market has been deployed. Zonal Settlements must run to completion which will be at least 6 months (if they are error free, all meter data is error free and no disputes are filed) The more likely scenario is 1 - 2 years.	Based on the amount of new business functions and complexity all ERCOT development staff has been assigned to Nodal	ERCOT staff will have to balance the priority of Nodal and Zonal activities.
Contractor resources are foreseen to augment Wholesale Client Services staff post "Go-Live" of the Nodal Market in December 2010 Budget is requested for 4 contractors in the role of business analysts supporting settlement disputes, resource registration, increased volume of market communications (market notices, general call line, ERCOT RFIs) for October through December of 2010 in case Go-Live is early	■ Staff Augmentation □ Professional Service	No	131,040	Business Analyst augmenting staff to support a number of tasks, included expected increase in settlement disputes, support of MPIM MPUSA responsibilities, and scheduled registration system projects. The contract staff assistance will provide bandwidth to ERCOT staff to support market education through fourth quarter of 2010	Expectation is that staff will have an increase work load during the transition to a Nodal market Work force allocation of 21 FTE's for Wholesale Client Services will provide insufficient resources to support Nodal Market responsibilities (see Deep Dive)	ERCOT may not be able to meet time line for completing settlement disputes according to protocol and to support the need for market education through the first three quarters of 2009
Consulting services to perform assessments regarding IT performance, structure, and processes	□ Staff Augmentation ■ Professional Service	No	125,000	Consulting services to perform assessments regarding IT performance, structure, and processes.	Third party services are preferred because of objectivity and expertise.	Opportunities for improvements may not be identified.
UT Co-Op program and curriculum development	□ Staff Augmentation ■ Professional Service	No	125,000	Services required to develop university curriculum, provide studies and internship programs	This service will be performed along with ERCOT staff	Missed opportunity of bringing on interns that may qualify to be future long-term employees.
Financial Audit	□ Staff Augmentation ■ Professional Service	Yes	120,000	Mandatory to be compliant with Public Utility Commission of Texas (PUCT) rules.	Must be performed by External auditing firm.	Inability to get credit, obtain affordable insurance, or establish reasonable vendor relations.
Cash/Banking Services - Bank service fees including wire fees, account maintenance fees and lockbox deposits	□ Staff Augmentation ■ Professional Service	Yes	120,000	ERCOT will be required to increases its banking services under the Nodal market primarily due to the addition of the Day-ahead and the Congestion Revenue Rights (CRR) markets.	Bank services are required	Inability to process cash payments and/or deposits
Security assessment of a sample of ERCOT s databases for vulnerabilities that may lead to exploits where critical information may be destroyed, altered or disclosed Creation of a remediation action plan for all identified security issues.	□ Staff Augmentation ■ Professional Service	No	117,905	In order to show due diligence and non partiality, it is best practice to have these types of assessments performed by an external party In addition, the assessment results will be used for SAS70 CO 14 1 4 which states "System configuration requirements have been established for operating systems. databases, and firewalls which include security hardening, and documented exceptions. " and NERC CIP 7 R8 which states "The Responsible Entity shall perform a cyber vulnerability assessment of all Cyber Assets within the Electronic Security Perimeter at least annually "	A significant contribution of this type of service is the peer review concept where the use of outsiders confirms or corrects the staff view of the security model	ERCOT's security posture may be compromised because of changing database vulnerabilities, exploits or threats
Outside Legal Services regarding litigation or areas requiring specialized legal knowledge and skills not possessed by in-house legal staff	□ Staff Augmentation ■ Professional Service	No	101,090	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.)	Outside legal services brings independence and expertise that is not available within current ERCOT resources	The legal services could not be provided and the company could decide to take the risk of not complying with the law and/or governmental rules and regulations
Remedy and Atrium Configuration Management Data Base (CMDB) Maintenance	■ Staff Augmentation □ Professional Service	No	88,000	Specific application knowledge is required to more efficiently and effective upgrade the software	This service will be performed along with ERCOT staff Specific application expertise will be needed	Unsupported software
Performance Management	□ Staff Augmentation ■ Professional Service	No	85,400	Create easily understood metrics that establish the effectiveness of ERCOT in fulfilling duties	Third party objectivity in developing metrics and the cost of creating our own software would triple the cost of this project.	Inadequate metrics to evaluate success or failure company-wide

