



**TEXAS  
REGIONAL  
ENTITY™**

*An Independent Division of ERCOT*

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# Texas Regional Entity Financial Report

May 2009

Financial Overview

June 15, 2009

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# May 2009 Financial Accomplishments

- **Draft 2 of Texas RE's Business Plan & Budget was submitted to NERC for review:**
  - Texas RE Board approval of final draft needed June 15, 2009
  - Final Board approved Business Plan & Budget submitted to NERC before July 8, 2009
  - Draft budget assumes continued arrangement of functional separation from ERCOT ISO.
- **Texas RE is adding additional review to its monthly financials to ensure there is an appropriate segregation of duties, those changes are as follows:**
  - The CEO will review all journal entries made into the financial system that equal to, or exceed \$25,000 in total.
  - Texas RE will prepare an enhanced monthly financial package to include at least the following:
    - Trial Balance
    - Balance Sheet
    - Income Statement
    - High level variance report
    - Copies of the GL checklist and journal entries made
    - Intercompany

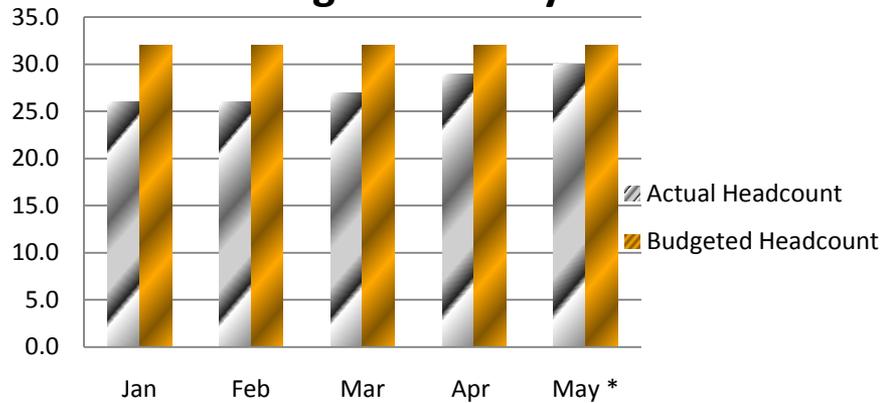
# May 2009 Actual Workforce

## Texas Regional Entity Headcount Statutory & Non-Statutory Combined For The Month Ended May 31, 2009

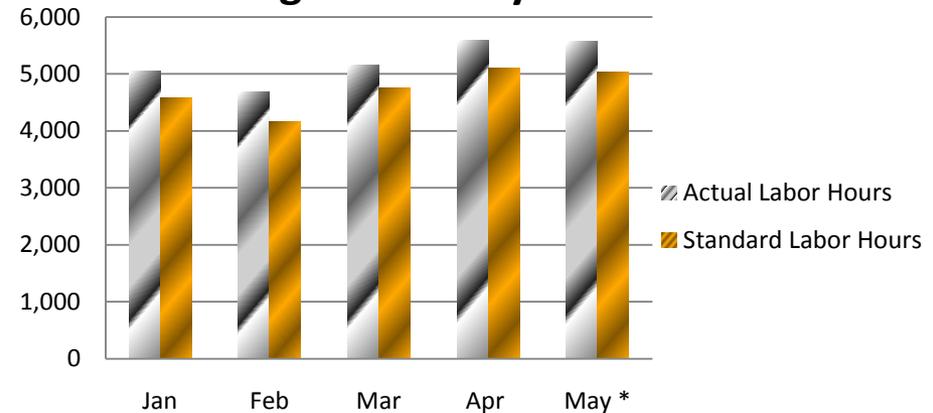
	Jan	Feb	Mar	Apr	May *	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	26.0	26.0	27.0	29.0	30.0							
Budgeted Headcount	32.0	32.0	32.0	32.0	32.0							
<b>Variance Under/(Over)</b>	6.0	6.0	5.0	3.0	2.0							
Actual Labor Hours	5,050	4,688	5,154	5,584	5,577							
Standard Labor Hours	4,576	4,160	4,752	5,104	5,040							
<b>Variance Under/(Over)</b>	(474)	(528)	(402)	(480)	(537)							
	10.4%	12.7%	8.5%	9.4%	10.7%							
<b>FTE's Calc'd from Labor</b>	28.7	29.3	29.3	31.7	33.2							

