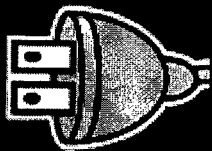


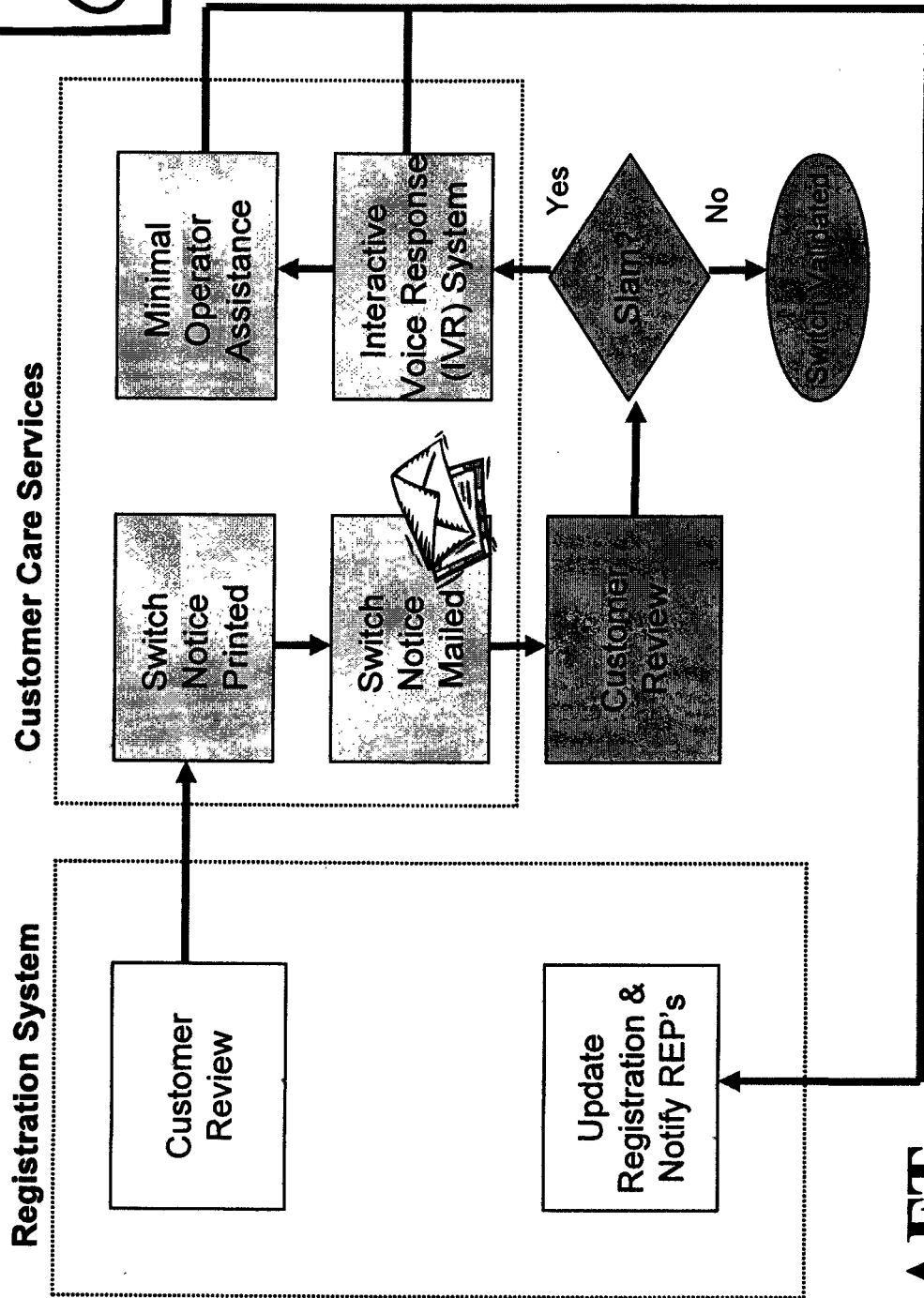
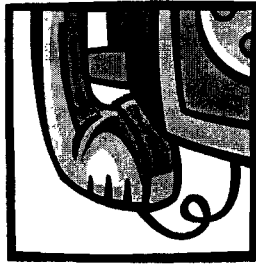
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Customer “Slamming” Prevention



Slamming
Prevention

Customer Care Service



DRAFT

Market and Registration Reporting

ERCOT Registration will support reporting needs, such as:

- Customer switching frequency and volume by utility, zip code and profile type (e.g. residential vs. non-residential)
- Number of switches canceled as slams and involved market participants
- PUCT market surveillance and monitoring topics relating to compliance and market share
- History and audit trails



Market Preparedness

<i>July 1 2000</i>	Market Participant conversion plans
<i>Jan 1 2001</i>	Full volume test data accepted by ERCOT
<i>April 1 2001</i>	Complete collection of production data
<i>April 1 – May 2001</i>	Mock Market
<i>June 1 2001</i>	Single Control Area Operations
<i>June 1 - Dec 31 2001</i>	Competition Pilot
<i>Jan 1 2002</i>	Full market open



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Schedule J: Revenue Requirement and ERCOT System Administration Fees Summary

Line Description	Reference	Budget FY 2003	Budget FY 2004	Forecast FY 2005	Forecast FY 2006	Forecast FY 2007	Forecast FY 2008
1 Operating and maintenance expense (excluding depreciation and amortization)							
3 Debt service - interest expense	Schedule 4	\$ 71,883,141	\$ 90,536,666	\$ 107,662,779	\$ 116,545,206	\$ 123,893,314	\$ 131,583,246
4 Debt service - principal payments	Schedule 4	9,528,333	9,809,162	14,102,954	15,236,013	14,286,697	11,362,981
4 Revenue-funded capital	Schedule 4		13,636,000	28,886,000	44,636,000	60,386,000	65,386,000
5 2003 ERCOT Board Approved Contingency Funds	Schedule 3	14,000,000	24,000,000	42,000,000	42,000,000	30,000,000	12,000,000
6	N/A	3,300,000					
7 Total - ERCOT revenue requirements		98,711,474	137,981,828	192,651,733	218,417,218	228,566,011	220,332,226
8 Less amounts recovered from sources other than the ERCOT system administration							
9 fee:							
10 Non-ERCOT load serving entity fee	Schedule 3	655,206	755,379	755,379	755,379	755,379	755,379
11 Private wide-area network fees	Schedule 4	1,550,000	1,882,000	1,882,000	1,882,000	1,882,000	1,882,000
12 Membership dues	Schedule 5	240,000	240,000	240,000	240,000	240,000	240,000
13 Other revenue	Schedule 6	100,000	100,000	100,000	100,000	100,000	100,000
14 Interest income	Schedule 7	600,000	500,000	500,000	500,000	500,000	500,000
15 ERCOT revenue requirement to be recovered through the ERCOT system							
16 administration fee		\$ 95,566,268	\$ 134,504,449	\$ 189,174,354	\$ 214,939,839	\$ 225,088,632	\$ 216,854,847
17							
18 Total - MWH Load	Worksheet 5	289,178,000	294,396,000	301,779,000	310,857,000	320,301,000	329,063,000
19							
20							
21 ERCOT System Administration Fee		\$ 0.33	\$ 0.46	\$ 0.63	\$ 0.69	\$ 0.70	\$ 0.66
22							
23 ERCOT Source of Funds Analysis							
24							
25 ERCOT Sources of Funding - Dollars							
26 ERCOT system administration fee							
27 Non-ERCOT load serving entity fee	Schedule 3	\$ 95,566,268	\$ 134,504,449	\$ 189,174,354	\$ 214,939,839	\$ 225,088,632	\$ 216,854,847
28 Private wide-area network fees	Schedule 3	655,206	755,379	755,379	755,379	755,379	755,379
29 Membership dues	Schedule 3	1,550,000	1,882,000	1,882,000	1,882,000	1,882,000	1,882,000
30 Other revenue	Schedule 3	240,000	240,000	240,000	240,000	240,000	240,000
31 Interest income	Schedule 3	100,000	100,000	100,000	100,000	100,000	100,000
32		600,000	500,000	500,000	500,000	500,000	500,000
33 Total		\$ 98,711,474	\$ 137,981,828	\$ 192,651,733	\$ 218,417,218	\$ 228,566,011	\$ 220,332,226
34							
35 ERCOT Sources of Funding - Percentage Share							
36 ERCOT system administration fee							
37 Non-ERCOT load serving entity fee		96.81%	97.48%	98.19%	98.41%	98.48%	98.42%
38 Private wide-area network fees		0.66%	0.55%	0.39%	0.35%	0.33%	0.34%
39 Membership dues		1.57%	1.36%	0.98%	0.86%	0.82%	0.85%
40 Other revenue		0.24%	0.17%	0.12%	0.11%	0.11%	0.11%
41 Interest income		0.10%	0.07%	0.05%	0.05%	0.04%	0.05%
42		0.61%	0.36%	0.66%	0.23%	0.22%	0.23%
43 Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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Schedule 2: Summary of Estimated Income Sources

Line	Description	Protocols Reference	Calculation/Rate/Comment	2004 Proposed Budget Amount	Percentage
1	ERCOT system administration fee	9.7.1	\$0.46 per MW11	\$ 134,504,449	97%
2	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.	1,882,000	1%
3	Non-ERCOT load serving entity fee	9.7.3	\$1.15 per ESI ID per year	755,379	1%
4	Interest income	NA	Computed based on assumed bank rates and deposit balances	500,000	0%
5	Membership dues	NA	\$2,000 for corporate members and \$500 for associate and adjunct members	240,000	0%
6	Generation interconnection study fees	NA	Based on the size of the proposed generating plant, \$1,000 - \$5,000 for a preliminary study conducted by ERCOT staff and actual costs incurred by the transmission and distribution service provider for completing a detailed study.	84,000	0%
7	Maps sales fees	NA	\$20 - \$40 per map request	5,000	0%
8	Qualified scheduling entity application fee	9.7.5	\$500 per entity	5,000	0%
9	Competitive retailer application fee	9.7.5	\$500 per entity	5,000	0%
10	Mismatched schedule processing fee	9.7.4	\$1 per mismatched event	1,000	0%
11	Voluminous copy fee	NA	\$0.15 per page in excess of 50 pages	-	0%
12	Lates fees	9.4.6	Wall Street Journal prime interest rate plus two (2) percent	-	0%
14	Total			\$ 137,981,828	

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Schedule 3: Sources and Uses of Funds Summary

Line	Description	Reference	FY 2003 Budget	FY 2004 Budget	FY 2005 Forecast	FY 2006 Forecast	FY 2007 Forecast	FY 2008 Forecast
1	Uses of Funds							
2	Operating Expenses (excluding depreciation and amortization)	Schedule 4	\$71,883,141	\$90,536,666	\$107,662,779	\$116,545,206	\$123,893,314	\$131,583,246
4	Revenue Funded Capital Expenses							
5	Debt Funded Capital Expenses	Schedule 8	14,000,000	24,000,000	42,000,000	42,000,000	30,000,000	12,000,000
6	Debt Service	Schedule 8	56,000,000	36,000,000	63,000,000	63,000,000	45,000,000	18,000,000
7	ERCOT Board approved contingency funds	Workpaper 14	9,528,333	23,445,162	42,988,954	59,872,013	74,672,697	76,748,981
8		NA	3,300,000					
9	Total - Uses of Funds		154,711,474	173,981,828	255,651,733	281,417,218	273,566,011	238,332,226
10								
11								
12	Sources of Funds							
13	ERCOT system administration fee	NA	95,566,268	134,504,449	189,174,354	214,939,839	225,088,632	216,854,847
14	Non-ERCOT load serving entity fee	NA	655,206	755,379	755,379	755,379	755,379	755,379
15	Private wide-area network fees	Workpaper 12	1,550,000	1,882,000	1,882,000	1,882,000	1,882,000	1,882,000
16	Membership dues	Workpaper 7	240,000	240,000	240,000	240,000	240,000	240,000
17	Other revenue	NA	100,000	100,000	100,000	100,000	100,000	100,000
18	Interest income	Workpaper 8	600,000	500,000	500,000	500,000	500,000	500,000
19	Debt Issues	Schedule 8	56,000,000	36,000,000	63,000,000	63,000,000	45,000,000	18,000,000
20								
21	Total - Sources of Funds		154,711,474	173,981,828	255,651,733	281,417,218	273,566,011	238,332,226
22								
23	Sources of Funds less Uses of Funds							

**ERCOT Fiscal Year 2004 Budget
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Schedule 4: Divisional Expenses by Expense Type - FY 2004 versus FY 2003

