



**TEXAS
REGIONAL
ENTITY™**

An Independent Division of ERCOT

Texas Regional Entity Financial Report

Board of Directors
January 18, 2010

December 2009 Financial Review

- **Texas RE has prepared an amended business plan & budget reflecting the most recent cost for implementing the new corporate structure**
- **Texas RE has accrued \$119K in NERC related expenses in December for the NERC led audit of ERCOT ISO**

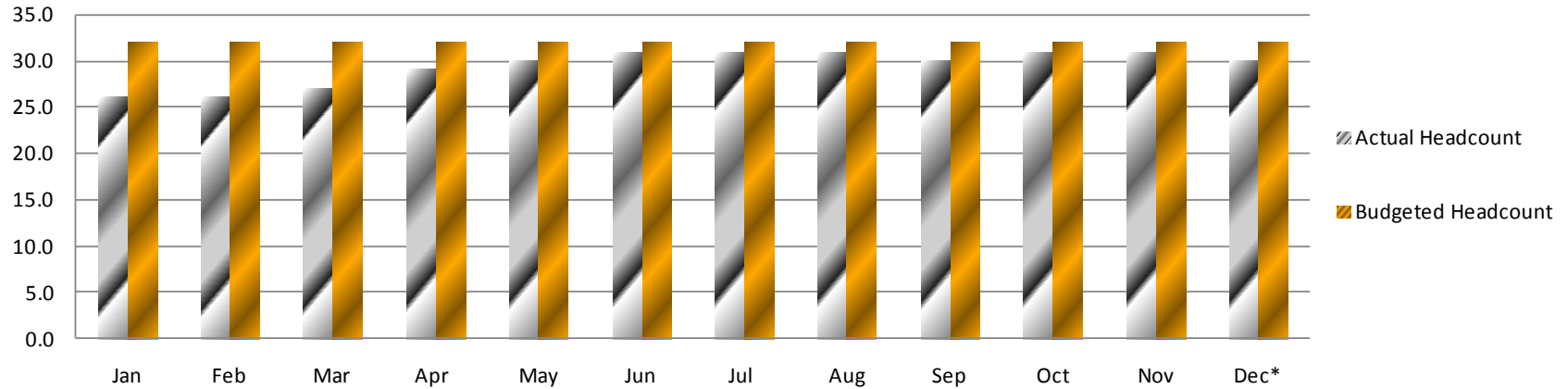
December 2009 Actual Workforce

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

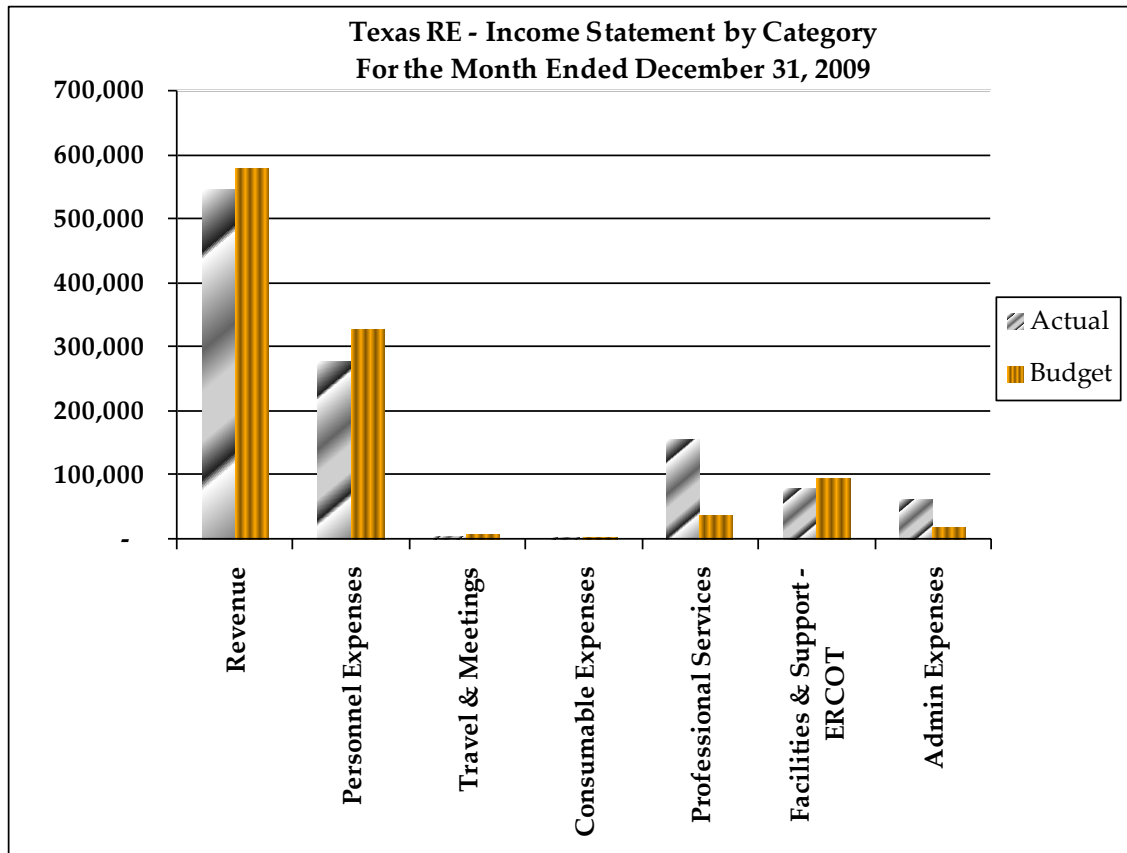
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec*
Actual Headcount	26.0	26.0	27.0	29.0	30.0	31.0	31.0	31.0	30.0	31.0	31.0	30.0
Budgeted Headcount	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Variance Under/(Over)	6.0	6.0	5.0	3.0	2.0	1.0	1.0	1.0	2.0	1.0	1.0	2.0

* Does not include interns and consultants

Texas Regional Entity - Headcount



December 2009 Operating Summary



December Comments

- ➔ **Revenue** - Is less than budget primarily due to a lower non-statutory reimbursement for services from ERCOT. Texas RE's non-statutory revenue must equal its expenses. Our non-statutory expenses in November were less than budget which resulted in our revenue being less than budget.

- ➔ **Personnel Expenses** - Less than plan due to personnel vacancies.

- ➔ **Travel & Meetings Expenses** - Less than budget due to workshop costs budgeted in December, but occurred in September.

