



**TEXAS  
REGIONAL  
ENTITY™**

*An Independent Division of ERCOT*

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# **Texas Regional Entity Financial Report**

**Board of Directors**

**November 18, 2008**

**(October 2008 & Year-to-Date Financials)**

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# Texas RE Financial Accomplishments

- **Texas RE working on responses to October 16<sup>th</sup> FERC order on NERC and Regional Entity Business Plans & Budgets – compliance filing due before December 16, 2008.**
  - Additional explanation regarding changes in Administrative Services including, G&A, IT, Legal, and Finance.
  - Changes are not material.
  - Metrics being developed related to compliance audit costs.
- **Regional Entity Budget Group met on October 29<sup>th</sup> to discuss:**
  - Modification of financial and operational metrics reviewed by Regional Entities, NERC, and FERC.
  - Accounting for Fines & Penalties.
  - Increased uniformity in budget process across regions.
  - Definitions of terms used in Business Plan & Budget.
- **3rd Quarter Financial Reporting Package submitted to NERC on-time.**

# October 2008 & YTD Actual Workforce

## Texas Regional Entity

### Headcount

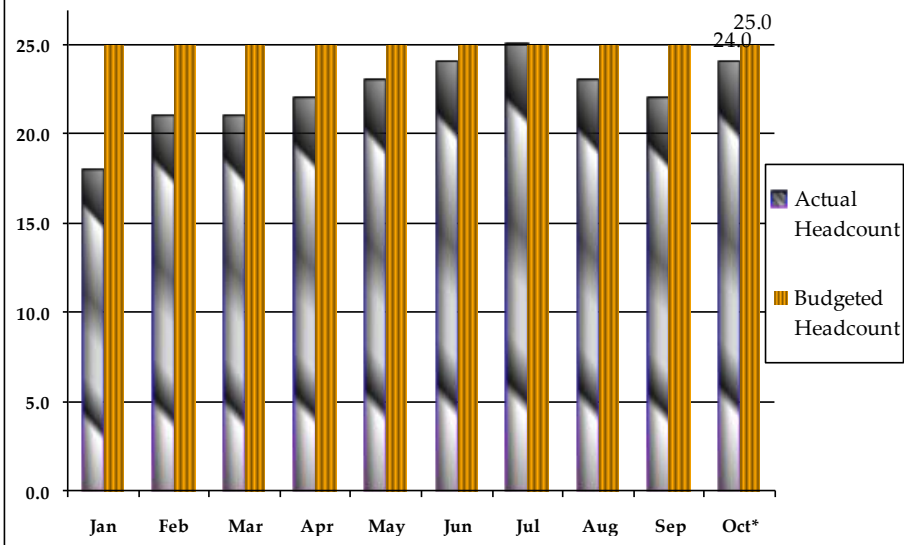
#### Statutory & Non-Statutory Combined

For the Month Ended October 31, 2008

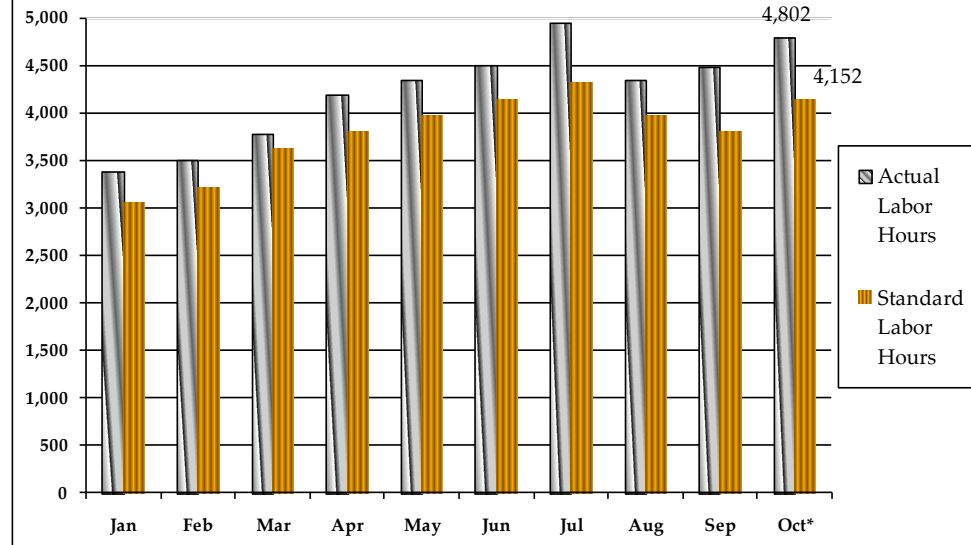
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct*	Nov	Dec
Actual Headcount	18.0	21.0	21.0	22.0	23.0	24.0	25.0	23.0	22.0	24.0		
Budgeted Headcount	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0		
Variance Under/(Over)	7.0	4.0	4.0	3.0	2.0	1.0	-	2.0	3.0	1.0		
Actual Labor Hours	3,397	3,514	3,792	4,194	4,354	4,509	4,965	4,353	4,485	4,802		
Standard Labor Hours	3,060	3,218	3,633	3,806	3,979	4,152	4,325	3,979	3,806	4,152		
Variance Under/(Over)	(337)	(296)	(159)	(388)	(375)	(357)	(640)	(374)	(679)	(650)		

\* Does not include interns and/or consultants.