Line Description	Reference	Budget		\$ Var	% Var	Comment
		FY 2004	FY 2003			
1 ERCOT Operating Expenses						
2 Labor & Benefits	Schedule 6	51,877,055	40,868,132	11,008,923	26.9%	
3 Labor for Capital Projects	Schedule 6	(6,831,845)	(2,640,000)	(4,191,845)	158.8%	
4 Material, Supplies, Tools & Equipment	Schedule 6	1,647,370	1,107,910	539,460	48.7%	
5 Outside Services	Schedule 6	19,337,469	13,250,120	6,087,349	45.9%	
6 Utilities, Maintenance & Facilities	Schedule 6	7,586,798	5,742,436	1,844,362	32.1%	
7 HW/SW License and Maintenance	Schedule 6	8,187,242	6,675,635	1,511,607	22.6%	
8 Insurance	Schedule 6	1,750,000	1,500,000	250,000	16.7%	
9 Employee Expenses	Schedule 6	2,812,957	1,645,500	1,167,457	70.9%	
10 Depreciation & Amortization	Schedule 6	41,906,960	35,943,311	5,963,649	16.6%	
11 Interest & Fees	Schedule 6	9,809,162	9,528,333	280,829	2.9%	
12 Other	Schedule 6	4,169,619	7,033,411	(2,863,792)	-40.7%	
13 Total - ERCOT Operating Expenses		142,252,788	120,654,788	21,598,000	17.9%	
15 Corporate Administration						
16 Labor & Benefits	Schedule 6	8,109,723	6,206,376	1,903,347	30.7%	
17 Labor for Capital Projects	Schedule 6	(94,215)	-	(94,215)	NA	20% of department 170 staff time.
18 Material, Supplies, Tools & Equipment	Schedule 6	63,000	49,200	13,800	28.0%	Estimated at \$1,000 per head.
19 Outside Services	Schedule 6	7,611,939	6,902,700	709,239	10.3%	2003 budget included \$1.5 million for market oversight enhancement. This item is not included in the 2004 budget.
20 Utilities, Maintenance & Facilities	Schedule 6	6,200	-	6,200	NA	Some conference calls organized by the legal and program management office are expected to be toll-free calls.
21 HW/SW License and Maintenance	Schedule 6	-	-	-	NA	
22 Insurance	Schedule 6	1,750,000	1,500,000	250,000	16.7%	Expected to result in higher insurance premiums. Higher worker's compensation premiums due to increase with staffing in 2003 and planned for 2004.
23 Employee Expenses	Schedule 6	365,420	233,472	131,948	56.5%	Additional management training, travel relating to existing ERCOT production and operations, and increased headcount.
24 Depreciation & Amortization	Schedule 6	41,906,960	35,943,311	5,963,649	16.6%	Depreciable asset base has increased. Depreciation has not impact on the system administration fee.
25 Interest & Fees	Schedule 6	9,809,162	9,528,333	280,829	2.9%	Net effect of incremental short-term borrowing to support capital spending in late 2003 and 2004 offset by \$13.6 million reduction in outstanding balance of long-term notes payable.

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Schedule 4: Divisional Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Reference	Budget		FY 2003	\$ Var	% Var	Comment
			FY 2004					
26	Other	Schedule 6	3,156,039	6,890,064	(3,734,025)	-54.2%	2003 budget included \$3.3 million contingency that is not included in the proposed 2004 budget.	
27	Subtotal - Corporate Administration		72,684,228	67,253,456	5,430,772	8.1%		
28								
29	<u>Information Technology</u>							
30	Labor & Benefits	Schedule 6	18,302,032	14,397,699	3,904,333	27.1%		
31	Labor for Capital Projects	Schedule 6	(4,228,036)	(2,044,680)	(2,183,356)	106.8%		
32	Material, Supplies, Tools & Equipment	Schedule 6	1,280,570	757,008	523,562	69.2%	Preventative equipment maintenance at the Taylor Control Center.	
33	Outside Services	Schedule 6	6,501,084	3,180,804	3,320,280	104.4%	Various consulting initiatives relating to existing production and services.	
34	Utilities, Maintenance & Facilities	Schedule 6	7,536,598	5,584,284	1,952,314	35.0%	Full year of a fiber-optic link between ERCOT facilities, higher reliability (and non-flow-through fixed costs) of ERCOT's wide-area network, and heightened security guard services.	
35	HW/SW License and Maintenance	Schedule 6	8,187,242	6,675,635	1,511,607	22.6%	Hardware maintenance and software support costs relating to system acquisitions.	
36	Insurance	Schedule 6	-	-	-	NA		
37	Employee Expenses	Schedule 6	1,122,410	596,016	526,394	88.3%	Additional management training, travel relating to existing ERCOT production and operations, and increased headcount	
38	Depreciation & Amortization	Schedule 6	-	-	-	NA		
39	Interest & Fees	Schedule 6	-	-	-	NA		
40	Other	Schedule 6	299,825	72,468	227,357	313.7%	Allocation of relocation and recruitment expenses. In 2003, these costs were centralized in the human resources department.	
41	Subtotal - Information Technology		39,001,726	29,219,234	9,782,492	33.5%		
42								
43	<u>System Operations</u>							
44	Labor & Benefits	Schedule 6	12,399,270	10,419,420	1,979,850	19.0%		
45	Labor for Capital Projects	Schedule 6	(391,536)	-	(391,536)	NA		
46	Material, Supplies, Tools & Equipment	Schedule 6	156,000	179,244	(23,244)	-13.0%	Estimated at \$1,000 per head.	
47	Outside Services	Schedule 6	3,171,304	1,800,996	1,370,308	76.1%	Several system planning studies were completed in 2003 and will not be repeated in 2004.	
48	Utilities, Maintenance & Facilities	Schedule 6	1,200	-	1,200	NA		
49	HW/SW License and Maintenance	Schedule 6	-	-	-	NA		
50	Insurance	Schedule 6	-	-	-	NA		

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Schedule 4: Divisional Expenses by Expense Type - FY 2004 versus FY 2003

Line Description	Reference	Budget			Comment
		FY 2004	FY 2003	\$ Var	
51 Employee Expenses	Schedule 6	597,901	416,004	181,897	43.7% Additional management training, travel relating to existing ERCOT production and operations, and increased headcount
52 Depreciation & Amortization	Schedule 6	-	-	-	NA
53 Interest & Fees	Schedule 6	-	-	-	NA
54 Other	Schedule 6	306,830	14,184	292,646	2063.2% Allocation of relocation and recruitment expenses. In 2003, these costs were centralized in the human resources department.
55 Subtotal - System Operations		16,240,968	12,829,848	3,411,120	26.6%
56					
57 Market Operations					
58 Labor & Benefits	Schedule 6	13,066,030	9,844,637	3,221,393	32.7%
59 Labor for Capital Projects	Schedule 6	(2,118,057)	(595,320)	(1,522,737)	255.8%
60 Material, Supplies, Tools & Equipment	Schedule 6	147,800	122,458	25,342	20.7% Estimated at \$1,000 per head.
61 Outside Services	Schedule 6	2,053,142	1,365,620	687,522	50.3%
62 Utilities, Maintenance & Facilities	Schedule 6	42,800	158,152	(115,352)	-72.9% Increased use of the ERCOT conference call bridge rather than third party vendor of conference call services.
63 I/H/SW License and Maintenance	Schedule 6	-	-	-	NA
64 Insurance	Schedule 6	-	-	-	NA
65 Employee Expenses	Schedule 6	727,226	400,008	327,218	81.8% Additional management training, travel relating to existing ERCOT production and operations, and increased headcount
66 Depreciation & Amortization	Schedule 6	-	-	-	NA
67 Interest & Fees	Schedule 6	-	-	-	NA
68 Other	Schedule 6	406,925	56,695	350,230	617.7% Allocation of relocation and recruitment expenses. In 2003, these costs were centralized in the human resources department.
69 Subtotal - Market Operations		14,325,866	11,352,250	2,973,616	26.2%

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Schedule 5: Divisional Expenses by Department - FY 2004 versus FY 2003

Line	Description	Dept	Reference	FY 2004	Budget FY 2003	\$ Var	% Var
1	<u>Corporate Administration</u>						
2	Executive Organization						
3	Finance	101	Workpaper 1	4,233,555	8,554,128	(4,320,573)	-50.5%
4	General Counsel	110	Workpaper 1	57,449,395	51,534,452	5,914,943	11.5%
5	Human Resources	120	Workpaper 1	4,708,316	4,348,824	359,492	8.3%
6	NERC Compliance	130	Workpaper 1	814,284	1,047,168	(232,884)	-22.2%
7	Stakeholder Services	140	Workpaper 1	702,443	617,328	85,115	13.8%
8	Corporate Communications	150	Workpaper 1	480,815	220,236	260,579	118.3%
9	Market Rules	160	Workpaper 1	869,410	533,920	315,490	57.0%
10	Subtotal - Corporate Administration	170	Workpaper 1	3,426,011	377,400	3,048,611	807.8%
11				72,684,228	67,253,456	5,430,772	8.1%
12	<u>Information Technology</u>						
13	CIO Administration	300	Workpaper 2	1,624,526	1,407,936	216,590	15.4%
14	Technology Services Administration	301	Workpaper 2	8,187,242	6,675,635	1,511,607	22.6%
15	System Engineering and Administration	310	Workpaper 2	2,703,300	1,528,716	1,174,584	76.8%
16	IT Operations	321	Workpaper 2	784,389	941,412	(157,023)	-16.7%
17	Facilities	325	Workpaper 2	4,160,094	3,555,284	604,810	17.0%
18	Network	330	Workpaper 2	5,933,457	4,833,856	1,099,601	22.7%
19	EMMS Development	345	Workpaper 2	954,041	1,332,472	(378,431)	-28.4%
20	Project Management	350	Workpaper 2	746,998	282,951	464,047	164.0%
21	Market Technology Service	353	Workpaper 2	267,135	-	267,135	NA
22	Data Warehousing	354	Workpaper 2	866,369	-	866,369	NA
23	Development & Architecture	355	Workpaper 2	585,973	1,807,548	(1,221,575)	-67.6%
24	Transaction Services	356	Workpaper 2	1,249,670	-	1,249,670	NA
25	Corporate Applications	357	Workpaper 2	763,674	-	763,674	NA
26	Web and Data Services	358	Workpaper 2	939,561	-	939,561	NA
27	Settlement and Billing	359	Workpaper 2	620,921	-	620,921	NA
28	Data Management	360	Workpaper 2	1,107,703	1,692,516	(584,813)	-34.6%
29	Cyber Security	370	Workpaper 2	1,518,464	-	1,518,464	NA
30	Physical Security	371	Workpaper 2	1,201,707	426,564	775,143	181.7%
31	IT Delivery	385	Workpaper 2	805,899	771,252	34,647	4.5%
32	EMMS Production	390	Workpaper 2	2,784,433	3,270,716	(486,283)	-14.9%
33	Subtotal - Information Technology	395	Workpaper 2	1,196,170	692,376	503,794	72.8%
34				39,001,726	29,219,234	9,782,492	33.5%
35	<u>System Operations</u>						

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Schedule 5: Divisional Expenses by Department - FY 2004 versus FY 2003

Line	Description	Dept	Reference	FY 2004	Budget FY 2003	\$ Var	% Var
36	COO Administration	400	Workpaper 3	1,671,434	902,424	769,010	85.2%
37	Market Operations Support	410	Workpaper 3	2,806,732	2,221,620	585,112	26.3%
38	Operations Support	420	Workpaper 3	3,242,271	6,971,400	(3,729,129)	-53.5%
39	System Operations	425	Workpaper 3	5,319,483	-	5,319,483	NA
40	System Planning	430	Workpaper 3	2,251,939	2,475,540	(223,601)	-9.0%
41	Resource Planning	440	Workpaper 3	949,109	258,864	690,245	266.6%
42	Subtotal - System Operations			16,240,968	12,829,848	3,411,120	26.6%
43							
44	<u>Market Operations</u>						
45	CMO Administration	500	Workpaper 4	931,677	1,022,084	(90,407)	-8.8%
46	Wholesale Project Management	505	Workpaper 4	535,590	-	535,590	NA
47	Settlement Metering	530	Workpaper 4	1,044,270	1,025,292	18,978	1.9%
48	Load Profiling and Data Aggregation	540	Workpaper 4	1,895,437	1,842,384	53,053	2.9%
49	Settlements and Billing	550	Workpaper 4	1,478,590	1,300,164	178,426	13.7%
50	REP/ESI-ID Of Record	570	Workpaper 4	1,975,084	1,238,268	736,816	59.5%
51	Renewables and TCR	580	Workpaper 4	569,738	560,532	9,206	1.6%
52	Project Management (R. Gruber)	605	Workpaper 4	1,082,678	-	1,082,678	NA
53	Retail Documentation and Reporting	630	Workpaper 4	1,467,167	1,391,636	75,531	5.4%
54	Retail Testing and Quality Control	640	Workpaper 4	642,607	536,760	105,847	19.7%
55	Retail Client Services	650	Workpaper 4	956,046	815,904	140,142	17.2%
56	Wholesale Client Services	660	Workpaper 4	1,746,982	1,619,226	127,756	7.9%
57	Subtotal - Market Operations			14,325,866	11,352,250	2,973,616	26.2%
58							
59	<u>Total ERCOT</u>			142,252,788	120,654,788	21,598,000	17.9%

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Schedule 6: Summary of Divisional Expenses by Expense Type

Line	Description	Reference	FY 2004 Budget				Total
			Corporate Administration	Information Technology	System Operations	Market Operations	
1	Labor & Benefits	Workpapers 1 - 4	8,109,723	18,302,032	12,399,270	13,066,030	51,877,055
2	Labor for Capital Projects	Workpapers 1 - 4	(94,215)	(4,228,036)	(391,536)	(2,118,057)	(6,831,845)
3	Material, Supplies, Tools & Equipment	Workpapers 1 - 4	63,000	1,280,570	156,000	147,800	1,647,370
4	Outside Services	Workpapers 1 - 4	7,611,939	6,501,084	3,171,304	2,053,142	19,337,469
5	Utilities, Maintenance & Facilities	Workpapers 1 - 4	6,200	7,536,598	1,200	42,800	7,586,798
6	HW/SW License and Maintenance	Workpapers 1 - 4	-	8,187,242	-	-	8,187,242
7	Insurance	Workpapers 1 - 4	1,750,000	-	-	-	1,750,000
8	Employee Expenses	Workpapers 1 - 4	365,420	1,122,410	597,901	727,226	2,812,957
9	Depreciation & Amortization	Workpapers 1 - 4	41,906,960	-	-	-	41,906,960
10	Interest & Fees	Workpapers 1 - 4	9,809,162	-	-	-	9,809,162
11	Other	Workpapers 1 - 4	3,156,039	299,825	306,830	406,925	4,169,619
12	Total		72,684,228	39,001,726	16,240,968	14,325,866	142,252,788
			51%	27%	11%	10%	100%

ERCOT Fiscal Year 2004 Budget PUCT Docket No.

