

**Proposed Outline for the Finance Committee Presentations of the
2006 Operating Budget and 2006 – 2010 Capital Improvement Program**

Wednesday, October 26, 2005, 5:30pm

1. Introduction (*Bill Stewart*)
2. 2006 Operating Budget Overview (*Mike Cunningham*)
 - A) Budget Planning Criteria
 - B) Operational/Strategic Challenges
 - C) Major Assumptions
3. 2006 Operating Budget Financial Information (*Mike Cunningham*)
 - A) Financial Results
 - B) Comparative Statement of Operations
 - C) Statement of Cash Flows
 - D) KWh Sales Comparison *
 - E) Revenue Comparison *
 - F) Expense Comparison *
 - a) Major Variances
 - G) Equity Ratio
 - H) Labor
 - a) Organizational Structure
 - b) Position Comparison *
 - (i) *Regular*
 - (ii) *Temporary*
 - c) Labor Cost
 - (i) *Labor Budget by Financial Category*
 - (ii) *Labor Budget by Contract*
 - I) Sensitivity Analysis
 - a) Revenue
 - (i) *Change in firm kWh sales of -10% and 10%*
 - b) Economy Energy Sales
 - (i) *Change in kWh sales of -10% and 10%*
 - c) Variable Interest Rates
 - (i) *Change between -150 basis points and 150 basis points*
 - d) Controllable expenses
 - (i) *Change between -10% and 10%*
 - e) Capital Credit Rotation
 - (i) *0%, 20%, 35% and 50% of prior year's margins*
 - J) CEO Goals and Benchmark Targets (*Bill Stewart*)

* Comparison is between 2005 forecast/revised budget and 2006 budget

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4. 2006 Corporate & Corporate Services Division Budgets (*Bill Stewart*)
 - A) Budget Comparison *
 - B) Expense Budget
 - C) Labor
 - a) Organizational Structure
 - b) Position Comparison *
 - (i) *Regular*
 - (ii) *Temporary*
 - c) Labor Cost
 - (i) *Labor Budget by Financial Category*
 - (ii) *Average Cost per Employee*
 - D) Division Scorecard and Benchmark Targets
5. Discussion

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Thursday, October 27, 2005, 4:00pm

1. Introduction (*Bill Stewart*)
2. 2006 Distribution Division Budget (*Lee Thibert*)
 - A) Comparative Operating Statement
 - B) Budget Comparison *
 - C) Expense Budget
 - D) Labor
 - a) Organizational Structure
 - b) Position Comparison *
 - (i) *Regular*
 - (ii) *Temporary*
 - c) Labor Cost
 - (i) *Labor Budget by Financial Category*
 - (ii) *Average Cost per Employee*
 - E) Division Scorecard and Benchmark Targets
3. 2006 Generation & Transmission Division Budget (*Brad Evans*)
 - A) Comparative Operating Statement
 - B) Budget Comparison *
 - C) Expense Budget
 - D) Labor
 - a) Organizational Structure
 - b) Position Comparison *
 - (i) *Regular*
 - (ii) *Temporary*
 - c) Labor Cost
 - (i) *Labor Budget by Financial Category*
 - (ii) *Average Cost per Employee*
 - E) Division Scorecard and Benchmark Targets
4. 2006 – 2010 Capital Improvement Program Overview (*Mike Cunningham*)
 - A) Net Capital Expenditures (cashflow)
 - B) Total CIP Expenditures
5. Major Projects
 - A) Deferred Debit Projects
 - a) Studies (*Brad Evans*)
 - b) Information Services Projects (*Dave Smith*)

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- B) Distribution Division (*Lee Thibert*)
 - a) Distribution
 - b) Distribution Substation
 - c) Subtransmission
- C) Generation & Transmission Division (*Brad Evans*)
 - a) Generation
 - b) Transmission
 - c) SCADA
 - d) Telecommunications
- 6. Discussion
- 7. Finance Committee Recommendation to Board of Directors for approval of the 2006 Operating Budget and 2006 – 2010 Capital Improvement Program