

**Az ISA Downsizing Study
Budget Required to Implement Plan 2**

	Dec '02	Jan '03	Feb '03	Mar '03	Apr '03	May '03	Jun '03	Jul '03	Aug '03	Sep '03	Oct '03	Nov '03	Dec '03	2003 TOTALS
CASH AND INCOME														
Cash Carry Over From Previous Month	50,000	61,824	75,491	68,981	68,024	68,981	68,151	68,024	68,981	68,369	66,774	68,981	68,981	
Membership Dues	-	6,250	-	-	-	-	-	-	-	-	-	-	-	6,250
Tariff (Loan)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tariff (O&M ISA)	25,313	13,489	6,072	12,582	13,539	12,582	13,412	13,539	12,582	13,194	14,789	12,582	12,582	150,938
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH IN TOTAL	75,313	81,563	81,563	81,563	81,563	81,563	81,563	81,563	81,563	81,563	81,563	81,563	81,563	
CASH IN without CARRY OVER	25,313	19,739	6,072	12,582	13,539	12,582	13,412	13,539	12,582	13,194	14,789	12,582	12,582	157,188
EXPENSES														
Insurance														
Workers Compensation	-	-	-	-	-	-	-	-	612	-	-	-	-	612
D&O, Liability, and E&O Insurance	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	2,342	28,100
Payroll and Relocation Expenses														
Includes Payroll, Benefits and Relocation	8,640	8,640	8,640	8,640	8,640	8,640	8,640	8,640	8,640	8,640	8,640	8,640	8,640	103,678
Professional Fees														
Accounting and EOY Acct & Tax Preparation	620	620	620	620	620	1,200	620	620	620	620	620	620	620	8,020
Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FERC and Local Legal Fees	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Office Expenses and Supplies														
Office Furniture and Supplies	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Rent	957	-	-	957	-	-	957	-	-	957	-	-	957	3,828
Postage and Delivery	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Printing and Reproduction	70	70	70	70	70	70	70	70	70	70	70	70	70	840
Telephone	100	200	100	100	100	200	100	100	100	200	100	100	100	1,500
Dues and Subscriptions	-	50	50	50	50	50	50	50	50	50	50	50	50	600
Web Page and Internet	60	60	60	60	60	60	60	60	60	60	60	60	60	720
Travel & Entertainment														
Meals	50	200	50	50	50	200	50	50	50	1,200	50	50	50	2,050
Travel	50	50	50	50	50	50	50	50	50	50	50	50	50	600
Other Expenses														
Credit-Membership Dues	-	(6,760)	-	-	-	-	-	-	-	-	-	-	-	(6,760)
Az ISA CORE EXPENSES - TOTAL	13,489	6,072	12,582	13,539	12,582	13,412	13,539	12,582	13,194	14,789	12,582	12,582	13,539	150,988
Capitalization Loan plus Accrued Interest														
Adjust Debt Repayment for 3 Month O&M Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Az ISA EXPENSES - TOTAL	15,000	6,072	12,582	13,539	12,582	13,412	13,539	12,582	13,194	14,789	12,582	12,582	13,539	150,988
CASH REMAINING (Deficit)	61,824	75,491	68,981	68,024	68,981	68,151	68,024	68,981	68,369	66,774	68,981	68,981	68,024	68,024

Phase 1, Startup

AZ ISA Functions: 1- Limited Oversight of Az ISA Protocols 2- Provide ADR Services 3- Manage limited Az ISA Website

*** One part time employe. At 75%
Payroll includes benefits and FICA taxes**

Az ISA Downsizing Study. Budget Required to Implement Plan 2

This Plan supports one part time employee. The workload was set at 75% of full time. The Az ISA will maintain its present office location, but will require less office space.

Budget Assumptions

Annual revenue required to support three Az ISA functions approved for implementation by FERC: (1) Limited oversight of Az ISA protocols, (2) ADR services and (3) develop and manage a limited Az ISA website. See below for explanation

CASH AND INCOME	
Cash Carry Over From Previous Month	Amount carried forward from last month's Cash Remaining
Membership Dues	Az ISA annual membership fees. \$250 per member. Estimate 27 members for 2003
Tariff (Loan)	Amount collected by the Az ISA under the Az ISA FERC tariff for repayment of startup funds advanced by the participating transmission providers.
Tariff (O&M ISA)	Amount collected by the Az ISA under the Az ISA FERC tariff for Az ISA operating costs
Misc. Income	Used for other income
CASH IN - TOTAL	Total of all income
EXPENSES	
Insurance	
Workers Compensation	State workers compensation premium
D&O, Liability, and E&O Insurance	Insurance premiums for Directors and Officers, Errors and Omissions, and general business liability coverage. Reduced by 25% of 2003 budget.
Payroll and Relocation Expenses	
Includes Payroll, Benefits and Relocation	Payroll includes: Salary, benefits, company paid FICA taxes, company paid unemployment taxes at 75% of 2003 budget for one part time employee
Professional Fees	
Accounting and EOY Acct & Tax Preparation	CPA services for end of month/end of year accounting, IRS and State tax return preparation, and payroll preparation
Consulting	For technical, computer and management consulting
Contract Labor	For temporary administrative support
FERC and Local Legal Fees	Az ISA local attorney [Low and Childers], and FERC attorney [Huber Lawrence and Abell] --Monthly legal expense estimates for routine business matters, only.
Office Expenses and Supplies	
Office Furniture and Supplies	Computer equipment, office furniture, and office supplies
Rent	WAPA office lease. Lease Includes: 10 local telephone lines, voice mail, internet analog lines, electricity, 24 hr security, janitorial, and parking
Postage and Delivery	WAPA contract mail service (includes twice daily PO Box pickup and delivery). Stamps.
Printing and Reproduction	Az ISA use of WAPA's copier,
Telephone	AT&T Long distance service, Qwest conferencing services, long distance access, and wireless phone
Dues and Subscriptions	IEEE, and Daily Electric Power news
Web Page and Internet	Web site hosting, domain registration, and 2 ISP connections
Travel & Entertainment	
Meals	Board meetings, OC and other Az ISA meetings, Annual Members' meeting
Travel	POV (Bank, post office, office supplies, etc), Meetings requiring air travel (WECC, FERC, Other), requiring surface travel (CATS, other regional transmission study meetings, ACC)
Other Expenses	
Credit--Membership Dues	Adjustment to cash carryover
Az ISA CORE EXPENSES - TOTAL	Total of operating expenses
Capitalization Loan plus Accrued Interest	
Adjust Debt Repayment for 3 Month O&M Expenses	Current monthly loan balance
Debt Repayment	Any adjustments to current payment
Total Debt Repayment	Current month's debt repayment
	Amount repaid
Az ISA EXPENSES - TOTAL	Sum of Cash In, Expenses and Debt Repayment
CASH REMAINING (Deficit)	Sum of (Cash Carry Over From Previous Month) and (Az ISA EXPENSES - TOTAL)