Schedule 7(a): 2003 Operating Activity Budget to Actual Comparison

Line	Description	Fiscal Year as of September 30, 2003				2003 Year-End			
		Budget	Actual	\$ Var	% Var	Budget	Forecast	\$ Var	% Var
1	ERCOT Revenue by Type								
2	ERCOT System Administration Fee	74,016,434	73,306,384	(710,050)	-1.0%	95,566,268	94,856,044	(710,224)	-0.7%
3	Non-ERCOT LSE Fees	491,409	506,983	15,574	3.2%	655,206	680,084	24,878	3.8%
4	Membership Fees	180,000	178,760	(1,240)	-0.7%	240,000	238,760	(1,240)	-0.5%
5	Other Revenue	75,001	214,002	139,001	185.3%	100,000	244,000	144,000	144.0%
6	Total - ERCOT Revenue by Type	74,762,844	74,206,129	(556,715)	-0.7%	96,561,474	96,018,888	(542,586)	-0.6%
7									
8	ERCOT Operating Expenses								
9	Labor & Benefits	30,651,108	27,719,326	2,931,782	9.6%	40,868,132	37,919,326	2,948,806	7.2%
10	Contra-Labor to Capital Projects	(1,980,004)	(1,036,070)	(943,934)	47.7%	(2,640,000)	(1,471,070)	(1,168,930)	44.3%
11	Tools, Equipment, Materials & Supplies	830,934	894,580	(63,647)	-7.7%	1,107,910	1,149,580	(41,670)	-3.7%
12	Hardware & Software Expenses	5,006,726	3,861,201	1,145,525	22.9%	6,675,635	5,361,201	1,314,434	19.7%
13	Consultants & Contractors	9,937,591	8,245,520	1,692,071	17.0%	13,250,120	12,445,520	804,600	6.1%
14	Utilities, Maintenance & Facilities	2,872,077	2,992,669	(120,592)	-4.2%	3,829,436	4,042,669	(213,233)	-5.5%
15	Wide Area Network Services (Net)	272,250	442,299	(170,049)	-62.5%	363,000	592,298	(229,298)	-63.2%
16	Training, Travel & Other Employee Expenses	1,234,125	843,686	390,439	31.6%	1,645,500	1,143,685	501,815	30.5%
17	Insurance	1,103,001	873,859	229,142	20.8%	1,500,000	1,173,859	326,141	21.7%
18	Depreciation & Amortization	26,957,483	26,696,984	260,499	1.0%	35,943,311	36,596,985	(653,674)	-1.8%
19	Other	5,275,058	3,257,336	2,017,722	38.3%	7,033,411	4,307,337	2,726,074	38.8%
20	Total - ERCOT Operating Expenses	82,160,349	74,791,390	7,365,786	9.0%	109,576,455	103,261,390	6,382,557	5.8%
21									
22	Excess (Deficiency) of Revenues over Exp	(7,397,505)	(585,261)	6,812,244	92.1%	(13,014,981)	(7,242,502)	5,772,479	44.4%
23									
24	Other Income (expense)								
25	Interest income	450,000	357,630	(92,370)	-20.5%	600,000	477,630	(122,370)	-20.4%
26	Interest expense	(7,146,251)	(6,616,547)	529,704	-7.4%	(9,528,333)	(8,821,546)	706,787	-7.4%
27									
28	Change in Unrestricted Assets	(14,093,756)	(6,844,178)	7,249,578	-51.4%	(21,943,314)	(15,586,418)	6,356,896	-29.0%

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Schedule 7(b): Prior Year Operating Activity Budget-to-Actual Comparison

	Notes	Fiscal Year as of September 30, 2003				Annual 2003 Budget	Year-to-Date Actual	% of Budget
		Budget	Actual	\$ Var. Fav / (Unfav)	% Var.			
ERCOT Revenue by Type								
<i>ERCOT System Administration Fee</i>								
Non-ERCOT LSE Fees	(a)	74,016,434	73,306,384	(710,050)	-1.0%	95,566,268	73,306,384	76.7%
Membership Fees		491,409	506,983	15,574	3.2%	655,206	506,983	77.4%
Other Revenue		180,000	178,760	(1,240)	-0.7%	240,000	178,760	74.5%
Total - ERCOT Revenue by Type	(b)	75,001	214,002	139,001	185.3%	100,000	214,002	214.0%
		74,762,844	74,206,129	(556,715)	-0.7%	96,561,474	74,206,129	76.8%
		1,162,499	1,576,539			1,550,000		
ERCOT Operating Expenses by Expense Type								
<i>Labor & Benefits</i>								
Contra-Labor to Capital Projects	(c)	30,651,108	27,719,326	2,931,782	9.6%	40,868,132	27,719,326	67.8%
Tools, Equipment, Materials & Supplies	(c)	(1,980,004)	(1,036,070)	(943,934)	47.7%	(2,640,000)	(1,036,070)	39.2%
Hardware & Software Expenses	(d)	830,934	894,580	(63,647)	-7.7%	1,107,910	894,580	80.7%
Consultants & Contractors	(e)	5,006,726	3,861,201	1,145,525	22.9%	6,675,635	3,861,201	57.8%
Utilities, Maintenance & Facilities	(f)	9,937,591	8,245,520	1,692,071	17.0%	13,250,120	8,245,520	62.2%
Wide Area Network Services (Net)	(g)	2,872,077	2,995,841	(123,764)	-4.3%	3,829,436	2,995,841	78.2%
Training, Travel & Other Employee Expenses	(h)	272,250	442,299	(170,049)	-62.5%	363,000	442,299	121.8%
Insurance	(i)	1,234,125	843,686	390,439	31.6%	1,645,500	843,686	51.3%
Depreciation & Amortization	(j)	1,103,001	873,859	229,142	20.8%	1,500,000	873,859	58.3%
Other	(k)	26,957,483	26,696,984	260,499	1.0%	35,943,311	26,696,984	74.3%
Total - ERCOT Operating Expenses by Expense Type	(l)	5,275,058	3,257,336	2,017,722	38.3%	7,033,411	3,257,336	46.3%
		82,160,349	74,794,562	7,365,787	9.0%	109,576,455	74,794,562	68.3%
		(7,397,505)	(588,433)	6,809,072	92.0%	(13,014,981)	(588,433)	4.5%
Excess (Deficiency) of Revenues over Expenses								
Other Income (expense)								
Interest income		450,000	357,630	(92,370)	-20.5%	600,000	357,630	59.6%
Interest expense	(m)	(7,146,251)	(6,616,547)	529,704	7.4%	(9,528,333)	(6,616,547)	69.4%
Change in Unrestricted Assets		(14,093,756)	(6,847,350)	7,246,406	51.4%	(21,943,314)	(6,847,350)	31.2%

Notes addressing variances are on the following page.

**ERCOT Fiscal Year 2004 Budget
PUC Docket No.**

Schedule 7(b): Prior Year Operating Activity Budget-to-Actual Comparison

REVENUE & OPERATING EXPENSE VARIANCE NOTES:

- (a) **ERCOT system administration fee** - Unfavorable variance results from load that was 2,152,000 MWH (0.9 percent) less than expected.
- (b) **Other revenue** - Variance is primarily the result of a higher number of generation interconnection studies than expected.
- (c) **Labor** - The 2003 budget was based on 400 employees; however, as of September 30, 2003, ERCOT had 377 employees on staff. ERCOT is moving to fill vacancies as quickly as prudently possible. During the first nine months of 2003, ERCOT had a net increase of 81 staff members. Reflecting slower-than-expected capital spending and hiring activity, internal labor charged to capital projects is below budget expectation.
- (d) **Tools, equipment, materials & supplies** - The favorable variance relates primarily to timing differences in office supply budgets across the organization.
- (e) **Hardware & software** - Variance stems from timing differences.
- (f) **Consultants & contractors** - Favorable variance primarily reflects timing differences in the use of consultants and contractors. The variances are across the organization except for Market Services and include items such as outside legal fees, commercial application consulting, planning study consulting, and consulting support of the PUC's market oversight responsibility.
- (g) **Utilities, maintenance & facilities** - Spending only slightly above budget due to timing differences.
- (h) **Wide area network services** - The 2003 budget assumed ERCOT would bear \$363,000 (after reimbursement from market participants using the network) of the costs of administering the wide-area network system. ERCOT was over this amount as of September 30, 2003, and it appears ERCOT's non-reimbursed cost of operating the wide-area network may be approximately \$590,000 in 2003 - an unfavorable variance of \$227,000 for the year due to improvements to WAN infrastructure.
- (i) **Training, travel and other employee expenses** - Operational and development project responsibilities have necessitated the deferral of certain non-critical training and development activity during the year.
- (j) **Insurance** - It is expected ERCOT will experience insurance premium increases as policies are renewed during 2003. The favorable variance is a timing difference.
- (k) **Depreciation & Amortization** - Depreciation expense will increase throughout the year as projects are completed and added to ERCOT's depreciable assets.
- (l) **Other** - The favorable variance relates primarily to Board approved contingency funds of approximately \$2.2 million through September 30, 2003 (\$3.3 million budgeted for the year).
- (m) **Interest & fees** - Favorable variance due to lower than anticipated borrowing levels and timing differences relating to deferral of short-term borrowing associated with ERCOT's capital projects.

**ERCOT Fiscal Year 2004 Budget
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Schedule 8: Capital Spending Summary**

Line	Description	Amount
1	System Projects	42,000,000
2	Building Projects	16,000,000
3	Minor Capital	2,000,000
4	Total projected capital spending	60,000,000

ERCOT Fiscal Year 2004 Budget
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Schedule 9: 2003 Capital Project Budget to Actual Comparison at September 30, 2003