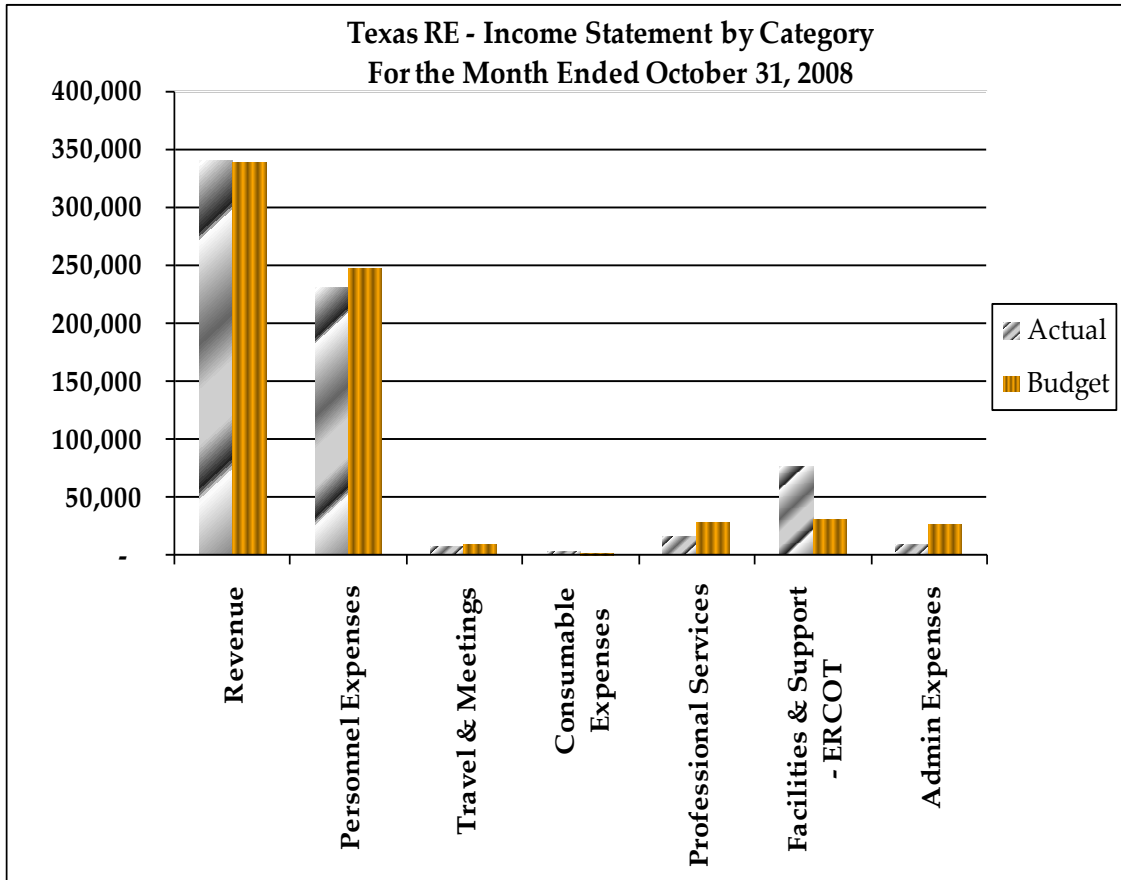
### Texas Regional Entity - Workforce Exhibit