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Description of Service(s)	Type of Service	Mandated	2010 Proposed Budget	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
Compensation study for all jobs at ERCOT	□ Staff Augmentation ■ Professional Service	Yes	80,300	Maintain market pricing of jobs at ERCOT as required by PUC We told the PUC, Board of Directors and ERCOT staff we would do a formal study every 3 years The Mercer study was based on data from 2006 and presented in 2007	ERCOT staff does not have the data bases and appropriate number of staff to complete a large study such as this one	Jobs might be out of alignment with the market pricing therefore we could be paying too high or too low This can lead to employee morale issues and turnover
Information Technology Committee (ITC) Independent System Operators (ISO) Council - ERCOT's share of consulting fees for a council of the Chief Information Officers of the Independent System Operators that meet quarterly	□ Staff Augmentation ■ Professional Service	No	70,000	ERCOT's share of consulting fees for a council of the Chief Information Officers for the Independent System Operator's that meet quarterly	Council is made up of the Chief Information Officers of the Independent System Operators	ERCOT may not be able to participate in the quarterly Information Technology Committee meetings
Computer Based Training (CBT) software for system operators to maintain NERC certification	□ Staff Augmentation ■ Professional Service	No	64,500	Currently, all system operators are enrolled in this program Anticipated personnel turnover will require new hires to be enrolled in the course since it is non-transferable	This service augments the overall ERCOT training program	Loss of operator certification
Moody's KMV - The credit risk analysis tools -- Credit Edge and Risk Calc provide information on default probabilities for publicly held entities and also help ERCOT to analyze privately held entities	□ Staff Augmentation ■ Professional Service	No	55,000	To provide more "real time" insight into credit quality of market participants. This tool factors in bond and stock prices and other factors that provide more current information on potential defaults by ERCOT market participants	ERCOT staff does not have the background or tools (e g Bloomberg info, etc) to efficiently conduct this analysis	Credit function will not have adequate information to make credit decisions concerning ERCOT counterparties
Analyze, and produce software to analyze a unit trip in the ERCOT service area to validate units dynamic parameters from phasor and scada measurements (CCET funding of dynamic stability parameter estimation & other University	□ Staff Augmentation ■ Professional Service	No	54,000	This is necessary to produce the tools which will allow ERCOT staff to validate dynamic parameters in the future	This is Research and Design work performed by various stakeholders	ERCOT staff unable to validate dynamic parameters in the future
Expert witness fees, court reporter fees and related items	□ Staff Augmentation ■ Professional Service	No	50,000	The services are necessary because ERCOT does not possess all the knowledge and skills required for all issues confronting the company (e g property values, legal fees, etc) Also, ERCOT must obtain copies of transcripts (from court reporters) to know exactly what transpired at legal proceedings	The services are necessary because ERCOT does not possess all the knowledge and skills required for all issues confronting the company (e g property values, legal fees, etc) Also, ERCOT must obtain copies of transcripts (from court reporters) to know exactly what transpired at legal proceedings	ERCOT's regulatory and litigatory positions would be badly compromised without expert advice and testimony or without accurate transcripts
University of Oklahoma	■ Staff Augmentation □ Professional Service	No	50,000	This is an existing contract with the University of OK	Lack of internal resources to support both Nodal project and Base operations	
Compensation review and update of salary information Membership in the Executive Counsel for compensation data and benchmarking	□ Staff Augmentation ■ Professional Service	No	43,500	To provide support to our compensation program	ERCOT does not have access to the resources on market data on compensation levels	Paying employee above or below market and resulting consequences of overpayment or underpayment and turnover
Areva Software Support for Non-Standard Products	□ Staff Augmentation ■ Professional Service	No	40,000	These cost are not covered by the Standard Product Areva support agreement and these are critical to Energy and Market Monitoring	Some Software source is not provided by Areva and some internals of the Market Operating System (MOS) are best modified by Areva	Areva could refuse to service critical parts of the Zonal Market operating system and some sections of the Energy Monitoring System leading to
Statewide Bonding - bond for TCE appeal	□ Staff Augmentation ■ Professional Service	Yes	40,000	This is for a bond we are required to post for a litigation appeal that is still underway	N/A	Alternatives include providing an LC or paying the full judgment amount upfront Both of these options would be more expensive

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ERCOT Fiscal Year 2010 Budget
Outside Services Expense Detail