Line	Capital Project Description	Status	Project #	Fiscal Year 2003 Budget & Year-to-Date Expenses			Total Approved Budget & Inception-to-Date Expenses		
				Budget	Actual	% Var Fav/(Unfav)	Budget	Actual	% Var Fav/(Unfav)
1	BULs Blocked Deployment	open	20069	2,287,301	1,790,999	21.7%	2,400,000	1,903,698	20.7%
2	PRR 327 Confidentiality	open	20104	30,000	12,348	58.8%	30,000	12,348	58.8%
3	Direct Load Control	open	20123	350,000	1,512	99.6%	350,000	1,512	99.6%
4	Dashboard	open	20125	182,000	-	100.0%	182,000	-	100.0%
5	Web Postings for Market Transparency	open	20126	100,000	-	100.0%	100,000	-	100.0%
6	810 Performance Enhancement	open	20139	75,000	59,300	20.9%	75,000	59,300	20.9%
7	Build Out Plan of Austin Facility	open	20145	25,000	-	100.0%	25,000	-	100.0%
8	Analyze System Capacity for QSE's	open	20147	100,000	6,216	93.8%	100,000	6,216	93.8%
9	Move-in / Move-out	open	30002	2,562,925	622,028	75.7%	2,562,925	622,028	75.7%
10	Texas Set 1.6	open	30004	650,000	10,430	98.4%	650,000	10,430	98.4%
11	NAESB 1.6 Upgrade	open	30007	201,520	6,195	96.9%	201,520	6,195	96.9%
12	Load Profiling Software	open	30008	140,000	1,693	98.8%	140,000	1,693	98.8%
13	Load Research Sampling	open	30014	850,000	24,609	97.1%	850,000	24,609	97.1%
14	MOI Printing Functions	open	30043	10,000	4,416	55.8%	10,000	4,416	55.8%
15	EDI Pipeline & Transaction Systems	open	30047	1,396,000	622,999	55.4%	1,396,000	622,999	55.4%
16	Database Management	open	30051	2,857,000	1,338,040	53.2%	2,857,000	1,338,040	53.2%
17	Portal Redevelopment	open	30052	1,635,000	1,079,229	34.0%	1,635,000	1,079,229	34.0%
18	PRR 387 BE Mismatch Schedules	open	30053	160,000	29,627	81.5%	160,000	29,627	81.5%
19	ETS Phase 2	open	30054	1,700,000	317,769	65.4%	1,700,000	317,769	65.4%
20	Outage Sensitive Factor (OSF)	open	30056	32,000	11,069	65.4%	32,000	11,069	65.4%
21	Seibel 7.0 Upgrade/Replacement	open	30058	1,625,000	243	100.0%	1,625,000	243	100.0%
22	Enterprise Cyber & Physical Security	open	30061	3,191,500	2,532,718	20.6%	3,191,500	2,532,718	20.6%
23	Lawson Upgrade Replacement	open	30063	355,000	327,832	7.7%	355,000	327,832	7.7%
24	PKG 2 Commercial Development Systems	open	30064	2,555,000	1,149,103	55.0%	2,555,000	1,149,103	55.0%
25	Commercial Systems Upgrade	open	30082	2,510,000	150,086	94.0%	2,510,000	150,086	94.0%
26	Lodestar Upgrade/Replace	open	30083	80,000	42,128	47.3%	80,000	42,128	47.3%
27	Taylor Office Complex	open	30099	95,000	44,564	53.1%	95,000	44,564	53.1%
28	NICE Playback System	open	30102	275,410	31,863	88.4%	275,410	31,863	88.4%
29	Disaster Recovery Project II	open	30116	950,000	657,764	30.8%	950,000	657,764	30.8%
30	Lodestar Data Loading Improvements	open	30125	100,000	21,026	79.0%	100,000	21,026	79.0%
31	Extension of Proxy Day Determination	open	30130	120,000	1,203	99.0%	120,000	1,203	99.0%
32	GISB Changes to ETS	open	30136	193,000	166,114	13.9%	193,000	166,114	13.9%
33	EMS/MMS Hardware System	open	30141	1,231,640	452,895	63.2%	1,231,640	452,895	63.2%
34	Document Managing Imaging System	open	30142	470,000	220,438	53.1%	470,000	220,438	53.1%
35	Portfolio / Project Management System	open	30143	400,000	137,761	65.6%	400,000	137,761	65.6%
36	EMMS System Release 3.0	open	30148	4,819,000	990,010	79.5%	4,819,000	990,010	79.5%
37	Data Warehouse	open	30149	1,480,000	1,057,284	28.6%	1,480,000	1,057,284	28.6%
38	Tracking of Digital	open	30150	-	-	-	-	-	-
39	New HR System	open	30151	233,000	108,918	53.3%	233,000	108,918	53.3%
40	REC Enhancements	open	30152	38,000	4,532	88.1%	38,000	4,532	88.1%
41	TCR Enhancements	open	30153	33,218	43,756	-31.7%	33,218	43,756	-31.7%
42	WAN Renewal	open	30155	185,000	13,660	92.6%	185,000	13,660	92.6%
43	QSE/MOS MP Test System	open	30156	735,000	189,329	74.2%	735,000	189,329	74.2%
44	PRR 397-McCaney Area Congestion	open	30158	125,000	-	100.0%	125,000	-	100.0%
45	OOMC Payments (PRR-371)	open	30159	100,000	4,632	95.4%	100,000	4,632	95.4%

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**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Schedule 9: 2003 Capital Project Budget to Actual Comparison at September 30, 2003

Line	Capital Project Description	Status	Project #	Fiscal Year 2003 Budget & Year-to-Date Expenses			Total Approved Budget & Inception-to-Date Expenses		
				Budget	Actual	% Var	Budget	Actual	% Var
46	Texas Nodal Design	open	30160	-	77,250	-	325,000	77,250	-
47	Austin Control Room Projectors	open	30164	325,000	-	100.0%	-	-	100.0%
48	Interim Removal of Mkt Solutions	open	30165	-	993	-	75,000	993	-
49	TCC Computer Room / Annex HVAC	open	30172	75,000	-	100.0%	-	-	100.0%
50	Taylor Blue Building Remodel	open	30173	175,000	-	100.0%	175,000	-	100.0%
51	MOSlodestar Re-write testing	open	30174	60,000	-	100.0%	60,000	-	100.0%
52	Austin MET 1st Floor Finish Out	open	30177	500,000	-	100.0%	500,000	-	100.0%
53	Taylor Plaza Buildout	open	30178	95,000	-	100.0%	95,000	-	100.0%
54	2003 Minor Capital Purchases	open	00999	5,000,000	2,340,799	53.2%	5,000,000	2,340,799	53.2%
55									
56	Subtotal Open Projects			43,473,514	16,705,377	61.6%	43,586,213	16,818,076	61.4%
57									
58	Disaster Recovery Project	closed	00005	4,054,374	3,384,646	16.5%	12,191,000	11,521,272	5.5%
59	Weather Redundancy Path	closed	20057	39,960	5,190	87.0%	39,960	5,190	87.0%
60	Outage Scheduler Phase 2	closed	20059	65,000	35,521	45.4%	65,000	35,521	45.4%
61	Texas Set 1.5	closed	20060	3,047,598	1,714,920	43.7%	4,942,222	3,609,544	27.0%
62	PTB Synchronization Project	closed	20078	297,123	418,119	-40.7%	750,000	870,996	-16.1%
63	QSE MOS Web Enhancements	closed	20094	50,000	-	100.0%	50,000	-	100.0%
64	Hardening Initiatives	closed	20111	55,007	117,014	-112.7%	668,000	730,007	-9.3%
65	Internal Map Testing and Verification	closed	20117	45,000	25,648	43.0%	45,000	25,648	43.0%
66	PUCT 24462	closed	20124	670,000	222,025	66.9%	670,000	222,025	66.9%
67	Implement LaaRs	closed	20142	52,953	727	98.6%	115,000	62,774	45.4%
68	Redev of Dispute and Service Rqsts	closed	20143	19,900	1,274	93.6%	19,900	1,274	93.6%
69	GISB EDM 1.4 & HTTPs	closed	20156	120,000	114,425	4.6%	120,000	114,425	4.6%
70	OSI PI Implementation	closed	30006	422,000	379,565	10.1%	422,000	379,565	10.1%
71	Fix Alarm System	closed	30045	89,000	9,267	89.6%	89,000	9,267	89.6%
72	Combined Cycle Units Settlement Agg	closed	30126	100,000	57,071	42.9%	100,000	57,071	42.9%
73	PRR 350 Smoothing Algorithm	closed	30127	80,000	4,362	94.5%	80,000	4,362	94.5%
74	SCR 727	closed	30139	75,000	63,372	15.5%	75,000	63,372	15.5%
75	Oracle 9iAS Upgrade	closed	30145	400,000	85,429	78.6%	400,000	85,429	78.6%
76	Austin Legal Department Facility Change	closed	30157	16,000	2,868	82.1%	16,000	2,868	82.1%
77									
78	Subtotal Closed Projects			9,698,916	6,641,445	31.5%	20,858,082	17,800,611	14.7%
79									
80	Grand Total Allocated 2003 Capital Budget			53,172,430	23,346,822	56.1%	64,444,295	34,618,687	46.3%
81									
82	Total 2003 Capital Budget (a)			70,000,000	23,346,822	66.6%	81,271,865	34,618,687	57.4%
83									
84	2003 Capital Funds Available for Allocation			16,827,570					
85									
86	(See Notes on the following page.)								

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Schedule 9: 2003 Capital Project Budget to Actual Comparison at September 30, 2003

Line	Capital Project Description	Status	Project #	Fiscal Year 2003 Budget & Year-to-Date Expenses			Total Approved Budget & Inception-to-Date Expenses		
				Budget	Actual	% Var	Budget	Actual	% Var
87									
88									
89	Notes:								
90	(a) Total 2003 capital budget includes the following items:								
91									
92	Systems projects								
93	Facilities projects								
94	Minor capital purchases								
95	Total								
96									
97	(b) Inception-to-date budget total of \$81.3 million is the sum of the 2003 \$70 million capital project budget plus actual expenditures on active projects during 2002.								

57,000,000
8,000,000
5,000,000
70,000,000

ERCOT Fiscal Year 2004 Budget
PUCT Docket No.
Schedule 10: Pro Forma Statements of Financial Position
(Dollars in Thousands)

Line	Description	As of the Year Ended:						Comment
		12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	
1	Assets							
2	Current assets:							
3	Cash and cash equivalents	\$ 6,470	\$ 7,133	\$ 7,133	\$ 7,133	\$ 7,133	\$ 7,133	From Statement of Cash Flows
4	QSE Cash Security Deposits and Congestion Fund	40,000	40,000	40,000	40,000	40,000	40,000	Assume at \$40 million based on 2003 TCR
5	Accounts receivable	9,311	13,602	19,011	21,560	22,564	21,750	auction revenue and QSE security deposits.
6	Unbilled revenue	-	-	-	-	-	-	
7	Total current assets	55,781	60,735	66,144	68,693	69,697	68,883	
8								
9	Systems under development							
10	Property and equipment, net and systems under development	-	-	-	-	-	-	
11	Software systems, net	-	-	-	-	-	-	
12	Hardware systems, net	93,274	97,688	136,196	165,042	166,868	133,532	Straight-line depreciation over 5 years.
13	Leasehold Improvements, net	21,717	20,131	32,011	39,080	35,444	22,720	Straight-line depreciation over 3 years.
14	Furniture, Fixtures & Equipment, net	8,562	7,339	6,116	4,892	3,669	2,446	Straight-line depreciation over 10 years.
15	Building, net	2,976	2,018	1,059	479	0	0	Straight-line depreciation over 3-7 years.
16	Land	32,167	46,047	44,677	43,057	41,436	39,816	Straight-line over 30 years.
17	Capital Lease, net	246	246	246	246	246	246	Land in Taylor.
18	Other assets, net	-	-	-	-	-	-	
19	Total assets	647	647	647	647	647	647	Assume flat
20		\$ 215,371	\$ 234,851	\$ 287,095	\$ 322,136	\$ 318,009	\$ 268,291	
21								
22	Liabilities and Unrestricted Net Assets							
23	Liabilities:							
24	Accounts payable & accrued expenses	\$ 14,437	\$ 18,728	\$ 24,137	\$ 26,686	\$ 27,690	\$ 26,876	Assume at \$40 million based on 2003 TCR
25	Capital Lease and Other Obligations	40,000	40,000	40,000	40,000	40,000	40,000	auction revenue and QSE security deposits.
26	Notes payable	175,000	194,459	228,573	246,937	231,551	184,165	Assume 60% debt funding of planned capital investment
27	Total liabilities	229,437	253,187	292,710	313,623	299,241	251,041	
28								
29	Unrestricted net assets	(14,066)	(18,337)	(5,615)	8,513	18,767	17,250	
30	Total liabilities and unrestricted net assets	\$ 215,371	\$ 234,851	\$ 287,095	\$ 322,136	\$ 318,009	\$ 268,291	

ERCOT Fiscal Year 2004 Budget
PUCT Docket No.
Schedule 11: Pro Forma Statements of Activities
(Dollars in Thousands)

Line	Description	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	Comment
1	Operating revenues:							
2	Non-ERCOT LSE							
3	WAN	\$ 655	\$ 755	\$ 755	\$ 755	\$ 755	\$ 755	
4	Membership	1,550	1,882	1,882	1,882	1,882	1,882	Equal to expected WAN expense
5	Other	240	240	240	240	240	240	
6	Transaction fees	100	100	100	100	100	100	
		91,566	134,504	189,174	214,940	225,089	216,855	Fee required to cover assumed operating expenses (excluding depreciation and amortization), debt service, and revenue funded capital after giving consideration to interest income and other revenue sources.
7	Total operating revenue	94,111	137,482	192,152	217,917	228,066	219,832	
8								
9								
10	Operating expenses							
11	Salaries and related benefits	40,868	51,877	65,478	73,752	80,190	86,949	5% annual growth in salary, plus 5-10% growth in FTE's
12	Contract Labor to CIP	(2,640)	(6,832)	(8,623)	(9,713)	(10,560)	(11,451)	
13	Facility and equipment costs	5,300	7,352	11,359	11,700	12,051	12,412	3% annual growth
14	WAN Expenses	1,550	1,882	1,882	1,882	1,882	1,882	
15	Legal and consulting services	13,250	19,337	20,111	20,915	21,752	22,622	4% annual growth.
16	Hardware and Software Maintenance and Licensing	6,676	8,187	8,433	8,686	8,946	9,215	3% annual growth.
17	Insurance	1,500	1,750	1,803	1,857	1,912	1,970	3% annual growth.
18	Training, travel and professional dues	1,646	2,813	2,925	3,042	3,164	3,291	3% annual growth.
19	Depreciation	38,178	41,907	58,164	72,508	80,131	78,903	Based on capital investment.
20	Administrative and other	3,733	4,170	4,295	4,424	4,556	4,693	3% annual growth.
21	Total operating expenses	110,061	132,444	165,827	189,053	204,025	210,487	
22								
23	Income from Operations	(15,950)	90,537	26,324	28,864	24,041	9,346	
24								
25	EBITDA							
26								
27	Other income (expense)	22,228	46,945	84,489	101,372	104,173	88,249	
28	Interest income	600	500	500	500	500	500	Assumed flat. Interest on TCR deposits and auction revenue, QSE deposits and congestion clearing funds are assumed as not available for ERCOT use.
29	Interest Expense	(9,528)	(9,809)	(14,103)	(15,236)	(14,287)	(11,363)	In year 2004 and after 6% of borrowings annually.
30								
31								
32	Change in unrestricted net assets	(24,878)	(4,271)	12,722	14,128	10,255	(1,517)	
33								
34								
35	Unrestricted net assets, beginning of year	10,812	(14,066)	(18,337)	(5,615)	8,513	18,767	
36								
37								
38	Unrestricted assets, end of year	\$ (14,066)	\$ (18,337)	\$ (5,615)	\$ 8,513	\$ 18,767	\$ 17,250	

