

**AZ ISA 2007 Approved Budget**

	Dec '06	Jan '07	Feb '07	Mar '07	Apr '07	May '07	Jun '07	Jul '07	Aug '07	Sep '07	Oct '07	Nov '07	Dec '07	2007 Budget Totals
<b>CASH AND INCOME</b>														
Cash Carry Over From Previous Month	104,236	103,449	13,109	13,959	13,959	13,959	13,109	13,959	13,959	13,959	11,709	13,959	13,959	
Membership Dues	-	5,900	-	-	-	-	-	-	-	-	-	-	-	5,900
Tariff (O&M ISA)	11,337	12,124	13,109	12,259	12,259	12,259	13,109	12,259	12,259	12,259	14,509	12,259	12,259	150,919
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CASH IN TOTAL</b>	<b>115,573</b>	<b>120,573</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	<b>26,217</b>	
<b>CASH IN without CARRY OVER</b>	<b>11,337</b>	<b>17,124</b>	<b>13,109</b>	<b>12,259</b>	<b>12,259</b>	<b>12,259</b>	<b>13,109</b>	<b>12,259</b>	<b>12,259</b>	<b>12,259</b>	<b>14,509</b>	<b>12,259</b>	<b>12,259</b>	<b>155,919</b>
<b>EXPENSES</b>														
<b>Insurance</b>														
Workers Compensation	-	-	-	-	-	-	-	-	-	500	-	-	-	500
D&O Liability, and E&O Insurance	1,612	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	2,172	26,061
<b>Payroll and Relocation Expenses</b>														
Includes Payroll, Benefits and Relocation	8,705	8,715	8,715	8,715	8,715	8,715	8,715	8,715	8,715	8,715	8,715	8,715	8,715	104,580
<b>Professional Fees</b>														
Accounting and EOY Acct & Tax Preparation	674	685	685	685	685	685	685	685	685	685	685	685	685	8,220
Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FERC and Local Legal Fees	-	1,000	150	150	150	1,000	150	150	150	1,000	150	150	150	4,350
<b>Office Expenses and Supplies</b>														
Office Furniture and Supplies	-	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Rent	957	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage and Delivery	20	20	20	20	20	20	20	20	20	20	20	20	20	240
Printing and Reproduction	-	5	5	5	5	5	5	5	5	5	5	5	5	60
Telephone	120	105	105	105	105	105	105	105	105	105	105	105	105	1,264
Dues and Subscriptions	-	16	16	16	16	16	16	16	16	16	16	16	16	190
Web Page and Internet	22	112	112	112	112	112	112	112	112	112	112	112	112	1,343
<b>Travel &amp; Entertainment</b>														
Meals	-	-	-	-	-	-	-	-	-	900	-	-	-	900
Travel	13	129	129	129	129	129	129	129	129	129	129	129	129	1,545
<b>Other Expenses</b>														
Credit--Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit--Working Capital Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Az ISA OPERATING EXPENSES</b>	<b>12,124</b>	<b>13,109</b>	<b>12,259</b>	<b>12,259</b>	<b>12,259</b>	<b>13,109</b>	<b>12,259</b>	<b>12,259</b>	<b>12,259</b>	<b>14,509</b>	<b>12,259</b>	<b>12,259</b>	<b>12,259</b>	<b>151,054</b>
<b>CASH REMAINING (Deficit)</b>	<b>103,449</b>	<b>13,109</b>	<b>13,959</b>	<b>13,959</b>	<b>13,959</b>	<b>13,109</b>	<b>13,959</b>	<b>13,959</b>	<b>13,959</b>	<b>11,709</b>	<b>13,959</b>	<b>13,959</b>	<b>13,959</b>	<b>108,314</b>
<b>Phase 1, Startup</b>														
<b>AZ ISA Functions: 1- Limited Oversight of Az ISA Protocols 2- Provide ADR Services 3- Manage limited Az ISA Website</b>														
* One Part-time employee.														
Payroll includes benefits and FICA taxes														
* Cash reserve (As shown in Cash Remaining) equal to approximately 3 months' operating expenses plus shutdown costs														

**2007 BUDGET**

**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

<b>CASH AND INCOME</b>	
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 20 members for 2007
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.
Misc. Income	Used for other income
<b>CASH IN - TOTAL</b>	Total of all income
<b>EXPENSES</b>	
<b>Insurance</b>	
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.
<b>Payroll and Relocation Expenses</b>	
Includes Payroll, Benefits and Relocation	Payroll includes: Salary, benefits, company paid FICA taxes, and company paid unemployment taxes
<b>Professional Fees</b>	
Accounting and EOY Acct & Tax Preparation	CPA services for quarterly 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 [Barbara Jost] --Monthly legal expense estimates for routine business matters, only.
<b>Office Expenses and Supplies</b>	
Office Furniture and Supplies	Computer equipment, office furniture, and office supplies
Rent	
Postage and Delivery	Mail service. Stamps.
Printing and Reproduction	
Telephone	AT&T long distance calling card, Qwest conferencing services, and wireless phone
Dues and Subscriptions	IEEE Membership, Annual Filing fees
Web Page and Internet	Web site hosting, domain registration, and 1 ISP connections
<b>Travel &amp; Entertainment</b>	
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)
<b>Other Expenses</b>	
Credit--Membership Dues	If needed to reduce the amount of cash carry over to 90 day supply
Credit--Working Capital Adjustment	If needed to reduce the amount of cash carry over to 90 day supply
<b>Az ISA OPERATING EXPENSES - W/O Credit TOTAL</b>	Total of operating expenses
<b>Az ISA OPERATING EXPENSES - With Credit TOTAL</b>	Total of operating expenses
<b>CASH REMAINING (Deficit)</b>	Sum of (Cash Carry Over From Previous Month) and (Az ISA EXPENSES - TOTAL)