### Texas Regional Entity - Labor Hours



# October 2008 Operating Expenses

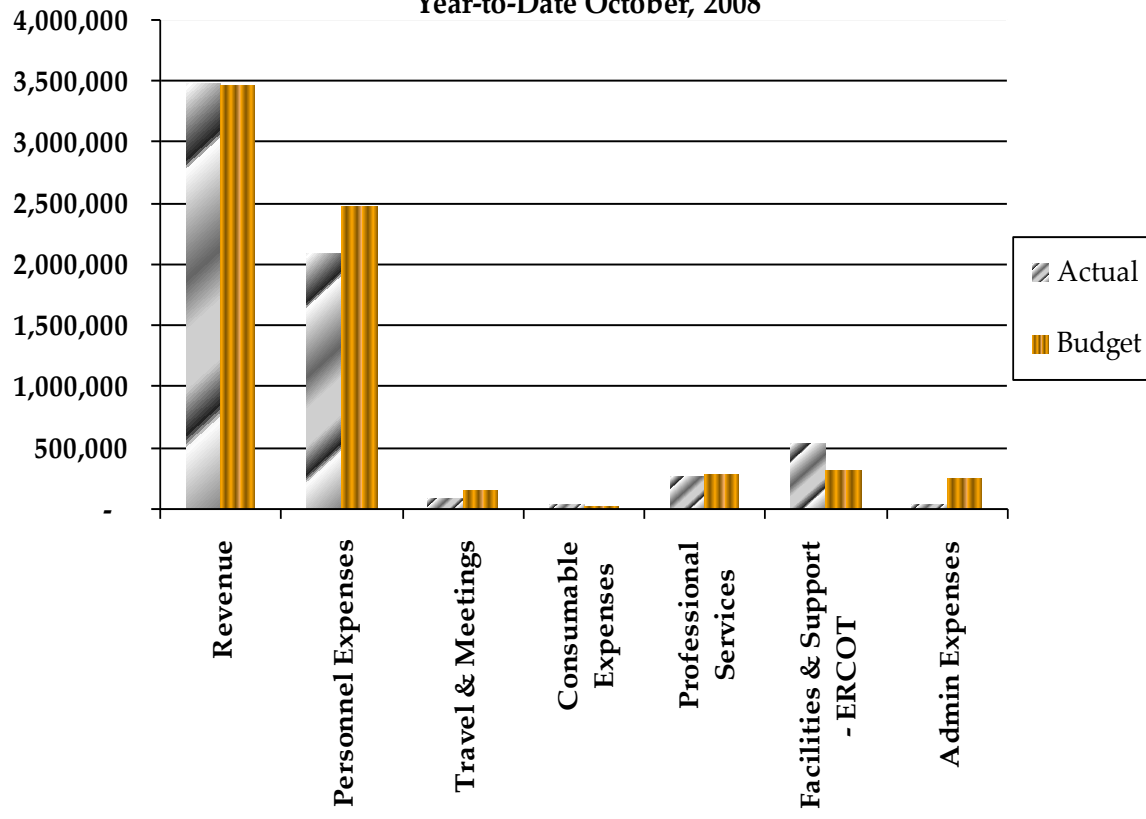


## October Comments

-  **Revenue** - Revenue for October is higher than plan, due small interest income from a prior period.
-  **Personnel Expenses** - Lower in October due to personnel vacancies.
-  **Travel & Meetings Expenses** - Slightly less in October due to a fewer number of employees traveling offsite.
-  **Consumable Expenses** - For the month is trending higher due to increased demand for printing, resulting from requests for information.
-  **Professional Services** - Expenses for October are less plan primarily due to underspending in legal.
-  **Facilities & Support** - Higher in October due to the higher than planned expenses paid to ERCOT for Administrative services (MOU executed in July).
-  **Administrative Expenses** - The contingency reserve was budgeted in this category.

# YTD October Operating Expenses

Texas RE - Income Statement by Category  
Year-to-Date October, 2008



## YTD October Comments

- ➔ **Revenue** - Revenue year-to-date is higher than plan, due to interest income earnings on excess cash.
- ➔ **Personnel Expenses** - Lower YTD due to personnel vacancies.
- ➔ **Travel & Meetings Expenses** - Lower due to vacancies.
- ➔ **Consumable Expenses** - YTD, is trending higher due to the increased demand for office supplies and printing. The increase is a result of reporting activities, printing, and requests for information.
- ➔ **Professional Services** - Expenses YTD are slightly higher due to the Audit from 2007 impacting 2008 and outside review of Texas RE procedures.
- ➔ **Facilities & Support** - Higher YTD due to the higher than planned expenses paid to ERCOT for Administrative services (MOU executed in July).
- ➔ **Administrative Expenses** - The contingency reserve was budgeted in this category.