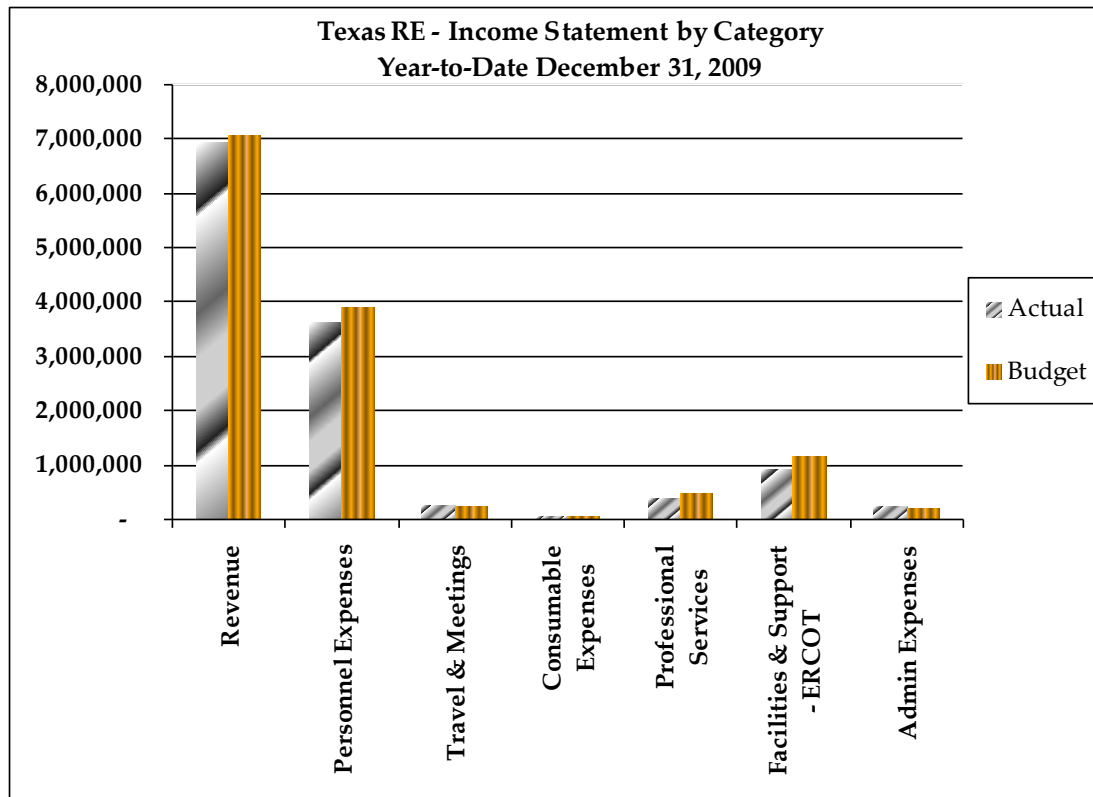
- ➔ **Consumable Expenses** - Slightly less for the month due to lower printing expenses and office supply orders.

- ➔ **Professional Services** - Higher than plan for the month primarily due to NERC bill received for ERCOT ISO audit.

- ➔ **Facilities & Support** - Facilities related expenses less than budget.

- ➔ **Administrative Expenses** - Variance is primarily driven by depreciation expense and compliance portal hosting expense.

YTD December 2009 Operating Summary



YTD December Comments

- ➔
Revenue - Is less than budget primarily due to a lower non-statutory reimbursement for services from ERCOT. Texas RE's non-statutory revenue must equal its expenses. Our non-statutory expenses YTD November were less than budget which resulted in our revenue being less than budget.

- ➔
Personnel Expenses - Lower YTD due to employee vacancies.

- ➔
Travel & Meetings Expenses - Overspending due to Operations Training Seminar (OTS). The OTS overages were offset by additional fees charged to attendees.

- ➔
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 - Variance due to the timing of Texas RE's move to the new facility. Actual rent expenses are less than budget.

- ➔
Administrative Expenses - Variance is primarily driven by depreciation expense and compliance portal hosting expense.