Description of Service(s)	Type of Service	Mandated	2010 Proposed Budget	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
Econometric Data for Load Forecast Development	□ Staff Augmentation ■ Professional Service	No	35,000	ERCOT System Assessment is responsible for the annual development of the long-term load and demand forecast. Econometric forecasts are required as an input to the process used to develop the long-term load and demand forecast. The long-term load and demand forecast is provided to regulators and stakeholders, is included in the annual system analysis of forecasted capacity and demand, and is utilized in all system planning modeling and analyses. Development of the long-term load forecast is required to meet PUC regulations, NERC requirements, and numerous requests from stakeholders including State legislative committees	Outside consultant brings independent viewpoint, technical expertise, market knowledge, and software that is not cost effective to maintain within ERCOT	The long-term load and demand forecast cannot be developed without thoroughly researched econometric analysis and forecasts. Without a credible long-term load forecast, ERCOT System Planning will not be able to perform its required job functions of analysis of system reliability and transmission upgrades.
Audit Health, Dental and Vision plan	□ Staff Augmentation ■ Professional Service	No	33,000	Audit claims paid by Health plan third party administrator to make sure they are not overpaying claims	Staff does not have access to proprietary owned software to audit claims at the vendor. Also we do not want claims on site due to Health Insurance Portability and Accountability Act (HIPAA)	Last audit done for 2007-2008 plan year. Good business practice to do every other year
Consultant review of Reliability Must Run (RMR) actual cost submittals	■ Staff Augmentation □ Professional Service	No	31,992	To verify the appropriateness of costs submitted by Reliability Must Run units	External consultants with industry wide knowledge and experience offer independence and confirmation of accurate costs submitted by Reliability Must Run units	Possibility of inaccurate Reliability Must Run contracts costing the market millions of dollars
Management Training	□ Staff Augmentation ■ Professional Service	No	30 700	To provide training for our managers and supervisors on employment laws and improved understanding of how to manage others.	Current staff will assist in the administration of this service but we are not staffed to perform the training. About 1/2 of the cost is related to the diagnostic tools required.	Increased turnover and potential of employment litigation for failure to train managers on how to properly handle disciplinary actions, performance coaching, selection and terminations.
Fitch ratings service and data feed to ERCOT's new credit program for Nodal from Rome. The use of these services is contingent on the Board of Directors approving creditworthiness standards that include Fitch ratings	□ Staff Augmentation ■ Professional Service	No	30,000	The current draft of proposed updates to the creditworthiness standards include the use of Fitch ratings. This item covers the cost of that service. The service is contingent upon approval of creditworthiness standards by the Board of Directors with include the use of Fitch	Some level of credit analysis is performed by ERCOT staff as well, however, not at the depth provided by Fitch	Inability to comply with Protocols and Creditworthiness Standards.
Benefits Survey	□ Staff Augmentation ■ Professional Service	Yes	30,000	Directed by Human Recourses and the Board of Directors to conduct a benefits survey	Staff does not have access to technology and data required to complete a comprehensive study	Fail to meet requirements of the Board of Directors. Benefits could be out of line with the market.
Drug Testing and background check program	□ Staff Augmentation ■ Professional Service	Yes	29,000	Drug testing and Background checks as required by standards and/or North American Electric Reliability Corporation (NERC)	Third party must provide these services.	We would be out of compliance.
Determine the Financial Accounting Standards Board (FASB) 106 Liability for post retiree medical benefits for ERCOT (Rudd and Wisdom Actuaries)	□ Staff Augmentation ■ Professional Service	Yes	26,600	Accounting support for determining the Financial Accounting Standards Board (FASB) 106 liability for ERCOT	This is performed by actuaries.	We would have compliance and tax reporting issues
Outside Legal Services regarding litigation or areas requiring specialized legal knowledge and skills not possessed by in-house legal staff	□ Staff Augmentation ■ Professional Service	No	25,000	The services are necessary because with a Legal Dept. as small as ERCOT's, it is impossible to have attorneys who possess all the knowledge and skills required for all legal issues confronting the company (e.g. Employee Retirement Income Security Act (ERISA), bankruptcy, antitrust, litigation, etc.)	The services are necessary because with a Legal Dept. as small as ERCOT's, it is impossible to have attorneys who possess all the knowledge and skills required for all legal issues confronting the company	The legal services could not be provided and the company could decide to take the risk of not complying with the law and/or governmental rules and regulations.
Diversity and Harassment Training	□ Staff Augmentation ■ Professional Service	No	20,000	Provide training for our managers and supervisors on employment laws which require training on diversity and sexual harassment.	We are currently not staffed to provide training and if we staffed up for this training, it would be more costly	Non-compliance with legal requirements and potential for increased employment litigation or administrative charges