ERCOT Fiscal Year 2004 Budget
PUCT Docket No.
Schedule 12: Pro Forma Statements of Cash Flows
(Dollars in Thousands)

Line	Description	For Twelve Months Ended:						Comment
		12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	
1	Cash flows from operating activities:							
2	Change in unrestricted net assets							
3	Adjustments to reconcile change in unrestricted net assets to net cash							
4	provided by operating activities:							
5	Depreciation	38,178	41,907	58,164	72,508	80,131	78,903	From Pro Forma Statement of Activities
6	Changes in operating assets and liabilities:							
7	Increase in accounts receivable	(2,704)	(4,291)	(5,409)	(2,549)	(1,004)	815	From Pro Forma Statement of Financial Position
8	Decrease in unbilled revenue							
9	Increase in accounts payable and other accrued expenses	21,007	4,954	5,409	2,549	1,004	(815)	From Pro Forma Statement of Financial Position
10	Balancing Adjustment							
11	Net cash provided by operating activities	31,603	38,299	70,886	86,636	90,386	77,386	
12								
13	Cash flows from investing activities:							
14	Capital expenditures for property and equipment	(50,000)	(15,000)	(105,000)	(105,000)	(75,000)	(30,000)	Estimated capital investment
15	Capital expenditures for systems under development	(50,000)	(45,000)	(105,000)	(105,000)	(75,000)	(30,000)	
16	Net cash used in investing activities	(100,000)	(60,000)	(210,000)	(210,000)	(150,000)	(60,000)	
17								
18	Cash flows from financing activities:							
19	Proceeds from issuance of notes payable	25,000	36,000	63,000	63,000	45,000	18,000	Portion of planned capital investment funded by debt
20	Repayment of \$150 million senior notes payable	-	(13,636)	(13,636)	(13,636)	(13,636)	(13,636)	Amortization of \$150 million long-term note issued in 2002
21	Repayment of new notes payable	-	-	(15,250)	(31,000)	(46,750)	(51,750)	Amortize debt incurred for capital projects in 2003 - 2008 straight-line over 4 years (approximate asset lives of 3-5 years)
22	Net cash provided by financing activities	25,000	22,364	34,114	18,364	(15,386)	(47,386)	
23								
24								
25								
26	Net increase in cash and cash equivalents	6,603	663	-	-	(0)	-	
27	Cash and cash equivalents, beginning of year	39,867	46,470	47,133	47,133	47,133	47,133	
28	Cash and cash equivalents, December 31	\$ 46,470	\$ 47,133	\$ 47,133	\$ 47,133	\$ 47,133	\$ 47,133	

ERCOT Fiscal Year 2004 Budget
PUCT Docket No.
Schedule 13: Financial Analysis

Variables	Amount in \$000's	Source
2 Funds from operations	5,038	From Income Statement - Income from Operations
3 Average total debt	184,730	From Balance Sheet - Average Notes Payable for 2003 and 2004
4 Interest payments	(9,809)	From Income Statement - Income Expense
5 Net cash flow	22,364	From Cash Flow Statement - Net Cash Flow
6 Capital expenditures	(60,000)	From Cash Flow Statement - Net Cash Used in Investing Activities
7 Total debt	194,459	From Balance Sheet - Notes Payable
8 Total capital	60,735	From Balance Sheet - Total Current assets
9		
10		
11 Ratio Formula	Ratio	
12 Funds from operations / Average total debt	0.03	
13 Funds from operations / Interest payments	(0.51)	
14 Net cash flow / Capital expenditures	(0.37)	
15 Total debt / Total capital	3.20	

ERCOT Fiscal Year 2004 Budget PUCT Docket No.

Workpaper 1: Corporate Administration Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
1	Corporate Administration	101-170					
2	Labor & Benefits		8,109,723	6,206,376	1,903,347	30.7%	
3	Labor for Capital Projects		(94,215)	-	(94,215)	NA	
4	Material, Supplies, Tools & Equipment		63,000	49,200	13,800	28.0%	Increased headcount
5	Outside Services		7,611,939	6,902,700	709,239	10.3%	Consulting services relating to Texas Nodal project and audit services for SAS 70 type 2 audit.
6	Utilities, Maintenance & Facilities		6,200	-	6,200	NA	Board member conference calls
7	HW/SW License and Maintenance		-	-	-	NA	
8	Insurance		1,750,000	1,500,000	250,000	16.7%	
9	Employee Expenses		365,420	233,472	131,948	56.5%	Increased headcount and increased travel needs for compliance work and participation on national market activity.
10	Depreciation & Amortization		41,906,960	35,943,311	5,963,649	16.6%	Reflects investment in ERCOT systems during 2003 and 2004.
11	Interest & Fees		9,809,162	9,528,333	280,829	2.9%	
12	Other		3,156,039	6,890,064	(3,734,025)	-54.2%	2003 budget included board approved contingency fund of \$3.3 million.
13	Total - Corporate Administration		72,684,228	67,253,456	5,430,772	8.1%	
14							
15	Executive Organization	101					
16	Labor & Benefits		3,210,555	2,466,456	744,099	30.2%	
17	Labor for Capital Projects		-	-	-	NA	
18	Material, Supplies, Tools & Equipment		9,000	9,204	(204)	-2.2%	
19	Outside Services		914,000	2,677,860	(1,763,860)	-65.9%	2003 budget included \$1.5 million for market oversight enhancements.
20	Utilities, Maintenance & Facilities		-	-	-	NA	
21	HW/SW License and Maintenance		-	-	-	NA	
22	Insurance		-	-	-	NA	
23	Employee Expenses		-	-	-	NA	
24	Depreciation & Amortization		100,000	96,000	4,000	4.2%	
25	Interest & Fees		-	-	-	NA	
26	Other		-	-	-	NA	
27	Subtotal - Executive Organization		4,233,555	8,554,128	(4,320,573)	-100.0%	2003 budget included board approved contingency fund of \$3.3 million.
28						-50.5%	

Exhibit VGC-5
2005 TTC Cost Case
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**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Workpaper 1: Corporate Administration Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
29	Finance	110					
30	Labor & Benefits		1,524,365	1,317,768	206,597	15.7%	
31	Labor for Capital Projects		-	-	-	NA	
32	Material, Supplies, Tools & Equipment		17,000	15,996	1,004	6.3%	
33	Outside Services		1,809,469	1,902,504	(93,035)	-4.9%	
34	Utilities, Maintenance & Facilities		-	-	-	NA	
35	HW/SW License and Maintenance		-	-	-	NA	
36	Insurance		-	-	-	NA	
37	Employee Expenses		68,000	38,484	29,516	76.7%	
38	Depreciation & Amortization		41,906,960	35,943,311	5,963,649	16.6%	Reflects investment in ERCOT systems during 2003 and 2004.
39	Interest & Fees		9,809,162	9,528,333	280,829	2.9%	
40	Other		2,314,439	2,788,056	(473,617)	-17.0%	Lower property tax liability negotiated in 2003.
41	Subtotal - Finance		57,449,395	51,534,452	5,914,943	11.5%	
42							
43	General Counsel	120					
44	Labor & Benefits		1,147,380	930,036	217,344	23.4%	
45	Labor for Capital Projects		-	-	-	NA	
46	Material, Supplies, Tools & Equipment		11,000	9,000	2,000	22.2%	
47	Outside Services		1,711,996	1,836,996	(125,000)	-6.8%	
48	Utilities, Maintenance & Facilities		1,200	-	1,200	NA	
49	HW/SW License and Maintenance		-	-	-	NA	
50	Insurance		1,750,000	1,500,000	250,000	16.7%	
51	Employee Expenses		56,240	45,012	11,228	24.9%	
52	Depreciation & Amortization		-	-	-	NA	
53	Interest & Fees		-	-	-	NA	
54	Other		30,500	27,780	2,720	9.8%	
55	Subtotal - General Counsel		4,708,316	4,348,824	359,492	8.3%	
56							
57	Human Resources	130					
58	Labor & Benefits		484,052	410,244	73,808	18.0%	
59	Labor for Capital Projects		-	-	-	NA	
60	Material, Supplies, Tools & Equipment		5,000	3,996	1,004	25.1%	
61	Outside Services		81,172	164,100	(82,928)	-50.5%	
62	Utilities, Maintenance & Facilities		-	-	-	NA	
63	HW/SW License and Maintenance		-	-	-	NA	

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Workpaper 1: Corporate Administration Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
64	Insurance						
65	Employee Expenses						
66	Depreciation & Amortization		29,560	9,000	20,560	228.4%	NA
67	Interest & Fees		-	-	-		NA
68	Other		214,500	459,828	(245,328)		NA
69	Subtotal - Human Resources		814,284	1,047,168	(232,884)		-53.4% Relocation budget decentralized to department hiring staff. All relocation budget was in human resources department in 2003.
70							-22.2%
71	NERC Compliance	140					
72	Labor & Benefits		443,154	310,692	132,462	42.6%	
73	Labor for Capital Projects		-	-	-		NA
74	Material, Supplies, Tools & Equipment		5,000	3,000	2,000	66.7%	
75	Outside Services		214,009	280,236	(66,227)	-23.6%	
76	Utilities, Maintenance & Facilities		-	-	-		NA
77	HW/SW License and Maintenance		-	-	-		NA
78	Insurance		-	-	-		NA
79	Employee Expenses		-	-	-		NA
80	Depreciation & Amortization		37,980	22,488	15,492	68.9%	
81	Interest & Fees		-	-	-		NA
82	Other		-	-	-		NA
83	Subtotal - NERC Compliance		2,300	912	1,388	152.2%	
84			702,443	617,328	85,115	13.8%	
85	Stakeholder Services	150					
86	Labor & Benefits		388,792	207,732	181,060	87.2%	
87	Labor for Capital Projects		-	-	-		NA
88	Material, Supplies, Tools & Equipment		4,000	2,004	1,996	99.6%	
89	Outside Services		66,083	-	66,083	NA	
90	Utilities, Maintenance & Facilities		-	-	-		NA
91	HW/SW License and Maintenance		-	-	-		NA
92	Insurance		-	-	-		NA
93	Employee Expenses		-	-	-		NA
94	Depreciation & Amortization		17,640	7,488	10,152	135.6%	
95	Interest & Fees		-	-	-		NA
96	Other		-	-	-		NA
97	Subtotal - Stakeholder Services		4,300	3,012	1,288	42.8%	
			480,815	220,236	260,579	118.3%	

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Workpaper 1: Corporate Administration Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
98							
99	Corporate Communications	160					
100	Labor & Benefits		234,910	195,900	39,010	19.9%	
101	Labor for Capital Projects		-	-	-	NA	
102	Material, Supplies, Tools & Equipment		4,000	3,000	1,000	33.3%	
103	Outside Services		40,500	41,004	(504)	-1.2%	
104	Utilities, Maintenance & Facilities		-	-	-	NA	
105	HW/SW License and Maintenance		-	-	-	NA	
106	Insurance		-	-	-	NA	
107	Employee Expenses		-	-	-	NA	
108	Depreciation & Amortization		16,000	9,000	7,000	77.8%	
109	Interest & Fees		-	-	-	NA	
110	Other		574,000	305,016	268,984	NA	
						88.2%	Sponsored meeting budget increased to reflect actual expenses incurred during the first seven months of 2003.
111	Subtotal - Corporate Communications		869,410	553,920	315,490	57.0%	
112							
113	Market Rules	170					
114	Labor & Benefits		676,517	367,548	308,969	84.1%	
115	Labor for Capital Projects		(94,215)	-	(94,215)	NA	
116	Material, Supplies, Tools & Equipment		8,000	3,000	5,000	166.7%	
117	Outside Services		2,774,710	-	2,774,710	NA	Texas Nodal project consulting services
118	Utilities, Maintenance & Facilities		5,000	-	5,000	NA	
119	HW/SW License and Maintenance		-	-	-	NA	
120	Insurance		-	-	-	NA	
121	Employee Expenses		-	-	-	NA	
122	Depreciation & Amortization		40,000	6,000	34,000	566.7%	
123	Interest & Fees		-	-	-	NA	
124	Other		16,000	852	15,148	NA	
125	Subtotal - Market Rules		3,426,011	377,400	3,048,611	1777.9%	
						807.8%	