Operating Summary Statement

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

Group Rollup	Group Rollup Name	Period to Date			Year to Date			Forecast Actual	Annual Budget	Difference
		Actual	Budget	Difference	Actual	Budget	Difference			
Revenue	1-Assessments	544,259	578,055	(33,797)	6,740,393	6,969,016	(228,624)	6,767,124	6,969,023	(201,899)
	2-Workshops	-	-	-	180,607	70,000	110,607	180,607	70,000	110,607
	3-Interest Income	14	-	14	2,940	-	2,940	2,944	-	2,944
Total Revenue		544,273	578,055	(33,782)	6,923,940	7,039,016	(115,076)	6,950,675	7,039,023	(88,348)
Personnel	10-Salaries	225,223	247,578	22,355	2,814,535	2,960,004	145,469	2,823,759	2,945,048	121,289
	11-Payroll Taxes	11,719	17,198	5,479	199,115	234,131	35,016	201,393	235,604	34,211
	12-Employee Benefits	16,513	24,234	7,721	235,515	276,933	41,418	237,970	305,571	67,601
	13-Saving and Retirement	25,124	36,871	11,747	361,473	425,041	63,569	358,905	421,495	62,590
Total Personnel		278,580	325,881	47,301	3,610,637	3,896,109	285,472	3,622,028	3,907,718	285,690
Travel & Meetings	20-Meetings & Training	1,336	-	(1,336)	141,142	105,000	(36,142)	139,806	105,000	(34,806)
	30-Travel	4,746	6,784	2,039	114,026	112,685	(1,341)	117,326	109,651	(7,675)
Total Travel & Meetings		6,082	6,784	703	255,168	217,685	(37,483)	257,133	214,651	(42,482)
Consumables	40-Office Supplies	365	840	475	9,591	10,200	609	9,654	10,200	546
	41-Postage & Shipping	404	200	(204)	5,123	2,400	(2,723)	4,986	2,400	(2,586)
	42-Telecommunications	936	967	31	9,720	11,600	1,880	9,829	4,960	(4,869)
	43-Printing & Copying	-	100	100	9,859	1,200	(8,659)	10,253	1,200	(9,053)
Total Consumables		1,705	2,107	402	34,292	25,400	(8,892)	34,722	18,760	(15,962)
Equipment & Maintenance	50-Equipment Maintenance	3,333	-	(3,333)	5,083	-	(5,083)	1,750	-	(1,750)
Professional Services & Consulting	60-Professional Services-Legal	31,994	29,167	(2,828)	142,156	350,000	207,844	185,162	350,000	164,838
	61-Professional Services-Auditing	(15,775)	3,750	19,525	29,010	45,000	15,990	30,000	45,000	15,000
	62-Professional Services-Other	137,779	5,575	(132,204)	193,882	75,650	(118,232)	209,495	75,650	(133,845)
Total Professional Services & Consulting		153,998	38,492	(115,506)	365,048	470,650	105,602	424,657	470,650	45,993
Facilities & Support - ERCOT	70-Rent & Improvements	32,500	49,979	17,479	356,003	599,748	243,746	356,003	599,748	243,746
	71-Support (HR, Treas, Finance, BOD)	26,716	26,388	(328)	290,244	316,654	26,410	297,366	316,654	19,288
	72-IT/MIS Support & Services	20,514	19,000	(1,514)	239,675	228,000	(11,675)	239,027	228,000	(11,027)
Total Facilities & Support - ERCOT		79,730	95,367	15,637	885,922	1,144,402	258,480	892,396	1,144,402	252,006
Administrative	73-IT/MIS Projects, Purchases & Maint	24,579	5,276	(19,303)	132,148	63,988	(68,160)	155,496	63,988	(91,507)
	74-Employee Training	585	750	165	7,395	7,440	45	7,614	7,440	(174)
	80-Depreciation Expense	36,172	6,378	(29,794)	77,277	76,540	(737)	64,708	76,540	11,832
	82-Bank Fees	104	-	(104)	1,557	-	(1,557)	1,562	-	(1,562)
	90-Miscellaneous Other	-	5,255	5,255	2,363	35,640	33,277	2,613	33,712	31,099
Total Administrative Expenses		61,441	17,659	(43,782)	220,740	183,608	(37,131)	231,993	181,680	(50,312)
Total Expenses		584,869	486,290	(98,579)	5,376,891	5,937,854	560,963	5,464,677	5,937,861	473,184
GAIN / (LOSS)		(40,596)	91,766	(132,361)	1,547,049	1,101,162	445,887	1,485,998	1,101,162	384,836
Non-Operating Expenses	91-Cash / Contingency Reserve	-	71,250	71,250	-	855,000	855,000	-	855,000	855,000
Grand Total of Expenses (Operating & Non-Operating)		584,869	557,540	(27,329)	5,376,891	6,792,854	1,415,963	5,464,677	6,792,861	1,328,184
TOTAL GAIN / (LOSS)		(40,596)	20,515	(61,111)	1,547,049	246,162	1,300,887	1,485,998	246,162	1,239,836