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Description of Service(s)	Type of Service	Mandated	2010 Proposed Budget	Why are Services Necessary	Why Can't Staff Perform Tasks	Consequence(s) of Not Procuring Services
Architectural services to ERCOT for space planning and design layout	□ Staff Augmentation ■ Professional Service	No	20,000	These services are necessary when planning and designing new space like for example, TCC2 2nd floor build out, Independent Market Monitoring (IMM)/Texas Regional Entity (TRE) construction at the Met Center and expansion of the TCC2 parking lot	Requirements go above and beyond ERCOT staff capabilities.	Without this service ERCOT would likely spend a more time and money designing the most efficient and cost effective layout of space.
L-Soft-ListPlex outsourcing service for "List Net" email distribution services, which provides self-serve access to a list of email distribution lists for market participant communications (ERCOT Governance, ERCOT Market Notices, etc)	□ Staff Augmentation ■ Professional Service	No	19,275	There are numerous references in ERCOT Protocols specifying the Independent System Operator's (ISO's) responsibilities for timely communications with market participants, governance groups, and regulatory parties.	The ListPlex service was selected over setting up and maintaining this service in house due to cost and available resources	ERCOT would not be able to meet obligation for timely market notification and governance communications per protocol
Indoor Environmental Consultants provide indoor air quality sampling and infrared thermo graphic inspection for all ERCOT buildings	□ Staff Augmentation ■ Professional Service	No	18,900	ERCOT's facilities experience water penetration events and internal water leaks over the course of each year which could negatively impact indoor air quality It is appropriate to verify the indoor air quality of ERCOT's facilities to ensure the safety and health of all occupants.	It is most cost effective to utilize outside services to perform ERCOT's air quality analysis. To perform the work internally would required additional staffing, purchase of air quality sampling and analysis equipment and on going training.	If this service isn't procured ERCOT runs the risk of employees becoming ill due to inhalation of toxic air
Career Builder, Monster Dice and Energy Central	□ Staff Augmentation ■ Professional Service	No	18,700	These are recruiting tools to attract candidates for staffing open positions.	Services are necessary to provide for candidate searches.	Inability to fill open positions.
Benefit Audit (401K and Medical Claims)	□ Staff Augmentation ■ Professional Service	Yes	18,000	Federal law requires that ERCOT include audited benefit plan financial statements with its annual Internal Revenue Service (IRS) Form 5500 filing.	The benefit plan audits must be performed by an independent audit firm	Loss of the qualified tax status of the benefit plans resulting in significant liability to the company and possible ERCOT employees
Tax Service -Internal Revenue Service (IRS) Form 990	□ Staff Augmentation ■ Professional Service	Yes	12,000	This is a required statutory audit.	External audit is required	Non compliance with U S law
1099-Misc and 1099-INT Programming portion only for Reporting Service (NEPS)	□ Staff Augmentation ■ Professional Service	Yes	1,000	NEPS's proprietary software requires coding from the same company	Additional Lawson expertise must be obtained to ensure modifications are done properly	Violation of Federal Tax requirements to issue 1099 tax forms.
	Subtotal		9,719,807			