\* Does not include interns and consultants

### Texas Regional Entity - Headcount

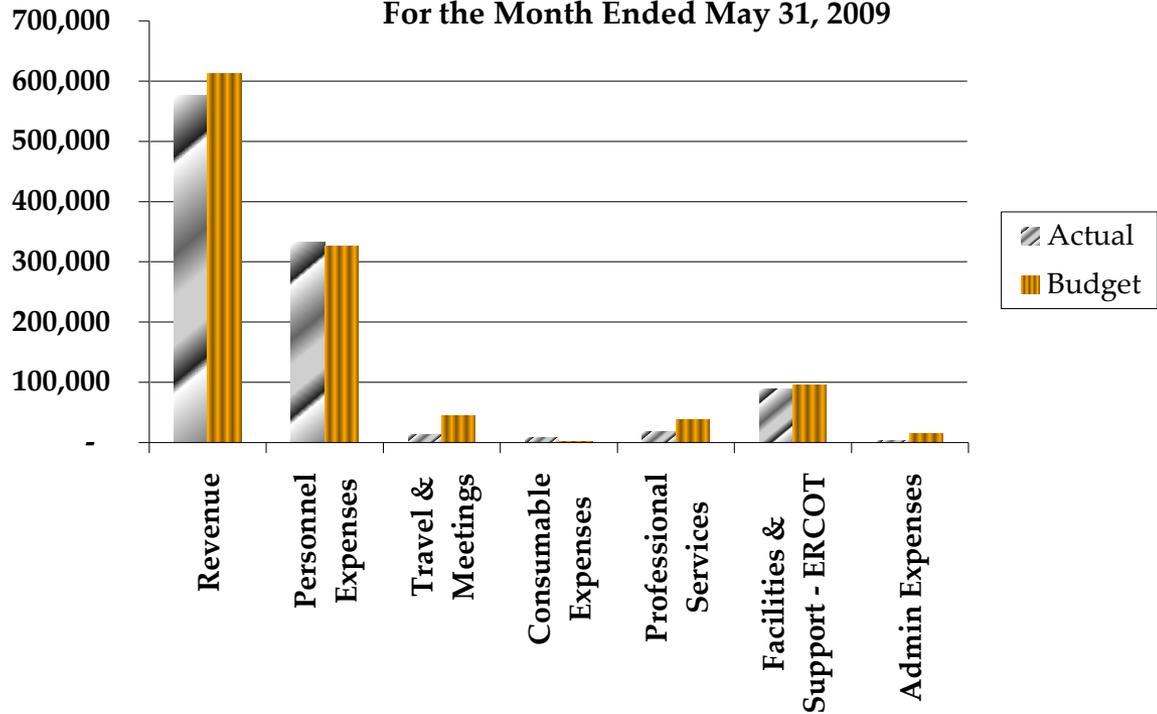


### Texas Regional Entity - Labor Hours



# May 2009 Operating Expenses

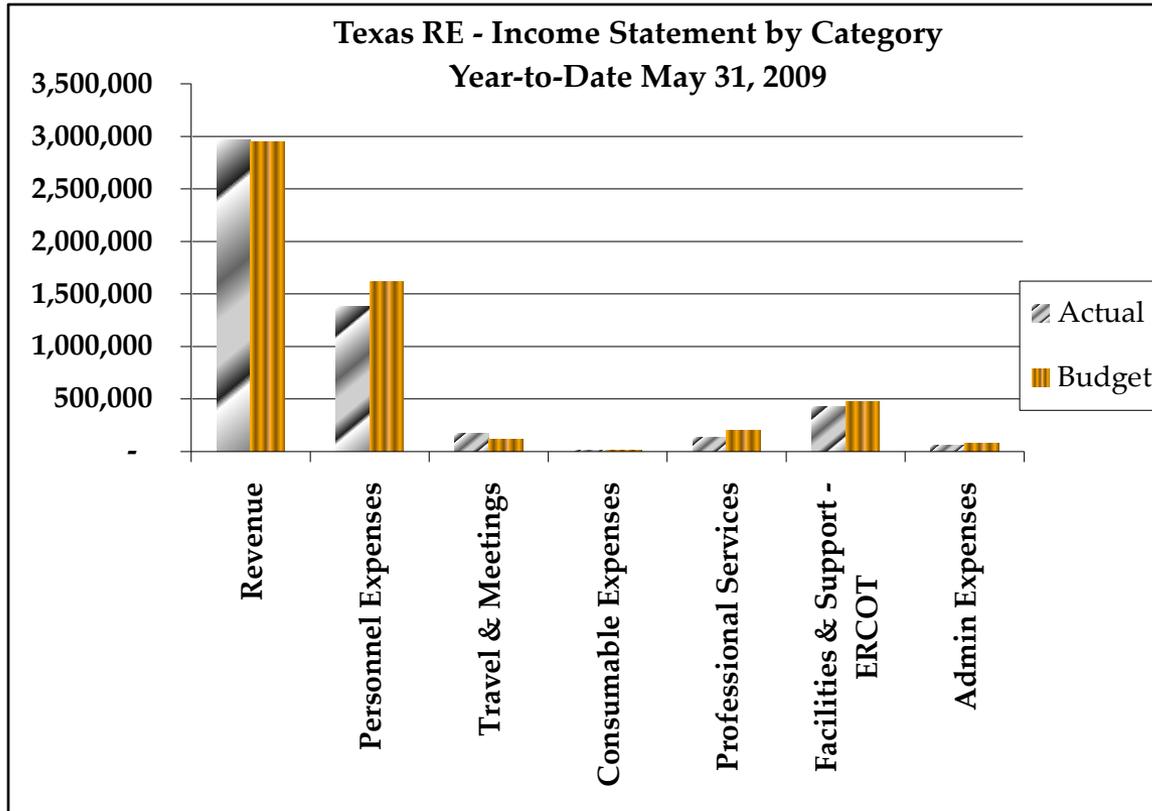
**Texas RE - Income Statement by Category  
For the Month Ended May 31, 2009**