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
1	Information Technology	300-395					
2	Labor & Benefits		18,302,032	14,397,699	3,904,333	27.1%	
3	Labor for Capital Projects		(4,228,036)	(2,044,680)	(2,183,356)	106.8%	
4	Material, Supplies, Tools & Equipment		1,280,570	757,008	523,562	69.2%	
5	Outside Services		6,501,084	3,180,804	3,320,280	104.4%	
6	Utilities, Maintenance & Facilities		7,536,598	5,584,284	1,952,314	35.0%	
7	HW/SW License and Maintenance		8,187,242	6,675,635	1,511,607	22.6%	
8	Insurance		-	-	-	NA	
9	Employee Expenses		1,122,410	596,016	526,394	88.3%	
10	Depreciation & Amortization		-	-	-	NA	
11	Interest & Fees		-	-	-	NA	
12	Other		-	-	-	NA	
13	Total - Information Technology		299,825	72,468	227,357	313.7%	
14			39,001,726	29,219,234	9,782,492	33.5%	
15	CIO Administration	300					
16	Labor & Benefits		1,045,913	1,176,912	(130,999)	-11.1%	
17	Labor for Capital Projects		-	-	-	NA	
18	Material, Supplies, Tools & Equipment		172,000	149,004	22,996	15.4%	
19	Outside Services		289,113	50,004	239,109	478.2%	
20	Utilities, Maintenance & Facilities		-	-	-	NA	
21	HW/SW License and Maintenance		-	-	-	NA	
22	Insurance		-	-	-	NA	
23	Employee Expenses		-	-	-	NA	
24	Depreciation & Amortization		97,500	32,016	65,484	204.5%	
25	Interest & Fees		-	-	-	NA	
26	Other		-	-	-	NA	
27	Subtotal - CIO Administration		20,000	-	20,000	NA	
28			1,624,526	1,407,936	216,590	15.4%	
29	Technology Services Administration	301					
30	Labor & Benefits		-	-	-	NA	
31	Labor for Capital Projects		-	-	-	NA	
32	Material, Supplies, Tools & Equipment		-	-	-	NA	
33	Outside Services		-	-	-	NA	
34	Utilities, Maintenance & Facilities		-	-	-	NA	
35	HW/SW License and Maintenance		8,187,242	6,675,635	1,511,607	22.6%	
36	Insurance		-	-	-	NA	

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
37	Employee Expenses						
38	Depreciation & Amortization						
39	Interest & Fees						NA
40	Other						NA
41	Subtotal - Technology Services Administration						NA
42			8,187,242	6,675,635	1,511,607	22.6%	
43	System Engineering and Administration	310					
44	Labor & Benefits						
45	Labor for Capital Projects		2,211,723	1,442,232	769,491	53.4%	
46	Material, Supplies, Tools & Equipment		(213,411)		(213,411)	NA	
47	Outside Services		42,191	20,004	22,187	110.9%	
48	Utilities, Maintenance & Facilities		487,197		487,197	NA	
49	HW/SW License and Maintenance					NA	
50	Insurance					NA	
51	Employee Expenses					NA	
52	Depreciation & Amortization		149,400	63,984	85,416	133.5%	
53	Interest & Fees					NA	
54	Other					NA	
55	Subtotal - System Engineering and Administration		26,200	2,496	23,704	949.7%	
56			2,703,300	1,528,716	1,174,584	76.8%	
57	IT Operations	321					
58	Labor & Benefits						
59	Labor for Capital Projects		562,073	876,804	(314,731)	-35.9%	
60	Material, Supplies, Tools & Equipment					NA	
61	Outside Services		1,000		1,000	NA	
62	Utilities, Maintenance & Facilities		171,816		171,816	NA	
63	HW/SW License and Maintenance					NA	
64	Insurance					NA	
65	Employee Expenses					NA	
66	Depreciation & Amortization		48,000	63,984	(15,984)	-25.0%	
67	Interest & Fees					NA	
68	Other					NA	
69	Subtotal - IT Operations		1,500	624	876	140.4%	
70			784,389	941,412	(157,023)	-16.7%	

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
71 Facilities		325					
72	Labor & Benefits		530,659	625,296	(94,637)	-15.1%	
73	Labor for Capital Projects		(5,307)	-	(5,307)	NA	
74	Material, Supplies, Tools & Equipment		872,749	350,000	522,749	149.4%	
75	Outside Services		269,751	82,800	186,951	225.8%	
76	Utilities, Maintenance & Facilities		2,463,842	2,455,176	8,666	0.4%	
77	HW/SW License and Maintenance		-	-	-	NA	
78	Insurance		-	-	-	NA	
79	Employee Expenses		26,000	40,008	(14,008)	-35.0%	
80	Depreciation & Amortization		-	-	-	NA	
81	Interest & Fees		-	-	-	NA	
82	Other		2,400	2,004	396	19.8%	
83	Subtotal - Facilities		4,160,094	3,555,284	604,810	17.0%	
84							
85 Network		330					
86	Labor & Benefits		1,490,640	1,239,288	251,352	20.3%	
87	Labor for Capital Projects		(265,227)	-	(265,227)	NA	
88	Material, Supplies, Tools & Equipment		166,550	216,004	(49,454)	-22.9%	
89	Outside Services		353,453	195,000	158,453	81.3%	
90	Utilities, Maintenance & Facilities		4,036,756	3,129,108	907,648	29.0%	
91	HW/SW License and Maintenance		-	-	-	NA	
92	Insurance		-	-	-	NA	
93	Employee Expenses		98,035	51,996	46,039	88.5%	
94	Depreciation & Amortization		-	-	-	NA	
95	Interest & Fees		-	-	-	NA	
96	Other		53,250	2,460	50,790	2064.6%	
97	Subtotal - Network		5,933,457	4,833,856	1,099,601	22.7%	
98							
99 EMMS Development		345					
100	Labor & Benefits		902,937	746,724	156,213	20.9%	
101	Labor for Capital Projects		(451,469)	(347,256)	(104,213)	30.0%	
102	Material, Supplies, Tools & Equipment		1,000	6,000	(5,000)	-83.3%	
103	Outside Services		460,929	898,000	(437,071)	-48.7%	
104	Utilities, Maintenance & Facilities		-	-	-	NA	
105	HW/SW License and Maintenance		-	-	-	NA	
106	Insurance		-	-	-	NA	

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Worksheet 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
107	Employee Expenses		40,644	28,008	12,636	45.1%	
108	Depreciation & Amortization		-	-	-	NA	
109	Interest & Fees		-	-	-	NA	
110	Other		-	996	(996)	-100.0%	
111	Subtotal - EMMS Development		954,041	1,332,472	(378,431)	-28.4%	
112							
113	Project Management	350					
114	Labor & Benefits		780,141	497,175	282,966	56.9%	
115	Labor for Capital Projects		(460,659)	(231,216)	(229,443)	99.2%	
116	Material, Supplies, Tools & Equipment		1,000	-	1,000	NA	
117	Outside Services		390,716	-	390,716	NA	
118	Utilities, Maintenance & Facilities		-	-	-	NA	
119	HW/SW License and Maintenance		-	-	-	NA	
120	Insurance		-	-	-	NA	
121	Employee Expenses		31,000	15,996	15,004	93.8%	
122	Depreciation & Amortization		-	-	-	NA	
123	Interest & Fees		-	-	-	NA	
124	Other		4,800	996	3,804	381.9%	
125	Subtotal - Project Management		746,998	282,951	464,047	164.0%	
126							
127	Market Technology Service	353					
128	Labor & Benefits		486,183	-	486,183	NA	
129	Labor for Capital Projects		(248,849)	-	(248,849)	NA	
130	Material, Supplies, Tools & Equipment		-	-	-	NA	
131	Outside Services		-	-	-	NA	
132	Utilities, Maintenance & Facilities		-	-	-	NA	
133	HW/SW License and Maintenance		-	-	-	NA	
134	Insurance		-	-	-	NA	
135	Employee Expenses		28,800	-	28,800	NA	For developers training is key. Many new applications such as data warehouse and new portal in addition to catch-up training for existing applications.
136	Depreciation & Amortization		-	-	-	NA	
137	Interest & Fees		-	-	-	NA	
138	Other		1,000	-	1,000	NA	
139	Subtotal - Market Technology Service		267,135	-	267,135	NA	

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Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
140							
141	Data Warehousing	354					
142	Labor & Benefits						
143	Labor for Capital Projects		607,168	-	607,168	NA	
144	Material, Supplies, Tools & Equipment		(303,584)	-	(303,584)	NA	
145	Outside Services		2,000	-	2,000	NA	
146	Utilities, Maintenance & Facilities		460,409	-	460,409	NA	
147	HW/SW License and Maintenance		120	-	120	NA	
148	Insurance		-	-	-	NA	
149	Employee Expenses		-	-	-	NA	
150	Depreciation & Amortization		60,256	-	60,256	NA	
151	Interest & Fees		-	-	-	NA	
152	Other		-	-	-	NA	
153	Subtotal - Data Warehousing		40,000	-	40,000	NA	
154			866,369	-	866,369	NA	
155	Development & Architecture	355					
156	Labor & Benefits						
157	Labor for Capital Projects		142,166	3,152,760	(3,010,594)	-95.5%	
158	Material, Supplies, Tools & Equipment		-	(1,466,208)	1,466,208	-100.0%	
159	Outside Services		1,000	-	1,000	NA	
160	Utilities, Maintenance & Facilities		403,767	-	403,767	NA	
161	HW/SW License and Maintenance		-	-	-	NA	
162	Insurance		-	-	-	NA	
163	Employee Expenses		-	-	-	NA	
164	Depreciation & Amortization		38,940	120,000	(81,060)	-67.6%	
165	Interest & Fees		-	-	-	NA	
166	Other		-	-	-	NA	
167	Subtotal - Development & Architecture		100	996	(896)	-90.0%	
168			585,973	1,807,548	(1,221,575)	-67.6%	
169	Transaction Services	356					
170	Labor & Benefits						
171	Labor for Capital Projects		1,495,634	-	1,495,634	NA	
172	Material, Supplies, Tools & Equipment		(747,817)	-	(747,817)	NA	
173	Outside Services		-	-	-	NA	
174	Utilities, Maintenance & Facilities		399,642	-	399,642	NA	
175	HW/SW License and Maintenance		5,880	-	5,880	NA	

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Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

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L/Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
176	Insurance						
177	Employee Expenses						
178	Depreciation & Amortization		96,056	-	96,056	NA	
179	Interest & Fees		-	-	-	NA	
180	Other		-	-	-	NA	
181	Subtotal - Transaction Services		275	-	275	NA	
182			1,249,670	-	1,249,670	NA	
183	Corporate Applications	357					
184	Labor & Benefits						
185	Labor for Capital Projects		661,548	-	661,548	NA	
186	Material, Supplies, Tools & Equipment		(66,155)	-	(66,155)	NA	
187	Outside Services		2,000	-	2,000	NA	
188	Utilities, Maintenance & Facilities		111,581	-	111,581	NA	
189	HW/SW License and Maintenance		-	-	-	NA	
190	Insurance		-	-	-	NA	
191	Employee Expenses		-	-	-	NA	
192	Depreciation & Amortization		28,000	-	28,000	NA	
193	Interest & Fees		-	-	-	NA	
194	Other		-	-	-	NA	
195	Subtotal - Corporate Applications		26,700	-	26,700	NA	
196			763,674	-	763,674	NA	
197	Web and Data Services	358					
198	Labor & Benefits						
199	Labor for Capital Projects		699,109	-	699,109	NA	
200	Material, Supplies, Tools & Equipment		(419,465)	-	(419,465)	NA	
201	Outside Services		-	-	-	NA	
202	Utilities, Maintenance & Facilities		627,788	-	627,788	NA	
203	HW/SW License and Maintenance		-	-	-	NA	
204	Insurance		-	-	-	NA	
205	Employee Expenses		-	-	-	NA	
206	Depreciation & Amortization		30,930	-	30,930	NA	
207	Interest & Fees		-	-	-	NA	
208	Other		-	-	-	NA	
209	Subtotal - Web and Data Services		1,200	-	1,200	NA	
210			939,561	-	939,561	NA	
211	Settlement and Billing	359					

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Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
212	Labor & Benefits						
213	Labor for Capital Projects		851,975	-	851,975	NA	
214	Material, Supplies, Tools & Equipment		(511,185)	-	(511,185)	NA	
215	Outside Services		-	-	-	NA	
216	Utilities, Maintenance & Facilities		247,811	-	247,811	NA	
217	HW/SW License and Maintenance		-	-	-	NA	
218	Insurance		-	-	-	NA	
219	Employee Expenses		-	-	-	NA	
220	Depreciation & Amortization		30,820	-	30,820	NA	
221	Interest & Fees		-	-	-	NA	
222	Other		-	-	-	NA	
223	Subtotal - Settlement and Billing		1,500	-	1,500	NA	
224			620,921	-	620,921	NA	
225	Data Management	360					
226	Labor & Benefits						
227	Labor for Capital Projects		1,245,827	1,635,516	(389,689)	-23.8%	
228	Material, Supplies, Tools & Equipment		(186,874)	-	(186,874)	NA	
229	Outside Services		1,000	-	1,000	NA	
230	Utilities, Maintenance & Facilities		-	-	-	NA	
231	HW/SW License and Maintenance		-	-	-	NA	
232	Insurance		-	-	-	NA	
233	Employee Expenses		-	-	-	NA	
234	Depreciation & Amortization		45,250	56,004	(10,754)	-19.2%	
235	Interest & Fees		-	-	-	NA	
236	Other		-	-	-	NA	
237	Subtotal - Data Management		2,500	996	1,504	151.0%	
238			1,107,703	1,692,516	(584,813)	-34.6%	
239	Cyber Security	370					
240	Labor & Benefits						
241	Labor for Capital Projects		887,255	-	887,255	NA	
242	Material, Supplies, Tools & Equipment		(221,814)	-	(221,814)	NA	
243	Outside Services		3,900	-	3,900	NA	
244	Utilities, Maintenance & Facilities		446,060	-	446,060	NA	
245	HW/SW License and Maintenance		255,000	-	255,000	NA	
246	Insurance		-	-	-	NA	
247	Employee Expenses		69,613	-	69,613	NA	