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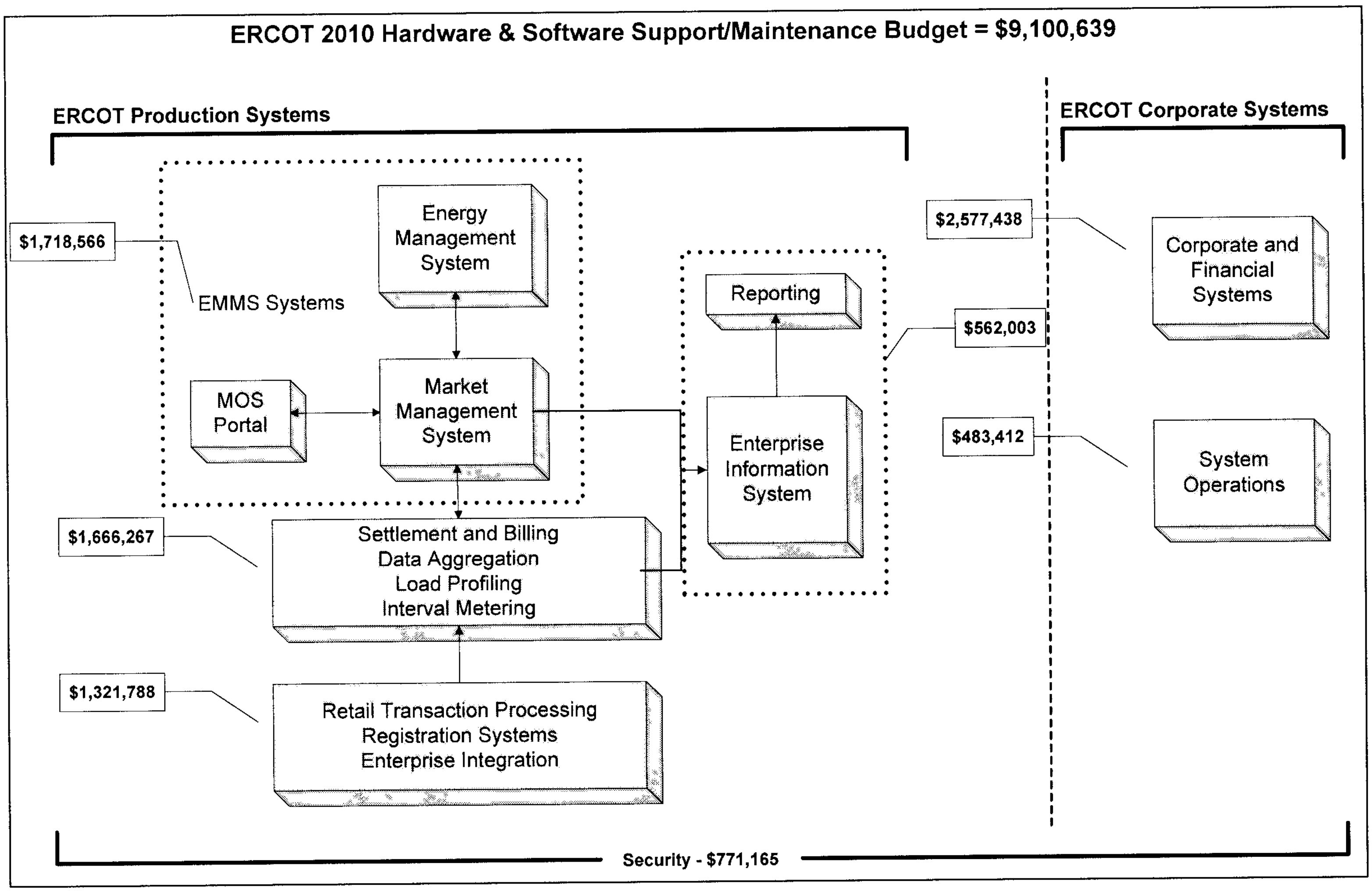
ERCOT 2010 Hardware & Software Support/Maintenance Budget = $9,100,639
ERCOT Production Systems
ERCOT Corporate Systems
$1,718,566
EMMS Systems
Energy Management System
MOS Portal
Market Management System
$1,666,267
Settlement and Billing
Data Aggregation
Load Profiling
Interval Metering
$1,321,788
Retail Transaction Processing
Registration Systems
Enterprise Integration
Reporting
Enterprise Information System
$562,003
$2,577,438
Corporate and Financial Systems
$483,412
System Operations
Security - $771,165

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ERCOT Fiscal Year 2010 Budget

