

APPROVED
2004 BUDGET Downsized Operation
- Budget based on Phase I, Startup requirements in Aug 21, 2000 Protocols Manual

	Dec '03	Jan '04	Feb '04	Mar '04	Apr '04	May '04	Jun '04	Jul '04	Aug '04	Sep '04	Oct '04	Nov '04	Dec '04	2004 TOTALS
CASH AND INCOME														
Cash Carry Over From Previous Month	97,954	96,286	102,141	97,091	97,091	97,091	96,441	97,091	97,091	96,940	95,557	97,091	97,091	
Membership Dues	-	5,750	-	-	-	-	-	-	-	-	-	-	-	5,750
Tariff (O&M ISA)	12,008	13,603	7,748	12,798	12,798	12,798	13,448	12,798	12,798	12,949	14,332	12,798	12,798	151,666
Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH IN TOTAL	109,962	115,639	109,889	109,889	109,889	109,889	109,889	109,889	109,889	109,889	109,889	109,889	109,889	
CASH IN without CARRY OVER	12,008	19,353	7,748	12,798	12,798	12,798	13,448	12,798	12,798	12,798	12,949	14,332	12,798	157,416
EXPENSES														
Insurance														
Workers Compensation	-	-	-	-	-	-	-	-	151	334	-	-	-	485
D&O, Liability, and E&O Insurance	101	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358	28,300
Payroll and Relocation Expenses														
Includes Payroll, Benefits and Relocation	11,852	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	103,918
Professional Fees														
Accounting and EOY Acct & Tax Preparation	57	490	490	490	490	490	490	490	490	490	490	490	490	5,880
Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FERC and Local Legal Fees	-	600	300	300	300	600	300	300	300	600	300	300	300	4,500
Office Expenses and Supplies														
Office Furniture and Supplies	388	225	175	175	175	175	175	175	175	175	175	175	175	2,150
Rent	957	325	325	325	325	325	325	325	325	325	325	325	325	3,900
Postage and Delivery	3	174	174	174	174	174	174	174	174	174	174	174	174	2,086
Printing and Reproduction	-	40	40	40	40	40	40	40	40	40	40	40	40	480
Telephone	128	325	125	125	125	325	125	125	125	325	125	125	125	2,100
Dues and Subscriptions	21	30	30	30	30	30	30	30	30	30	30	30	30	360
Web Page and Internet	71	71	71	71	71	71	71	71	71	71	71	71	71	852
Travel & Entertainment														
Meals	-	150	-	-	-	150	-	-	-	700	-	-	-	1,000
Travel	24	50	50	50	50	50	50	50	50	50	50	50	50	600
Other Expenses														
Credit-Membership Dues	-	(5,750)	-	-	-	-	-	-	-	-	-	-	-	(5,750)
Credit-Working Capital Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Az ISA OPERATING EXPENSES - W/O Credit TOTAL	13,603	13,498	12,798	12,798	12,798	13,448	12,798	12,798	12,949	14,332	12,798	12,798	12,798	156,611
With Credit TOTAL	13,603	7,748	12,798	12,798	12,798	13,448	12,798	12,798	12,949	14,332	12,798	12,798	12,798	150,861
CASH REMAINING (Deficit)	96,286	102,141	97,091	97,091	97,091	96,441	97,091	97,091	96,940	95,557	97,091	97,091	97,091	97,091
2003 Downsized Budget Plan 2		5,746	12,356	14,856	12,356	13,206	14,856	12,356	12,968	16,006	12,356	12,356	14,856	154,270
Difference 2003 2004 Budgets		2,002	442	(2,058)	442	242	(2,058)	442	(19)	(1,674)	442	442	(2,058)	(3,408)
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 employee.														
Payroll includes benefits and FICA taxes														
* Cash reserve (As shown in Cash Remaining) equal to approximately 3 months' operating expenses														

D R A F T
2004 BUDGET - Aug 21, Protocols Manual, Phase I Startup
For Board Approval, January 15, 2004 Board Meeting

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 24 members for 2004
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
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. D&O and E&O includes an estimated 20% decrease in premiums for 2004
Payroll and Relocation Expenses	
Includes Payroll, Benefits and Relocation	Payroll includes: Salary, benefits, company paid FICA taxes, and company paid unemployment taxes
Professional Fees	
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.
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 Membership, and Daily Electric Power news
Web Page and Internet	Web site hosting, domain registration, and 1 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	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
Az ISA OPERATING EXPENSES - W/O Credit TOTAL	Total of operating expenses
Az ISA OPERATING EXPENSES - With Credit TOTAL	Total of operating expenses
CASH REMAINING (Deficit)	Sum of (Cash Carry Over From Previous Month) and (Az ISA EXPENSES - TOTAL)