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Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
248	Depreciation & Amortization		-	-	-	NA	
249	Interest & Fees		-	-	-	NA	
250	Other		78,450	-	78,450	NA	
251	Subtotal - Cyber Security		1,518,464	-	1,518,464	NA	
252							
253	Physical Security	371					
254	Labor & Benefits		264,965	326,988	(62,023)	-19.0%	
255	Labor for Capital Projects		-	-	-	NA	
256	Material, Supplies, Tools & Equipment		480	-	480	NA	
257	Outside Services		125,062	30,000	95,062	316.9%	
258	Utilities, Maintenance & Facilities		775,000	-	775,000	NA	
259	HW/SW License and Maintenance		-	-	-	NA	
260	Insurance		-	-	-	NA	
261	Employee Expenses		35,100	12,000	23,100	192.5%	
262	Depreciation & Amortization		-	-	-	NA	
263	Interest & Fees		-	-	-	NA	
264	Other		1,100	57,576	(56,476)	-98.1%	
265	Subtotal - Physical Security		1,201,707	426,564	775,143	181.7%	
266							
267	IT Delivery	385					
268	Labor & Benefits		504,887	732,744	(227,857)	-31.1%	
269	Labor for Capital Projects		(126,222)	-	(126,222)	NA	
270	Material, Supplies, Tools & Equipment		3,500	5,496	(1,996)	-36.3%	
271	Outside Services		391,542	-	391,542	NA	
272	Utilities, Maintenance & Facilities		-	-	-	NA	
273	HW/SW License and Maintenance		-	-	-	NA	
274	Insurance		-	-	-	NA	
275	Employee Expenses		31,592	32,016	(424)	-1.3%	
276	Depreciation & Amortization		-	-	-	NA	
277	Interest & Fees		-	-	-	NA	
278	Other		600	996	(396)	-39.8%	
279	Subtotal - IT Delivery		805,899	771,252	34,647	4.5%	
280							
281	IT Operations 2	390					
282	Labor & Benefits		1,817,661	1,287,228	530,433	41.2%	
283	Labor for Capital Projects		-	-	-	NA	

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Workpaper 2: Information Technology Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
284	Material, Supplies, Tools & Equipment						
285	Outside Services		8,300	5,496	2,804	51.0%	
286	Utilities, Maintenance & Facilities		854,122	1,925,000	(1,070,878)	-55.6%	
287	HW/SW License and Maintenance		-	-	-	NA	
288	Insurance		-	-	-	NA	
289	Employee Expenses		-	-	-	NA	
290	Depreciation & Amortization		90,400	51,996	38,404	73.9%	
291	Interest & Fees		-	-	-	NA	
292	Other		-	-	-	NA	
293	Subtotal - IT Operations 2		13,950	996	12,954	1300.6%	
294			2,784,433	3,270,716	(486,283)	-14.9%	
295	EMMS Production	395					
296	Labor & Benefits						
297	Labor for Capital Projects		1,113,570	658,032	455,538	69.2%	
298	Material, Supplies, Tools & Equipment		-	-	-	NA	
299	Outside Services		1,900	5,004	(3,104)	-62.0%	
300	Utilities, Maintenance & Facilities		10,325	-	10,325	NA	
301	HW/SW License and Maintenance		-	-	-	NA	
302	Insurance		-	-	-	NA	
303	Employee Expenses		-	-	-	NA	
304	Depreciation & Amortization		46,075	28,008	18,067	64.5%	
305	Interest & Fees		-	-	-	NA	
306	Other		-	-	-	NA	
307	Subtotal - EMMS Production		24,300	1,332	22,968	1724.3%	
			1,196,170	692,376	503,794	72.8%	

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Workpaper 3: System Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

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Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
1	System Operations	400-440					
2	Labor & Benefits		12,399,270	10,419,420	1,979,850	19.0%	
3	Labor for Capital Projects		(391,536)	-	(391,536)	NA	
4	Material, Supplies, Tools & Equipment		156,000	179,244	(23,244)	-13.0%	
5	Outside Services		3,171,304	1,800,996	1,370,308	76.1%	
6	Utilities, Maintenance & Facilities		1,200	-	1,200	NA	
7	HW/SW License and Maintenance		-	-	-	NA	
8	Insurance		-	-	-	NA	
9	Employee Expenses		597,901	416,004	181,897	43.7%	NERC activity has increased significantly. For instance, compliance with mandatory standards and penalties, critical infrastructure protection, and transmission and generation reserve studies made mandatory.
10	Depreciation & Amortization		-	-	-	NA	
11	Interest & Fees		-	-	-	NA	
12	Other		306,830	14,184	292,646	2063.2%	
13	Total - System Operations		16,240,968	12,829,848	3,411,120	26.6%	
14							
15	COO Administration	400					
16	Labor & Benefits		500,212	500,424	(212)	0.0%	
17	Labor for Capital Projects		-	-	-	NA	
18	Material, Supplies, Tools & Equipment		123,350	104,004	19,346	18.6%	
19	Outside Services		1,004,461	285,000	719,461	252.4%	
20	Utilities, Maintenance & Facilities		1,000	-	1,000	NA	
21	HW/SW License and Maintenance		-	-	-	NA	
22	Insurance		-	-	-	NA	
23	Employee Expenses		38,081	12,000	26,081	217.3%	
24	Depreciation & Amortization		-	-	-	NA	
25	Interest & Fees		-	-	-	NA	
26	Other		4,330	996	3,334	334.7%	
27	Subtotal - COO Administration		1,671,434	902,424	769,010	85.2%	
28							
29	Market Operations Support	410					
30	Labor & Benefits		1,635,939	1,782,924	(146,985)	-8.2%	
31	Labor for Capital Projects		(245,391)	-	(245,391)	NA	
32	Material, Supplies, Tools & Equipment		4,000	15,456	(11,456)	-74.1%	

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Worksheet 3: System Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
33	Outside Services						
34	Utilities, Maintenance & Facilities		1,328,994	345,996	982,998	284.1%	
35	HW/SW License and Maintenance		-	-	-	NA	
36	Insurance		-	-	-	NA	
37	Employee Expenses		-	-	-	NA	
38	Depreciation & Amortization		79,000	67,992	11,008	16.2%	
39	Interest & Fees		-	-	-	NA	
40	Other		-	-	-	NA	
41	Subtotal - Market Operations Support		4,190	9,252	(5,062)	-54.7%	
42			2,806,732	2,221,620	585,112	26.3%	
43	Operations Support	420					
44	Labor & Benefits		2,922,910	6,517,596	(3,594,686)	-55.2%	
45	Labor for Capital Projects		(146,145)	-	(146,145)	NA	
46	Material, Supplies, Tools & Equipment		4,000	30,792	(26,792)	-87.0%	
47	Outside Services		257,558	150,000	107,558	71.7%	
48	Utilities, Maintenance & Facilities		-	-	-	NA	
49	HW/SW License and Maintenance		-	-	-	NA	
50	Insurance		-	-	-	NA	
51	Employee Expenses		-	-	-	NA	
52	Depreciation & Amortization		197,099	272,004	(74,905)	-27.5%	
53	Interest & Fees		-	-	-	NA	
54	Other		-	-	-	NA	
55	Subtotal - Operations Support		6,850	1,008	5,842	579.6%	
56			3,242,271	6,971,400	(3,729,129)	-53.5%	
57	System Operations	425					
58	Labor & Benefits		5,143,152	-	5,143,152	NA	
59	Labor for Capital Projects		-	-	-	NA	
60	Material, Supplies, Tools & Equipment		11,650	-	11,650	NA	
61	Outside Services		-	-	-	NA	
62	Utilities, Maintenance & Facilities		-	-	-	NA	
63	HW/SW License and Maintenance		-	-	-	NA	
64	Insurance		-	-	-	NA	
65	Employee Expenses		-	-	-	NA	
66	Depreciation & Amortization		131,721	-	131,721	NA	
67	Interest & Fees		-	-	-	NA	
68	Other		32,960	-	32,960	NA	

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Workpaper 3: System Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
69	Subtotal - System Operations		5,319,483	-	5,319,483	NA	
70							
71	System Planning	430					
72	Labor & Benefits		1,559,658	1,369,488	190,170	13.9%	
73	Labor for Capital Projects		-	-	-	NA	
74	Material, Supplies, Tools & Equipment		6,000	27,996	(21,996)	-78.6%	
75	Outside Services		462,581	1,020,000	(557,419)	-54.6%	Consulting for combined cycle stability and stability load modeling projects. During 2003, completed wind stability and voltage interactive studies not repeated in 2004.
76	Utilities, Maintenance & Facilities		200	-	200	NA	
77	HW/SW License and Maintenance		-	-	-	NA	
78	Insurance		-	-	-	NA	
79	Employee Expenses		96,000	56,004	39,996	71.4%	
80	Depreciation & Amortization		-	-	-	NA	
81	Interest & Fees		-	-	-	NA	
82	Other		127,500	2,052	125,448	NA	
83	Subtotal - System Planning		2,251,939	2,475,540	(223,601)	-9.0%	6113.5% Preparation and printing of the October transmission adequacy report, annual capacity-demand-reserve report, and system maps.
84							
85	Resource Planning	440					
86	Labor & Benefits		637,399	248,988	388,411	156.0%	
87	Labor for Capital Projects		-	-	-	NA	
88	Material, Supplies, Tools & Equipment		7,000	996	6,004	602.8%	
89	Outside Services		117,710	-	117,710	NA	
90	Utilities, Maintenance & Facilities		-	-	-	NA	
91	HW/SW License and Maintenance		-	-	-	NA	
92	Insurance		-	-	-	NA	
93	Employee Expenses		56,000	8,004	47,996	599.7%	
94	Depreciation & Amortization		-	-	-	NA	
95	Interest & Fees		-	-	-	NA	
96	Other		131,000	876	130,124	14854.3%	
97	Subtotal - Resource Planning		949,109	258,864	690,245	266.6%	

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Workpaper 4: Market Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
1	Market Operations	500-600					
2	Labor & Benefits		13,066,030	9,844,637	3,221,393	32.7%	
3	Labor for Capital Projects		(2,118,057)	(595,320)	(1,522,737)	255.8%	
4	Material, Supplies, Tools & Equipment		147,800	122,458	25,342	20.7%	
5	Outside Services		2,053,142	1,365,620	687,522	50.3%	
6	Utilities, Maintenance & Facilities		42,800	158,152	(115,352)	-72.9%	
7	HW/SW License and Maintenance		-	-	-	NA	
8	Insurance		-	-	-	NA	
9	Employee Expenses		727,226	400,008	327,218	81.8%	
10	Depreciation & Amortization		-	-	-	NA	
11	Interest & Fees		-	-	-	NA	
12	Other		406,925	56,695	350,230	617.7%	
13	Total - Market Operations		14,325,866	11,352,250	2,973,616	26.2%	
14							
15	CMO Administration	500					
16	Labor & Benefits		546,131	1,305,880	(759,749)	-58.2%	
17	Labor for Capital Projects		-	(595,320)	595,320	-100.0%	
18	Material, Supplies, Tools & Equipment		96,800	99,996	(3,196)	-3.2%	
19	Outside Services		252,766	-	252,766	NA	
20	Utilities, Maintenance & Facilities		-	158,152	(158,152)	-100.0%	
21	HW/SW License and Maintenance		-	-	-	NA	
22	Insurance		-	-	-	NA	
23	Employee Expenses		35,980	48,012	(12,032)	-25.1%	
24	Depreciation & Amortization		-	-	-	NA	
25	Interest & Fees		-	-	-	NA	
26	Other		-	5,364	(5,364)	-100.0%	
27	Subtotal - CMO Administration		931,677	1,022,084	(90,407)	-8.8%	
28							
29	Wholesale Project Management	505					
30	Labor & Benefits		802,912	-	802,912	NA	
31	Labor for Capital Projects		(349,426)	-	(349,426)	NA	
32	Material, Supplies, Tools & Equipment		5,000	-	5,000	NA	
33	Outside Services		-	-	-	NA	
34	Utilities, Maintenance & Facilities		-	-	-	NA	
35	HW/SW License and Maintenance		-	-	-	NA	
36	Insurance		-	-	-	NA	
37	Employee Expenses		41,104	-	41,104	NA	
38	Depreciation & Amortization		-	-	-	NA	