## May Comments

- ➔ **Revenue** - Revenue is less than budget due to receipt of Operations Training Seminar fees prior to May.
- ➔ **Personnel Expenses** - Slightly higher than plan due to reclass of miscoded April expenses.
- ➔ **Travel & Meetings Expenses** - Underspending due to Operations Training Seminar costs, recognized prior to May.
- ➔ **Consumable Expenses** - Slightly over for the month due to final invoice from vendor for Operations Training Seminar printed materials.
- ➔ **Professional Services** - Less than plan for the month due to underspending on legal expenses.
- ➔ **Facilities & Support** - Accruing the expenses associated with Texas RE's move and rent.
- ➔ **Administrative Expenses** - Variance is primarily driven by underspending on IT for the month (Timing Variance).

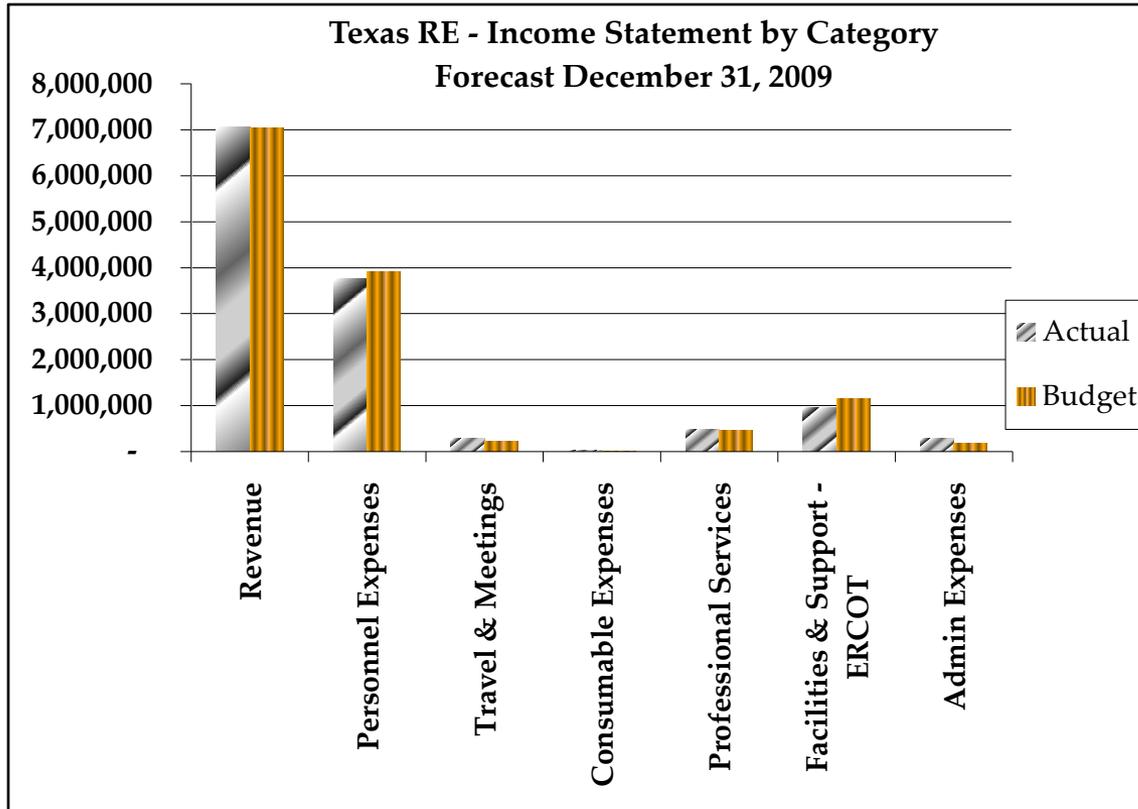
# YTD May 2009 Operating Expenses



## YTD May Comments

-  **Revenue** - Higher than budget due to the Operations Training Seminar.
-  **Personnel Expenses** - Lower YTD due to employee vacancies. Budget is 32 FTEs, we currently are staffed at 30 FTEs.
-  **Travel & Meetings Expenses** - Overspending due to Operations Training Seminar. Fees collected were also higher.
-  **Consumable Expenses** - Spending is higher than plan due to expenses incurred for the OTS. This additional spending was offset by additional fees charged to attendees.
-  **Professional Services** - Less than plan primarily due to underspending in legal.
-  **Facilities & Support** - Accruing the expenses associated with Texas RE's move and rent. There will be a permanent variance due to the timing of Texas RE's move and the budget, as well as the budgeted rent vs. actual rent.
-  **Administrative Expenses** - Variance is primarily driven by the budgeted cash/operating reserve of \$855K (annual).

# 2009 Forecast for Annual Operating Expenses



## 2009 Forecast Comments



**Revenue** - Higher than budget due to the Operations Training Seminar. Non-statutory revenue forecast to be approximately \$81K less than plan due to lower expenses.



**Personnel Expenses** - Lower YTD due to employee vacancies. Budget is 32 FTEs, we currently are staffed at 30 FTEs. Expect to be fully staffed before the end of June.



**Travel & Meetings Expenses** - Overspending due to Operations Training Seminar costs, however revenue exceeded cost for a net gain. Additionally, more NERC and Audit related travel.



**Consumable Expenses** - Expect to exceed plan primarily due to the FERC audit.



**Professional Services** - Expect to be higher than plan due to unbudgeted direct Board expenses.



**Facilities & Support** - Expect to be below budget on rent.



**Administrative Expenses** - Variance is primarily driven by hosting expenses for Texas RE's portal and website, as well as additional expenses for portal maintenance.

# May 2009 Operating Expenses

Texas Regional Entity  
Income Statement  
Statutory & Non-Statutory Consolidated  
For the Period Ended May 31, 2009  
Unaudited Management Report