Facilities Summary by Account - UPDATED

Line	Description	2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget: $ Variance	2009 Budget vs. 2010 Proposed Budget: % Variance
1	**Utilities**								
2	Electricity	1,294,744	1,333,608	1,671,138	1,570,000	1,560,000	1,670,000	100,000	6.4%
3	Water Service	45,512	-	-	-	-	-	-	NA
4	Fuel Oil	6,020	11,739	10,501	12,000	5,154	12,000	-	0.0%
5	Water/Gas/Sewer/Trash	2,203	74,561	104,341	75,000	77,205	75,000	-	0.0%
6	Subtotal - Utilities	1,348,479	1,419,907	1,785,980	1,657,000	1,642,359	1,757,000	100,000	6.0%
7									
8	**Rent**								
9	Office Rental	831,127	690,252	809,330	864,000	848,546	864,000	-	0.0%
10	Miscellaneous Rental	-	5,343	50,860	-	75,482	-	-	NA
11	Storage Rental	6,341	14,376	77,205	55,200	70,836	55,200	-	0.0%
12	Subtotal - Rent	837,468	709,971	937,395	919,200	994,863	919,200	-	0.0%
13									
14	**Telecom**								
15	PBX Lease for ISO	560	-	-	-	-	-	-	NA
16	Telephone - Local	737,121	182,230	200,707	55,200	61,598	68,600	13,400	24.3%
17	Telephone - Long Distance	78,640	107,426	128,545	99,180	130,546	122,930	23,750	23.9%
18	Telephone - Conf Calls	43,381	31,020	21,646	53,850	4,410	37,850	(16,000)	-29.7%
19	Internet Service	92,323	83,302	144,800	108,100	145,658	171,600	63,500	58.7%
20	Data/Voice Circuits	-	-	7,579	-	8,637	21,600	21,600	NA
21	Web Conferencing	-	-	-	150,000	132,771	365,000	215,000	143.3%
22	Subtotal - Telecom	952,026	403,978	503,277	466,330	483,619	787,580	321,250	68.9%
23									
24	**WAN**	2,364,889	2,258,067	2,906,819	2,900,000	2,918,854	3,130,000	230,000	7.9%
25									
26	**Building Maintenance**								
27	Building Maintenance	451,206	568,644	627,162	238,000	385,592	238,000	-	0.0%
28	Grounds Maintenance	58,300	64,666	78,285	45,000	57,900	45,000	-	0.0%
29	Custodial Service	212,895	211,705	217,445	248,000	234,585	273,000	25,000	10.1%
30	Miscellaneous Services	118,885	104,999	141,111	134,150	125,481	134,150	-	0.0%
31	Bldg. Security Services	848,453	993,053	820,711	990,000	924,254	955,000	(35,000)	-3.5%
32		1,689,739	1,943,067	1,884,714	1,655,150	1,727,811	1,645,150	(10,000)	-0.6%
33									
34	**Nodal & Texas RE Allocations**	(373,564)	(2,818,632)	(2,651,024)	(1,408,839)	(1,074,410)	(1,466,092)	(57,253)	4.1%
35									
36	**Total - ERCOT**	$ 6,819,038	$ 3,916,357	$ 5,367,161	$ 6,188,841	$ 6,693,096	$ 6,772,838	$ 583,997	9.4%
37									
38	Note								
39	Nodal & Texas RE Allocation includes recovery for facility and information technology utilization								
40									

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ERCOT Fiscal Year 2010 Budget
Employee Expense Detail

Line		2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $ Variance	2009 Budget vs. 2010 Proposed Budget % Variance
1	**ERCOT**								
2	Business - Meals	$ 792	$ 31,643	$ 45,063	$ 26,131	$ 21,646	$ 25,710	$ (422)	-1 6%
3	Business - Mileage Reimbursement	6,860	53,843	94,410	91,007	51,409	61,060	(29,947)	-32 9%
4	Business - Travel - Lodging	11,789	104,625	129,060	96,443	71,418	84,826	(11,617)	-12 0%
5	Business - Travel - Other	3,419	22,687	31,742	13,926	14,992	17,806	3,881	27 9%
6	Business - Registration Fees	2,150	10,252	86,986	88,681	39,283	46,658	(42,023)	-47 4%
7	Business- Travel - Airfare	8,864	68,051	97,198	53,085	47,456	56,366	3,281	6 2%
8	Cellular Phone	123,407	160,080	181,883	185,321	135,914	161,430	(23,891)	-12.9%
9	College Education Reimbursement	4,585	29,033	42,546	43,875	25,073	29,781	(14,094)	-32 1%
10	Professional Dues	31,658	31,020	37,222	38,142	28,834	34,247	(3,895)	-10 2%
11	Remote System Access	69,072	58,046	47,367	48,780	46,635	55,390	6,610	13.6%
12	Training - Meals	48,239	36,827	45,806	43,776	36,480	43,329	(448)	-1 0%
13	Training - Mileage Reimbursement	155,993	98,428	59,257	57,381	77,505	92,056	34,675	60.4%
14	Training - Registration Fees	437,277	392,028	635,109	654,708	442,634	525,735	(128,974)	-19.7%
15	Training - Travel -Airfare	133,953	86,460	80,735	78,973	79,398	94,304	15,331	19 4%
16	Training - Travel -Lodging	184,349	129,643	178,239	176,456	139,673	165,895	(10,561)	-6.0%
17	Training - Travel -Other	37,499	20,598	27,505	25,998	23,310	27,687	1,689	6 5%
18	Wireless PC Card	-	23,585	47,167	48,640	24,938	29,620	(19,020)	-39 1%
19	*Total - ERCOT*	$ 1,259,904	$ 1,356,851	$ 1,867,294	$ 1,771,324	$ 1,306,597	$ 1,551,900	$ (219,424)	-12 4%
20									
21	Note								
22	Schedule excludes activity related to the Texas Regional Entity.								

