



**TEXAS
REGIONAL
ENTITY™**

An Independent Division of ERCOT

Texas Regional Entity Financial Report

Texas RE Advisory Committee

Item 5A

July 20, 2009

June 2009 Financial Accomplishments

- **Final Board approved Business Plan & Budget submitted to NERC**
 - Budget assumed continued arrangement of functional separation from ERCOT ISO
- **Completed the cost accounting review and enhanced the cost accounting methodology Texas RE uses to account for labor and expenses.**

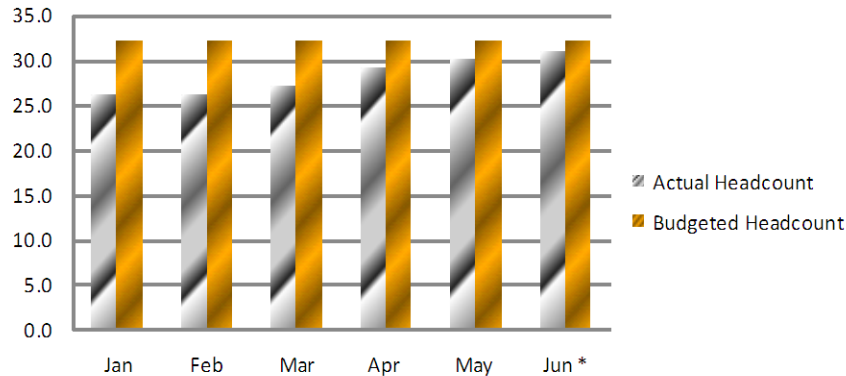
June 2009 Actual Workforce

Texas Regional Entity Headcount Statutory & Non-Statutory Combined For The Month Ended June 30, 2009

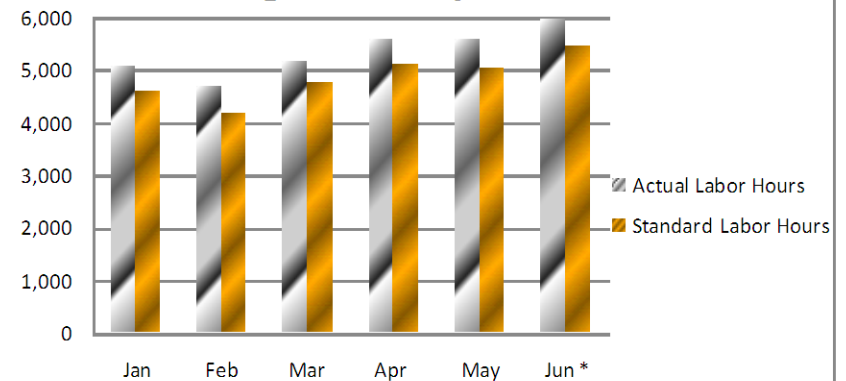
	Jan	Feb	Mar	Apr	May	Jun *	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	26.0	26.0	27.0	29.0	30.0	31.0						
Budgeted Headcount	32.0	32.0	32.0	32.0	32.0	32.0						
Variance Under/(Over)	6.0	6.0	5.0	3.0	2.0	1.0						
Actual Labor Hours	5,050	4,688	5,154	5,584	5,577	5,963						
Standard Labor Hours	4,576	4,160	4,752	5,104	5,040	5,456						
Variance Under/(Over)	(474)	(528)	(402)	(480)	(537)	(507)						
	10.4%	12.7%	8.5%	9.4%	10.7%	9.3%						
FTE's Calc'd from Labor	28.7	29.3	29.3	31.7	33.2	33.9						