Group Rollup	Group Rollup Name	Period to Date			Year to Date			Forecast	Annual	
		Actual	Budget	Difference	Actual	Budget	Difference	Actual	Budget	Difference
<b>Revenue</b>	1-Assessments*	576,189	577,683	(1,493)	2,793,555	2,881,650	(88,095)	6,886,521	6,969,023	(82,502)
	2-Workshops	-	35,000	(35,000)	174,029	70,000	104,029	174,029	70,000	104,029
	3-Interest Income	572	-	572	2,367	-	2,367	4,125	-	4,125
<b>Total Revenue</b>		<b>576,762</b>	<b>612,683</b>	<b>(35,921)</b>	<b>2,969,951</b>	<b>2,951,650</b>	<b>18,301</b>	<b>7,064,675</b>	<b>7,039,023</b>	<b>25,652</b>
<b>Personnel</b>	10-Salaries	257,032	247,490	(9,543)	1,066,434	1,227,002	160,567	2,913,236	2,945,048	31,812
	11-Payroll Taxes	19,224	20,038	814	85,054	104,548	19,494	225,184	235,604	10,420
	12-Employee Benefits	23,694	24,696	1,003	88,408	108,670	20,262	231,502	305,571	74,069
	13-Saving and Retirement	32,165	33,526	1,361	142,218	174,813	32,595	388,861	421,495	32,634
<b>Total Personnel</b>		<b>332,115</b>	<b>325,750</b>	<b>(6,365)</b>	<b>1,382,114</b>	<b>1,615,032</b>	<b>232,918</b>	<b>3,758,783</b>	<b>3,907,718</b>	<b>148,935</b>
<b>Travel &amp; Meetings</b>	20-Meetings & Training	1,214	35,000	33,786	120,375	70,000	(50,375)	157,394	105,000	(52,394)
	30-Travel	12,455	9,306	(3,149)	51,040	43,206	(7,834)	122,027	109,651	(12,376)
<b>Total Travel &amp; Meetings</b>		<b>13,669</b>	<b>44,306</b>	<b>30,637</b>	<b>171,415</b>	<b>113,206</b>	<b>(58,209)</b>	<b>279,421</b>	<b>214,651</b>	<b>(64,770)</b>
<b>Consumables</b>	40-Office Supplies	330	860	530	3,970	4,260	290	13,333	10,200	(3,133)
	41-Postage & Shipping	116	200	84	2,195	1,000	(1,195)	6,311	2,400	(3,911)
	42-Telecommunications	1,179	967	(213)	3,646	4,833	1,187	6,867	4,960	(1,907)
	43-Printing & Copying	6,220	100	(6,120)	6,220	500	(5,720)	800	1,200	400
<b>Total Consumables</b>		<b>7,845</b>	<b>2,127</b>	<b>(5,718)</b>	<b>16,031</b>	<b>10,593</b>	<b>(5,438)</b>	<b>27,311</b>	<b>18,760</b>	<b>(8,551)</b>
<b>Professional Services &amp; Consulting</b>	60-Professional Services-Legal	5,730	29,167	23,437	58,245	145,833	87,588	350,000	350,000	-
	61-Professional Services-Auditing	4,167	3,750	(417)	21,809	18,750	(3,059)	50,976	45,000	(5,976)
	62-Professional Services-Other	8,245	5,575	(2,670)	53,181	36,625	(16,556)	91,485	75,650	(15,835)