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ERCOT Fiscal Year 2010 Budget

Other Expense by Account

Line		2006 Actual	2007 Actual	2008 Actual	2009 Budget	2009 Forecast	2010 Proposed Budget	2009 Budget vs. 2010 Proposed Budget $ Variance	2009 Budget vs. 2010 Proposed Budget % Variance
1	**ERCOT**								
2	Dues	41,550	444,496	52,526	74,250	48,459	19,250	(55,000)	-74 1%
3	Late Fee Payment	17,047	13,699	10,077	6,000	11	6,000	-	0 0%
4	Write Off Adjustments	(9,721)	1,147	89,795	-	-	-	-	NA
5	Subscriptions & Publications	315,764	326,341	657,920	1,199,644	1,235,843	1,232,571	32,927	2 7%
6	Corporate Events	5,234	7,025	10,686	40,500	10,000	11,750	(28,750)	-71 0%
7	Sponsored Meetings	50,200	40,811	43,922	110,750	36,660	35,500	(75,250)	-67 9%
8	Miscellaneous Expenses	13,582	(4,583)	12,317	6,100	2,890	7,600	1,500	24 6%
9	Job Posting Advertising	13,288	38,158	63,882	112,250	67,981	40,000	(72,250)	-64 4%
10	Recruiting Expense	314,602	155,277	55,234	143,450	83,250	106,000	(37,450)	-26 1%
11	Temp-to-Hire Fees	0	-	2,013	650	7,400	650	-	0 0%
12	Freight	2,219	-	-	-		-	-	NA
13	Relocation Benefit	335,343	186,802	286,524	360,000	324,542	360,000	-	0 0%
14	Postage & Delivery	51,101	16,022	15,416	17,800	16,500	18,150	350	2 0%
15	Express Shipping	-	30,630	38,181	41,460	25,327	42,300	840	2 0%
16	Report Printing	55,488	54,312	52,663	63,700	45,717	63,700	-	0 0%
17	Stationery & Office Forms	-	1,631	3,531	-	3,512	-	-	NA
18	Reward & Recognition	(2,541)	2,657	27,398	100,000	46,102	65,000	(35,000)	-35 0%
19	Tax - Sales, Excise & Use	56,970	155,747	96,464	-	71,018	-	-	NA
20	Operator Training Services	(17,777)	824	4,362	-	(8,580)	-	-	NA
21	Training Cost Recovery	1,185	-	-	-		-	-	NA
22	Claim Settlements	20,482	-	-	-		-	-	NA
23	Total	$ 1,264,016	$ 1,470,997	$ 1,522,911	$ 2,276,554	$ 2,016,632	$ 2,008,471	$ (268,083)	-17 6%
24									
25									

26 Notes

27 (1) Subscription & Publication category includes weather and wind related forecasting and modeling services

28 (2) Schedule excludes activity related to the Texas RE

29 (3) Schedule excludes O&M project expenditures

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ERCOT Fiscal Year 2010 Budget