* Does not include interns and consultants

Texas Regional Entity - Headcount

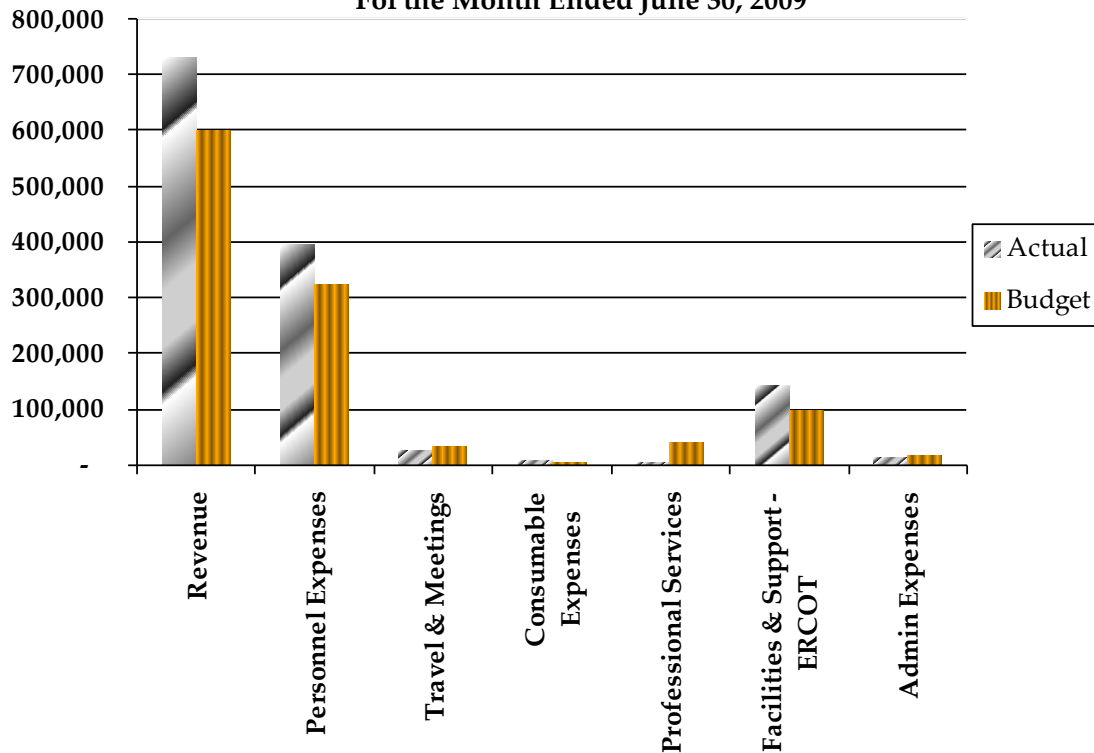


Texas Regional Entity - Labor Hours



June 2009 Operating Expenses

**Texas RE - Income Statement by Category
For the Month Ended June 30, 2009**

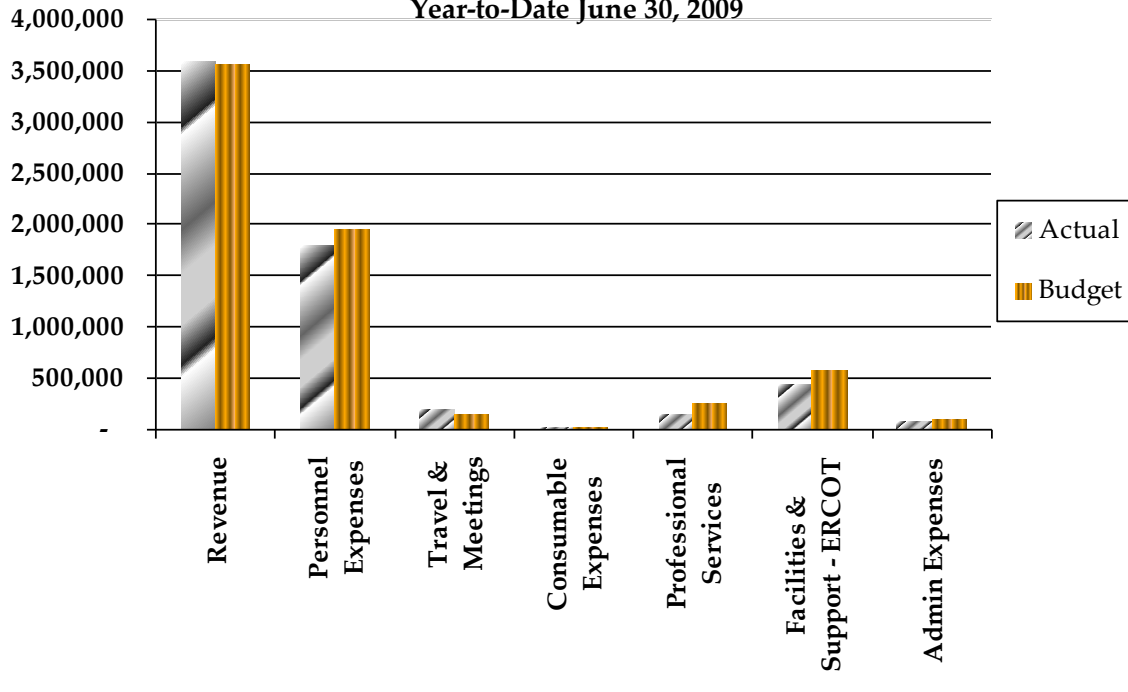


June Comments

- ➔ **Revenue** - Revenue is higher than budget due to recording of the capital expense reimbursement for statutory assets and higher reimburseable expenses.
- ➔ **Personnel Expenses** - Higher than plan due to an accrual for salaries to ensure that all employee expense is reflected appropriately for the month.
- ➔ **Travel & Meetings Expenses** - Underspending due to less travel in June.
- ➔ **Consumable Expenses** - Slightly over for the month due to report printing and office supplies.
- ➔ **Professional Services** - Less than plan for the month primarily due to underspending on legal expenses.
- ➔ **Facilities & Support** - MOU signed in June 2009 year-to-date true-up was recorded in June. This resulted in higher expenses for the month.
- ➔ **Administrative Expenses** - Variance is primarily driven by underspending on IT for the month (Timing Variance).

