Proposed 2005 Priority Projects

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Evaluation Process

✓ Initiated in May 2004

✓ Internal review of 60+ issues/potential projects

✓ Reviewed FERC requirements

✓ Considered known issues being discussed in the committees, working groups, etc.

✓ Considered infrastructure enhancements and elimination of manual processes

✓ Multiple reviews by senior management

Reviewed by BS&P and PPT

✓ PPT Members
- *Chair and Vice-Chair of:*
  - **MC - Joe Oates, Larry DeWitt, Chris Wentlent**
  - **BIC - Wes Yeomans, Jim Scheiderich**
  - **OC - Gerry LaRose, Glen McCartney**

- *BS&P Chair - Mario DiValentino*

Criteria Used in Evaluation

✓ Primary Business Drivers

- *Alignment with strategic plan*
- *Continuation of existing projects*
- *Regulatory requirements*
- *Recommendations of Market Advisor or Board of Directors*
- *Necessary infrastructure enhancements*
- *Potential impact on system reliability*

Scoring System

✓ Criteria

- *Avoided risk*

- *Organizational efficiency*

- *Improvement in Market Participant satisfaction*

- *Environmental impact*

Constraints

✓ Market Participant approved target that projects budget not exceed $20 million

✓ Resource requirements particularly for Information Technology staff

✓ Need to focus on internal process improvements

✓ Devote more time to staff development and knowledge transfer

Summary

✓ Evolving process for identifying and selecting projects for future years

✓ Committees serve a primary role in the process

✓ BS&P and PPT will monitor progress on projects throughout the year

✓ BS&P guideline defines a process to review any project that exceeds budget by lesser of 50% or $500K

✓ Continuous effort to improve communication with MPs regarding project scope, cost and schedule