Project Priority List

5 Year Project Forecast by CART

	2009	2010	2011	2012	2013	2014	2015
Corporate Operations	$ 2,245,000	$ 1,900,000	$ 6,925,000	$ 8,000,000	$ 7,700,000	$ 4,575,000	$ 4,575,000
Information Technology	3,495,000	1,450,000	-	6,100,000	3,550,000	6,600,000	29,875,000
Market Operations	470,000	1,500,000	11,600,000	14,620,000	14,000,000	6,875,000	7,975,000
Retail Operations	3,890,000	1,900,000	5,500,000	4,000,000	2,500,000	2,500,000	2,750,000
System Operations	1,350,000	150,000	10,000,000	11,750,000	11,750,000	9,750,000	9,750,000
Subtotal	$ 11,450,000	$ 6,900,000	$ 34,025,000	$ 44,470,000	$ 39,500,000	$ 30,300,000	$ 54,925,000
Facility Construction	20,000,000	31,900,000	1,000,000	6,000,000			
TCC1 Data Center Expansion	6,200,000		550,000				
Data Center Equipment		7,500,000	47,685,000				
Total	$ 37,650,000	$ 46,300,000	$ 83,260,000	$ 50,470,000	$ 39,500,000	$ 30,300,000	$ 54,925,000

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2010 Project Priority List

2010 Project Priority List – Introductory Comments

- **Nodal delivery is the focus of the organization in 2010**
- **Zonal projects are limited to:**
  - Critical projects
  - Completion of projects already executing
  - Records management project
- **On May 1, 2010, production and testing environments will be locked down to reduce risk during the months preceding Nodal implementation**
- **Resource constraints between Nodal and other efforts must be limited as much as possible**
- **One project added by TAC on 8/6/09**
  - PRR805 – Add AMS Meter Flag to Database Query Function on MIS
  - $50k Retail Operations project

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2010 Project Priority List - Funding Review

2010 Project Budgets and Project Counts by Program Area

Program Area	Budget Request	Projects Started in 2008/2009	New 2010 Projects
CO	$ 1,150,000	3	2
IO	1,450,000	0	3
MO	1,500,000	1	0
RO	1,900,000	3	1
SO	150,000	2	0
Subtotal	**$ 6,150,000**	**9**	**6**
Met Center (CO)	31,900,000	1	0
Data Center Equipment (IO)	7,500,000	0	6
Minor Cap (CO)	750,000	0	1
Total	**$ 46,300,000**	**10**	**13**

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2010 Project Priority List - Historical Data

Program Area	2010 Budget Request	Previous Year Forecast (F) / Actuals (A) (in thousands) 2009 F	2008 A	2007 A	2006 A
CO	$ 1,150	$ 1,721	$ 4,092	$ 5,409	$ 3,612
IO	1,450	2,809	4,609	6,701	7,261
MO	1,500	778	1,194	1,008	2,281
RO	1,900	3,992	2,622	3,257	5,648
SO	150	987	922	2,855	5,074
Subtotal	**$ 6,150**	**$ 10,287**	**$ 13,439**	**$ 19,230**	**$ 23,876**
Met Center	31,900	20,000	1,113	0	0
DC Equipment	7,500	6,152	0	0	0
Minor Cap	750	893	1,334	1,895	1,308
Nodal Interdependent	0	0	6,715	21,745	9,281
Total	**$ 46,300**	**$ 37,332**	**$ 22,601**	**$ 42,870**	**$ 34,465**

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2010 Project Priority List / Funding Level Review

CO Project Highlights - 2010

Project Type	Budget	Count
Completion of Projects Started in Previous Yrs	$ 50,000	3
Enterprise Records Mgmt – Phase 2	800,000	1
Physical Security	300,000	1
Total Funding Request	**$ 1,150,000**	**5**

Total Unfunded Projects	**$ 6,200,000**	**24**

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2010 Project Priority List / Funding Level Review

IO Project Highlights - 2010

Project Type	Budget	Count
Add Storage Capacity	$ 900,000	1
Other Critical Projects	550,000	2
Total Funding Request	**$ 1,450,000**	**3**

Total Unfunded Projects	**$ 5,250,000**	**7**

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2010 Project Priority List / Funding Level Review

MO Project Highlights - 2010

Project Type	Budget	Count
Information Lifecycle Management	$ 1,500,000	1
Total Funding Request	**$ 1,500,000**	**1**

Total Unfunded Projects	**$ 2,850,000**	**7**

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2010 Project Priority List / Funding Level Review

RO Project Highlights - 2010

Project Type	Budget	Count
Complete PUCT Projects in Execution: - Advanced Metering Interim Solution – Closing activities only - POLR Rule and Expedited Switch	$ 550,000	2
Data Research & Reporting	1,300,000	1
PRR805 – Add AMS Meter Flag	50,000	1
Total Funding Request	**$ 1,900,000**	**4**

Total Unfunded Projects	**$ 2,500,000**	**5**

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