YTD June 2009 Operating Expenses

Texas RE - Income Statement by Category
Year-to-Date June 30, 2009

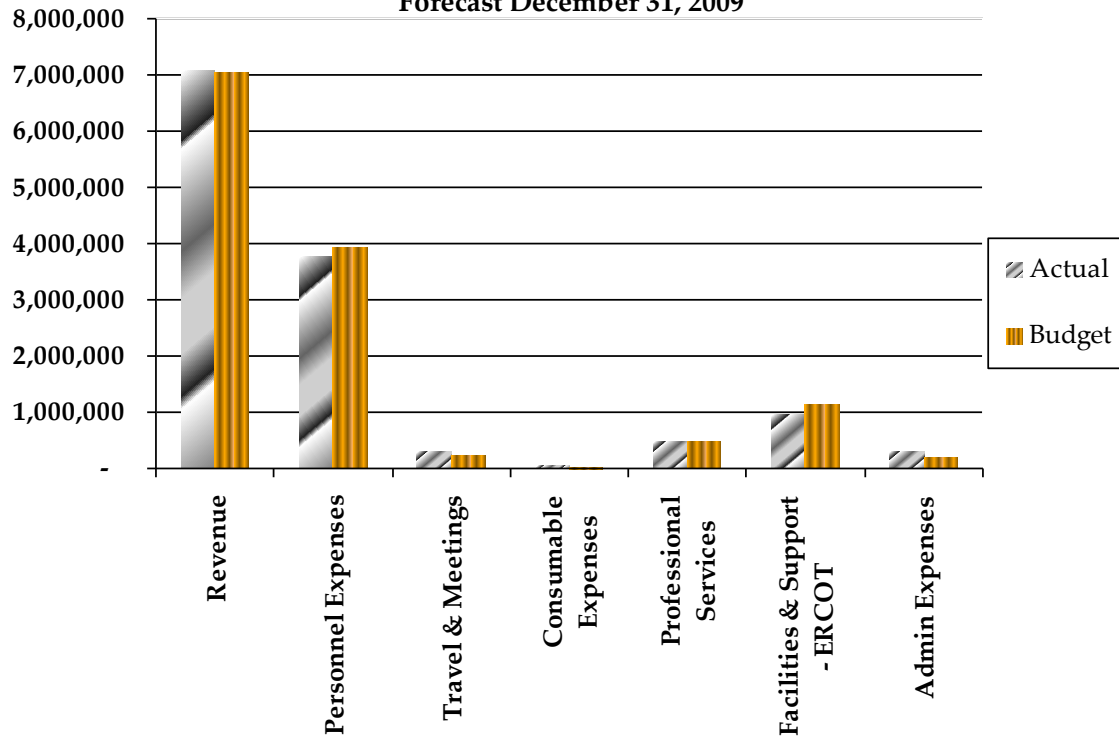


YTD June Comments

- ➔
Revenue - Higher than budget due to the Operations Training Seminar (OTS).
- ➔
Personnel Expenses - Lower YTD due to employee vacancies. Budget is 32 FTEs, we currently are staffed at 31 FTEs.
- ➔
Travel & Meetings Expenses - Overspending due to OTS. The OTS overages have been offset by revenue.
- ➔
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 - 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 less than expected depreciation expense. This should increase over the coming months.

2009 Forecast for Annual Operating Expenses

Texas RE - Income Statement by Category
Forecast December 31, 2009



2009 Forecast Comments

- ➔
Revenue - Is forecast higher than budget due to the OTS. 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 31 FTEs.
- ➔
Travel & Meetings Expenses - Overspending due to OTS costs, however spending has been offset by additional fees charged to the OTS attendees. 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.