<b>Total Professional Services &amp; Consulting</b>		<b>18,141</b>	<b>38,492</b>	<b>20,351</b>	<b>133,236</b>	<b>201,208</b>	<b>67,973</b>	<b>492,461</b>	<b>470,650</b>	<b>(21,810)</b>
<b>Facilities &amp; Support - ERCOT</b>	70-Rent & Improvements**	34,835	49,979	15,144	185,558	249,895	64,337	340,364	599,748	259,384
	71-Support (HR, Treas, Finance, BOD)	34,124	26,388	(7,736)	153,198	131,939	(21,259)	368,303	316,654	(51,649)
	72-IT/MIS Support & Services	20,462	19,000	(1,462)	94,126	95,000	874	247,592	228,000	(19,592)
<b>Total Facilities &amp; Support - ERCOT</b>		<b>89,421</b>	<b>95,367</b>	<b>5,946</b>	<b>432,881</b>	<b>476,834</b>	<b>43,953</b>	<b>956,258</b>	<b>1,144,402</b>	<b>188,144</b>
<b>Administrative</b>	73-IT/MIS Projects, Purchases & Maint.	-	5,250	5,250	41,755	27,212	(14,543)	163,385	63,988	(99,397)
	74-Employee Training	32	550	518	4,279	2,970	(1,309)	9,266	7,440	(1,826)
	80-Depreciation Expense	2,476	6,378	3,903	12,378	31,892	19,514	106,246	76,540	(29,706)
	82-Bank Fees	74	-	(74)	640	-	(640)	1,766	-	(1,766)
	90-Miscellaneous Other	1,675	2,700	1,025	2,381	13,885	11,504	2,691	33,712	31,021
<b>Total Administrative Expenses</b>		<b>4,257</b>	<b>14,878</b>	<b>10,621</b>	<b>61,433</b>	<b>75,959</b>	<b>14,526</b>	<b>283,354</b>	<b>181,680</b>	<b>(101,674)</b>
<b>Total Expenses</b>		<b>465,449</b>	<b>520,919</b>	<b>55,470</b>	<b>2,197,111</b>	<b>2,492,833</b>	<b>295,722</b>	<b>5,797,588</b>	<b>5,937,861</b>	<b>140,273</b>
<b>GAIN / (LOSS)</b>		<b>111,313</b>	<b>91,764</b>	<b>19,550</b>	<b>772,840</b>	<b>458,817</b>	<b>314,023</b>	<b>1,267,087</b>	<b>1,101,162</b>	<b>165,925</b>
<b>Non-Operating Expenses</b>	91-Cash / Contingency Reserve	-	71,250	71,250	-	356,250	356,250	-	855,000	855,000
<b>Grand Total of Expenses (Operating &amp; Non-Operating)</b>		<b>465,449</b>	<b>592,169</b>	<b>126,720</b>	<b>2,197,111</b>	<b>2,849,083</b>	<b>651,972</b>	<b>5,797,588</b>	<b>6,792,861</b>	<b>995,273</b>
<b>TOTAL GAIN / (LOSS)</b>		<b>111,313</b>	<b>20,513</b>	<b>90,800</b>	<b>772,840</b>	<b>102,567</b>	<b>670,273</b>	<b>1,267,087</b>	<b>246,162</b>	<b>1,020,925</b>

\* Reflecting the release from the regulatory liability and Statutory assessments per budget.

\*\* Accruing the payment to ERCOT for Texas RE's higher rent expense.