



2002 BUDGET VS ACTUAL RESULTS

Report to Budget, Standards & Performance Subcommittee

Presented by:
NYISO Finance Department
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2002 Budget vs. Actual Comparison

<i>(\$ in millions)</i>	2002 Budget	2002 Actual	\$'s Budget vs. Actual Over(Under)	% Budget vs. Actual Over(Under)
Capital	\$7.9	\$7.3	(\$0.6)	(8%)
Salaries & Benefits	\$34.7	\$33.6	(\$1.1)	(3%)
Consultants	\$15.7	\$13.1	(\$2.6)	(16%)
Legal	\$7.0	\$7.4	\$0.4	6%
Building Services	\$3.2	\$2.8	(\$0.4)	(13%)
Project Development & Computer Serv.	\$12.6	\$14.3	\$1.7	13%
Insurance	\$2.4	\$3.1	\$0.7	29%
Telecommunications	\$4.1	\$2.2	(\$1.9)	(46%)
Board of Directors	\$0.8	\$0.9	\$0.1	13%
Meetings/Travel/Training	\$2.9	\$2.6	(\$0.3)	(10%)

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2002 Budget vs. Actual Comparison

<i>(\$ in millions)</i>	2002 Budget	2002 Actual	\$'s Budget vs. Actual Over(Under)	% Budget vs. Actual Over(Under)
NPCC Fees	\$1.5	\$1.4	(\$0.1)	(7%)
FERC Fees	\$5.0	\$6.2	\$1.2	24%
Debt Service & Bank Fees	\$13.5	\$13.5	\$0	0%
Depreciation & Amortization	\$5.9	\$8.4	\$2.5	42%
Contingency	\$3.1	\$0	(\$3.1)	100%
TOTAL BUDGET	\$120.3	\$116.8	(\$3.5)	(3%)
Less: Non-cash expenditures	(\$5.6)	(\$8.1)	(\$2.5)	(45%)
Less: Revenues	(\$4.2)	(\$1.0)	\$3.2	76%
Required Cash via Rate Schedule #1	\$110.5	\$107.7	(\$2.8)	3%

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Budget vs. Actual Explanations

Capital (\$0.6)

1. New Alternate Control Center - **(\$3.3)**
The New Alternate Control Center was postponed while the NERTO proposal was under consideration. Budgeted funds for this initiative were redirected toward Data Warehouse hardware & other needs.
2. Computer Room Expansion – **(\$0.7)**
Certain hardware included in the 2002 budget was eliminated or deferred to 2003 until the expansion of the PCC computer room could be completed.
3. Offset by: Data Warehouse hardware - **\$2.5**
\$2.5 of the budget for the New Alternate Control Center was transferred to the Data Warehouse Project for computer hardware and software purchases.
4. Offset by: Telecom reclassifications - **\$0.9**
\$0.9 in purchases of telecom equipment were budgeted under Telecommunications, but the actual costs were Capital additions. See corresponding variance in Telecommunications.

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Budget vs. Actual Explanations

Salaries & Benefits (\$1.1)

1. Salaries & Benefits - **(\$0.9)**
The bonus payout on the Corporate Goals and Objectives Plan was lower than budgeted as certain goals were not met by NYISO employees.
2. Other - **(\$0.2)**
Various over and underruns.

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Budget vs. Actual Explanations

Consultants (\$2.6)

1. Consultants and Onsite Contractors - **(\$2.6)**

See separate handout to be distributed at the March 14, 2003 BSP meeting.

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Budget vs. Actual Explanations

Legal \$0.4

1. External legal services - **\$0.4**

The actual costs for external legal counsel in 2002 exceeded the budget due to significant legal efforts taken with the respect to NERTO reviews, etc., and miscellaneous other filings.

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Budget vs. Actual Explanations

Building Services (\$0.4)

1. New Alternate Control Center - **(\$0.3)**
The New Alternate Control Center was postponed while the NERTO proposal was under consideration. Budgeted funds for this initiative were redirected toward Data Warehouse hardware & other needs.
2. Other - **(\$0.1)**
Various over and underruns.

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Budget vs. Actual Explanations

Project Development & Computer Services \$ 1.7

1. Data Warehouse Project - **\$1.0**
This project was accelerated in 2002 at the request of MPs. The original budget amount represented only initial phases of the project.
2. OSS Project - **\$0.3**
Certain delays in the project caused an overrun in the project development costs.
3. NERTO – **\$0.2**
Represents the cost of a technical feasibility study to review the impacts of NERTO. This work was not budgeted.
4. Other - **\$0.2**
Various over and underruns.

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Budget vs. Actual Explanations

Insurance \$0.7

1. Insurance - **\$0.7**

Insurance premiums for Property & Liability coverage as well as Directors' & Officers' Insurance premiums were higher than anticipated due to the insurance climate in these markets.

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Budget vs. Actual Explanations

Telecommunications (\$1.9)

1. Telecom reclassifications - **(\$0.9)**

Certain purchases of telecom equipment were budgeted under this line item, but the actual costs were included as Capital items.

2. New Alternate Control Center - **(\$0.7)**

The New Alternate Control Center was postponed while the NERTO proposal was under consideration. Budgeted funds for this initiative were redirected toward Data Warehouse hardware & other needs.

3. Other - **(\$0.3)**

Various over and underruns.

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Budget vs. Actual Explanations

BOD \$0.1 / Meetings/Travel/Training (\$0.3)

1. Board of Directors - **\$0.1**

The number of BOD meetings & related costs was higher than budgeted due to efforts taken during the NERTO initiative.

2. Meetings/Travel/Training - **(\$0.3)**

NYISO's Corporate Training Program was under budget due to less training and better vendor rates than originally anticipated.

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Budget vs. Actual Explanations

NPCC Fees (\$0.1) / FERC Fees \$ 1.2

1. NPCC Fees - **(\$0.1)**

Actual invoices from NPCC were lower than NPCC's initial indication to NYISO during the 2002 budget process.

2. FERC Fees - **\$1.2**

The budget amount was a tentative estimate for NYISO's first assessment of FERC Fees. The actual invoice was higher than this estimate.

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Treatment of 2002 Budget Underrun

- The underrun from the 2002 budget will be revisited with market participants in April 2003 after the conclusion of the annual financial audit.
- The Board of Directors will also review the 2002 budget vs. actual results at that time.
- Any rebates to market participants (who contributed during 2002) would occur via reduction of Rate Schedule #1 in future settlement invoices.