June 2009 Operating Expenses

Texas Regional Entity
Income Statement
Statutory & Non-Statutory Consolidated
For the Period Ended June 30, 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
Revenue	1-Assessments*	726,964	602,160	124,804	3,412,035	3,483,810	(71,775)	6,902,841	6,969,023	(66,182)
	2-Workshops	6,578	-	6,578	180,607	70,000	110,607	180,607	70,000	110,607
	3-Interest Income	339	-	339	2,458	-	2,458	4,125	-	4,125
Total Revenue		733,882	602,160	131,722	3,595,100	3,553,810	41,290	7,087,573	7,039,023	48,550
Personnel	10-Salaries	307,831	247,571	(60,260)	1,374,268	1,474,572	100,305	2,913,236	2,945,048	31,812
	11-Payroll Taxes	30,768	27,681	(3,088)	115,823	131,122	15,299	225,184	235,604	10,420
	12-Employee Benefits	23,000	20,692	(2,308)	115,055	130,253	15,198	231,502	305,571	74,069
	13-Saving and Retirement	33,252	29,915	(3,337)	181,031	204,943	23,913	388,861	421,495	32,634
Total Personnel		394,851	325,858	(68,993)	1,786,176	1,940,891	154,715	3,758,783	3,907,718	148,935
Travel & Meetings	20-Meetings & Training	15,265	17,500	2,235	135,640	87,500	(48,140)	157,394	105,000	(52,394)
	30-Travel	12,247	15,895	3,648	63,287	59,101	(4,186)	122,027	109,651	(12,376)
Total Travel & Meetings		27,512	33,395	5,883	198,927	146,601	(52,326)	279,421	214,651	(64,770)
Consumables	40-Office Supplies	2,195	840	(1,355)	6,165	5,100	(1,065)	13,333	10,200	(3,133)
	41-Postage & Shipping	388	200	(188)	2,583	1,200	(1,383)	6,311	2,400	(3,911)
	42-Telecommunications	631	967	336	4,277	5,800	1,523	6,867	4,960	(1,907)
	43-Printing & Copying	2,009	100	(1,909)	8,229	600	(7,629)	800	1,200	400
Total Consumables		5,223	2,107	(3,116)	21,254	12,700	(8,554)	27,311	18,760	(8,551)
Professional Services & Consultir	60-Professional Services-Legal	(656)	29,167	29,822	57,589	175,000	117,411	350,000	350,000	-
	61-Professional Services-Auditing	3,191	3,750	559	25,000	22,500	(2,500)	50,976	45,000	(5,976)
	62-Professional Services-Other	-	5,575	5,575	53,181	42,200	(10,981)	91,485	75,650	(15,835)
Total Professional Services & Consulting		2,535	38,492	35,957	135,771	239,700	103,930	492,461	470,650	(21,810)
Facilities & Support - ERCOT	70-Rent & Improvements	111,828	49,979	(61,849)	161,003	299,874	138,872	340,364	599,748	259,384
	71-Support (HR, Treas, Finance, BOD)	9,076	26,388	17,312	162,274	158,327	(3,947)	368,303	316,654	(51,649)
	72-IT/MIS Support & Services	21,166	19,000	(2,166)	115,292	114,000	(1,292)	247,592	228,000	(19,592)
Total Facilities & Support - ERCOT		142,069	95,367	(46,703)	438,568	572,201	133,633	956,258	1,144,402	188,144
Administrative	73-IT/MIS Projects, Purchases & Maint	9,240	5,250	(3,990)	50,995	32,462	(18,533)	163,385	63,988	(99,397)
	74-Employee Training	185	750	565	4,464	3,720	(744)	9,266	7,440	(1,826)
	80-Depreciation Expense	2,476	6,378	3,903	14,853	38,270	23,417	106,246	76,540	(29,706)
	82-Bank Fees	196	-	(196)	836	-	(836)	1,766	-	(1,766)
	90-Miscellaneous Other	50	2,800	2,750	2,431	16,685	14,254	2,691	33,712	31,021
Total Administrative Expenses		12,146	15,178	3,032	73,579	91,137	17,558	283,354	181,680	(101,674)
Total Expenses		584,337	510,397	(73,940)	2,654,275	3,003,230	348,954	5,797,588	5,937,861	140,273
GAIN / (LOSS)		149,545	91,764	57,782	940,825	550,580	390,245	1,289,985	1,101,162	188,823
Non-Operating Expenses	91-Cash / Contingency Reserve	-	71,250	71,250	-	427,500	427,500	-	855,000	855,000
Grand Total of Expenses (Operating & Non-Operating)		584,337	581,647	(2,690)	2,654,275	3,430,730	776,454	5,797,588	6,792,861	995,273
TOTAL GAIN / (LOSS)		149,545	20,513	129,032	940,825	123,080	817,745	1,289,985	246,162	1,043,823

* Reflecting the release from the regulatory liability and Statutory assessments per budget. Ignores the regulatory accounting of \$819K year-to-date which is made for GAAP purposes.