# October 2008 & YTD Operating Expenses

**Texas Regional Entity  
Income Statement  
Statutory & Non-Statutory Consolidated  
For the Period Ended October 31, 2008  
Unaudited**

Group Rollup	Group Rollup Name	Period to Date			Year to Date			Annual Budget
		Actual	Budget	Difference	Actual	Budget	Difference	
<b>Revenue</b>	1-Assessments	339,571	339,570	(0)	3,395,707	3,395,707	-	4,074,848
	2-Workshops	-	-	-	-	70,000	(70,000)	70,000
	3-Interest Income	1,659	-	1,659	91,956	-	91,956	-
<b>Total Revenue</b>		<b>341,230</b>	<b>339,570</b>	<b>1,659</b>	<b>3,487,663</b>	<b>3,465,707</b>	<b>21,956</b>	<b>4,144,848</b>
<b>Personnel Expenses</b>	10-Salaries	168,595	186,899	18,303	1,590,874	1,868,986	278,112	2,242,782
	11-Payroll Taxes	11,008	15,513	4,504	119,652	155,126	35,475	186,151
	12-Employee Benefits	28,979	22,428	(6,551)	167,626	224,279	56,652	269,134
	13-Saving and Retirement	21,219	21,867	649	203,419	218,671	15,252	262,406
<b>Total Personnel Expenses</b>		<b>229,801</b>	<b>246,706</b>	<b>16,905</b>	<b>2,081,571</b>	<b>2,467,062</b>	<b>385,491</b>	<b>2,960,473</b>
<b>Travel &amp; Meetings</b>	20-Meetings & Training	5,339	353	(4,985)	18,758	73,532	54,774	74,240
	30-Travel	1,789	8,095	6,305	67,732	80,946	13,214	97,135
<b>Total Travel &amp; Meetings</b>		<b>7,128</b>	<b>8,448</b>	<b>1,320</b>	<b>86,490</b>	<b>154,478</b>	<b>67,988</b>	<b>171,375</b>
<b>Consumable Expenses</b>	40-Office Supplies	823	550	(273)	10,563	5,500	(5,063)	6,600
	41-Postage & Shipping	399	300	(99)	3,742	3,000	(742)	3,600
	42-Telecommunications	556	325	(231)	4,151	3,250	(901)	3,900
	43-Printing & Copying	917	100	(817)	11,522	1,000	(10,522)	1,200
<b>Total Consumable Expenses</b>		<b>2,695</b>	<b>1,275</b>	<b>(1,420)</b>	<b>29,978</b>	<b>12,750</b>	<b>(17,228)</b>	<b>15,300</b>
<b>Equipment &amp; Maintenance</b>	<b>50-Equipment Maintenance</b>	-	<b>350</b>	<b>350</b>	-	<b>3,500</b>	<b>3,500</b>	<b>4,200</b>
<b>Professional Services &amp; Consulting Expenses</b>	60-Professional Services-Legal	6,167	23,167	16,999	143,986	231,667	87,681	278,000
	61-Professional Services-Accounting/Auditing	7,300	3,000	(4,300)	63,102	30,000	(33,102)	36,000
	62-Professional Services-Other	2,870	2,000	(870)	57,420	20,000	(37,420)	24,000
<b>Total Professional Services &amp; Consulting Expenses</b>		<b>16,337</b>	<b>28,167</b>	<b>11,830</b>	<b>264,508</b>	<b>281,667</b>	<b>17,159</b>	<b>338,000</b>
<b>Facilities &amp; Support - ERCOT</b>	70-Rent & Improvements	9,835	9,333	(502)	98,350	93,333	(5,017)	112,000
	71-Support (HR, Treas, Finance, BOD, etc.)	49,056	8,417	(40,640)	277,499	84,167	(193,333)	101,000
	72-IT/MIS Support & Services	16,370	12,250	(4,120)	152,443	122,500	(29,943)	147,000
<b>Total Facilities &amp; Support - ERCOT Total</b>		<b>75,261</b>	<b>30,000</b>	<b>(45,261)</b>	<b>528,292</b>	<b>300,000</b>	<b>(228,292)</b>	<b>360,000</b>
<b>Administrative Expenses</b>	73-IT/MIS Projects, Purchases & Maintenance	5,000	-	(5,000)	20,309	-	(20,309)	-
	80-Depreciation Expense	4,223	-	(4,223)	14,587	-	(14,587)	-
	81-Interest Expense	-	-	-	395	-	(395)	-
	90-Miscellaneous Other	125	24,625	24,500	2,421	246,250	243,829	295,500
<b>Total Administrative Expenses</b>		<b>9,348</b>	<b>24,625</b>	<b>15,277</b>	<b>37,711</b>	<b>246,250</b>	<b>208,539</b>	<b>295,500</b>
<b>Total Expenses</b>		<b>340,571</b>	<b>339,571</b>	<b>(1,000)</b>	<b>3,028,550</b>	<b>3,465,707</b>	<b>437,157</b>	<b>4,144,848</b>
<b>GAIN / (LOSS)</b>		<b>659</b>	<b>(0)</b>	<b>659</b>	<b>459,113</b>	<b>(0)</b>	<b>459,113</b>	<b>0</b>