



Price Error Elimination Team

Status Report & Action Plan

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Billing and Price Correction Task Force

September 1, 2005

Price Error Elimination Team

- Team formed to investigate, document, and eliminate (if possible) causes of pricing errors
 - ✓ Software enhancements
 - ✓ Process improvements
 - ✓ Rule-based solutions
- Inter-departmental representation
 - ✓ Rich Dewey (Lead) – Product & Project Management
 - ✓ Robb Pike – Information Technology
 - ✓ Rick Gonzales – Market Operations
 - ✓ Nicole Bouchez – Market Monitoring
 - ✓ Bob Thompson – Market Strategy

Price Error Elimination Progress

- Following SMD2 deployment, significant post-implementation review performed
- Several software improvements completed to reduce pricing errors
 - ✓ Load forecasting software and modeling errors (2/05)
 - ✓ RTD unit ramping logic (2/05)
 - ✓ DNI constraint problem affecting external proxy (6/05)
 - ✓ RTD-CAM commitment of GTs (7/05)
 - ✓ Out of Merit flagging bids as flexible (8/05)
 - ✓ Generator operating status issue (8/05)

Action Plan Overview

- Price Error Elimination Team activities directed in multiple areas
 - ✓ Analysis and categorization of price errors, each with a recommendation for an appropriate remedial action
 - ✓ High-priority allocation of software resources to correct price calculation issues
 - ✓ Initiation of Lean Six Sigma projects targeting internal processes that contribute to pricing errors
 - ✓ Additional design resources dedicated to create solutions for those price error issues that require new software designs or protocols

Team Communication

- Weekly status reports to Mark Lynch, CEO
- Reporting of progress and activities to internal Executive Steering Committee
- Regular status updates to Billing and Price Correction Task Force

Upcoming Activities / Timeline

- Proposed price correction procedural changes
 - ✓ Initial review September 1
- Price correction rules document
 - ✓ Initial review September 19
- Draft plan and schedule for FERC filing
 - ✓ Initial review September 29
- FERC compliance filing
 - ✓ Due October 31
- Implementation of filed plan and rule changes
 - ✓ Ongoing, as defined in the plan