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Workpaper 4: Market Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
39	Interest & Fees						
40	Other						
41	Subtotal - Wholesale Project Management		36,000	-	36,000	NA	NA
42			535,590	-	535,590	NA	NA
43	Settlement Metering	530					
44	Labor & Benefits		987,307	850,236	137,071	16.1%	
45	Labor for Capital Projects		(148,096)	-	(148,096)	NA	NA
46	Material, Supplies, Tools & Equipment		2,000	3,912	(1,912)	-48.9%	
47	Outside Services		107,054	126,000	(18,946)	-15.0%	
48	Utilities, Maintenance & Facilities		-	-	-	NA	NA
49	HW/SW License and Maintenance		-	-	-	NA	NA
50	Insurance		-	-	-	NA	NA
51	Employee Expenses		-	-	-	NA	NA
52	Depreciation & Amortization		59,905	32,016	27,889	87.1%	
53	Interest & Fees		-	-	-	NA	NA
54	Other		-	-	-	NA	NA
55	Subtotal - Settlement Metering		36,100	13,128	22,972	175.0%	
56			1,044,270	1,025,292	18,978	1.9%	
57	Load Profiling and Data Aggregation	540					
58	Labor & Benefits		1,977,259	1,685,568	291,691	17.3%	
59	Labor for Capital Projects		(268,049)	-	(268,049)	NA	NA
60	Material, Supplies, Tools & Equipment		5,000	3,504	1,496	42.7%	
61	Outside Services		41,302	72,144	(30,842)	-42.8%	
62	Utilities, Maintenance & Facilities		-	-	-	NA	NA
63	HW/SW License and Maintenance		-	-	-	NA	NA
64	Insurance		-	-	-	NA	NA
65	Employee Expenses		-	-	-	NA	NA
66	Depreciation & Amortization		88,600	63,984	24,616	38.5%	
67	Interest & Fees		-	-	-	NA	NA
68	Other		-	-	-	NA	NA
69	Subtotal - Load Profiling and Data Aggregation		51,325	17,184	34,141	198.7%	
70			1,895,437	1,842,384	53,053	2.9%	
71	Settlements and Billing	550					
72	Labor & Benefits		1,472,570	1,211,400	261,170	21.6%	
73	Labor for Capital Projects		(195,282)	-	(195,282)	NA	NA
74	Material, Supplies, Tools & Equipment		4,000	2,004	1,996	99.6%	
75	Outside Services		128,862	26,004	102,858	395.5%	
76	Utilities, Maintenance & Facilities		-	-	-	NA	NA

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Workpaper 4: Market Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
77	HW/SW License and Maintenance						
78	Insurance		-	-	-	NA	
79	Employee Expenses		-	-	-	NA	
80	Depreciation & Amortization		46,940	56,004	(9,064)	-16.2%	
81	Interest & Fees		-	-	-	NA	
82	Other		-	-	-	NA	
83	Subtotal - Settlements and Billing		21,500	4,752	16,748	352.4%	
84			1,478,590	1,300,164	178,426	13.7%	
85	REP/ESI-ID Of Record	570					
86	Labor & Benefits		1,860,592	1,086,024	774,568	71.3%	
87	Labor for Capital Projects		(167,033)	-	(167,033)	NA	
88	Material, Supplies, Tools & Equipment		11,000	696	10,304	1480.5%	
89	Outside Services		-	99,996	(99,996)	-100.0%	
90	Utilities, Maintenance & Facilities		4,800	-	4,800	NA	
91	HW/SW License and Maintenance		-	-	-	NA	
92	Insurance		-	-	-	NA	
93	Employee Expenses		-	-	-	NA	
94	Depreciation & Amortization		122,725	48,012	74,713	155.6%	
95	Interest & Fees		-	-	-	NA	
96	Other		-	-	-	NA	
97	Subtotal - REP/ESI-ID Of Record		143,000	3,540	139,460	3939.5%	
98			1,975,084	1,238,268	736,816	59.5%	
99	Renewables and TCR	580					
100	Labor & Benefits		527,426	451,560	75,866	16.8%	
101	Labor for Capital Projects		(52,743)	-	(52,743)	NA	
102	Material, Supplies, Tools & Equipment		1,000	804	196	24.4%	
103	Outside Services		66,083	86,004	(19,921)	-23.2%	
104	Utilities, Maintenance & Facilities		-	-	-	NA	
105	HW/SW License and Maintenance		-	-	-	NA	
106	Insurance		-	-	-	NA	
107	Employee Expenses		-	-	-	NA	
108	Depreciation & Amortization		21,972	19,992	1,980	9.9%	
109	Interest & Fees		-	-	-	NA	
110	Other		-	-	-	NA	
111	Subtotal - Renewables and TCR		6,000	2,172	3,828	176.2%	
112			569,738	560,532	9,206	1.6%	
113	Project Management (R. Gruber)	605					
114	Labor & Benefits		776,585	-	776,585	NA	

**ERCOT Fiscal Year 2004 Budget
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Workpaper 4: Market Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
115	Labor for Capital Projects		(217,958)	-	(217,958)	NA	
116	Material, Supplies, Tools & Equipment		5,000	-	5,000	NA	
117	Outside Services		458,451	-	458,451	NA	
118	Utilities, Maintenance & Facilities		-	-	-	NA	
119	HW/SW License and Maintenance		-	-	-	NA	
120	Insurance		-	-	-	NA	
121	Employee Expenses		-	-	-	NA	
122	Depreciation & Amortization		44,600	-	44,600	NA	
123	Interest & Fees		-	-	-	NA	
124	Other		16,000	-	16,000	NA	
125	Subtotal - Project Management (R. Gruber)		1,082,678	-	1,082,678	NA	
126							
127	Retail Documentation and Reporting	630					
128	Labor & Benefits		433,143	414,024	19,119	4.6%	
129	Labor for Capital Projects		-	-	-	NA	
130	Material, Supplies, Tools & Equipment		-	1,548	(1,548)	-100.0%	
131	Outside Services		998,624	955,472	43,152	4.5%	Assuming one postcard per retail switch.
132	Utilities, Maintenance & Facilities		-	-	-	NA	
133	HW/SW License and Maintenance		-	-	-	NA	
134	Insurance		-	-	-	NA	
135	Employee Expenses		16,000	15,996	4	0.0%	
136	Depreciation & Amortization		-	-	-	NA	
137	Interest & Fees		-	-	-	NA	
138	Other		19,400	4,596	14,804	322.1%	
139	Subtotal - Retail Documentation and Reporting		1,467,167	1,391,636	75,531	5.4%	
140							
141	Retail Testing and Quality Control	640					
142	Labor & Benefits		1,190,917	511,080	679,837	133.0%	
143	Labor for Capital Projects		(719,471)	-	(719,471)	NA	
144	Material, Supplies, Tools & Equipment		13,000	696	12,304	1767.8%	
145	Outside Services		-	-	-	NA	
146	Utilities, Maintenance & Facilities		20,000	-	20,000	NA	
147	HW/SW License and Maintenance		-	-	-	NA	
148	Insurance		-	-	-	NA	
149	Employee Expenses		-	-	-	NA	
150	Depreciation & Amortization		85,960	23,988	61,972	258.3%	
151	Interest & Fees		-	-	-	NA	
152	Other		52,200	996	51,204	5141.0%	

**ERCOT Fiscal Year 2004 Budget
PUCT Docket No.**

Workpaper 4: Market Operations Division, Departmental Expenses by Expense Type - FY 2004 versus FY 2003

Line	Description	Dept	FY 2004 Budget	FY 2003 Budget	Variance	% Variance	Comment
153	Subtotal - Retail Testing and Quality Control		642,607	536,760	105,847	19.7%	
154							
155	Retail Client Services	650					
156	Labor & Benefits		867,946	778,104	89,842	11.5%	
157	Labor for Capital Projects		-	-	-	NA	
158	Material, Supplies, Tools & Equipment		3,000	804	2,196	273.1%	
159	Outside Services		-	-	-	NA	
160	Utilities, Maintenance & Facilities		18,000	-	18,000	NA	
161	HW/SW License and Maintenance		-	-	-	NA	
162	Insurance		-	-	-	NA	
163	Employee Expenses		54,900	36,000	18,900	52.5%	
164	Depreciation & Amortization		-	-	-	NA	
165	Interest & Fees		-	-	-	NA	
166	Other		12,200	996	11,204	1124.9%	
167	Subtotal - Retail Client Services		956,046	815,904	140,142	17.2%	
168							
169	Wholesale Client Services	660					
170	Labor & Benefits		1,623,242	1,550,761	72,481	4.7%	
171	Labor for Capital Projects		-	-	-	NA	
172	Material, Supplies, Tools & Equipment		2,000	8,494	(6,494)	-76.5%	
173	Outside Services		-	-	-	NA	
174	Utilities, Maintenance & Facilities		-	-	-	NA	
175	HW/SW License and Maintenance		-	-	-	NA	
176	Insurance		-	-	-	NA	
177	Employee Expenses		108,540	56,004	52,536	93.8%	
178	Depreciation & Amortization		-	-	-	NA	
179	Interest & Fees		-	-	-	NA	
180	Other		13,200	3,967	9,233	232.7%	
181	Subtotal - Wholesale Client Services		1,746,982	1,619,226	127,756	7.9%	

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 Worksheet S: MWH Load Comparison

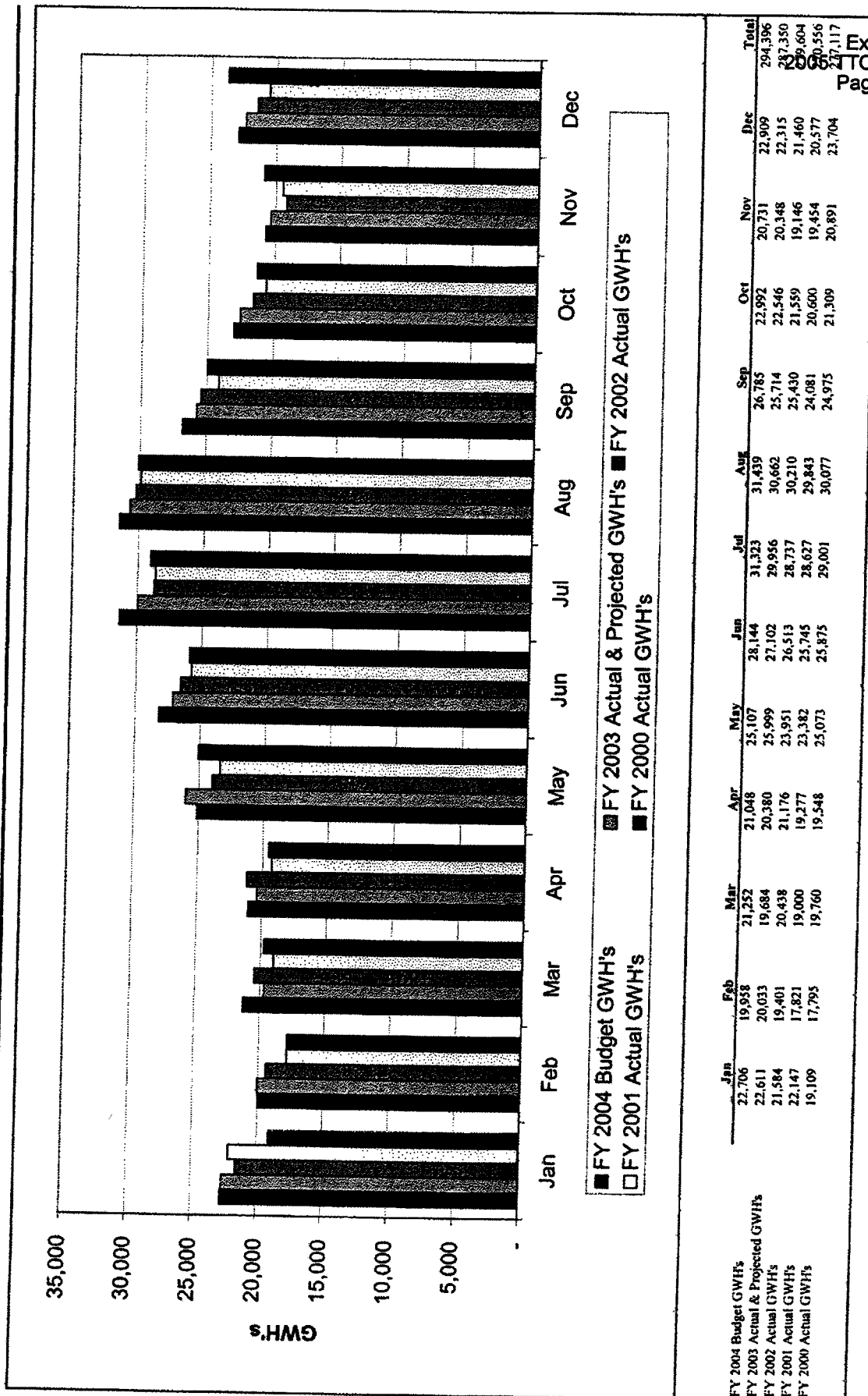


Exhibit VGC-5
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Workpaper 6: Texas Non-ERCOT Load Serving Entity Fee Summary**

NOTE:

Workpaper 6 is not applicable as the Texas Non-ERCOT Load Serving Entity Fee for 2004 is not proposed to change from that approved for use in 2003.