



Texas Regional Entity Financial Report

Board of Directors
April 19, 2010

March 2010 Financial Review

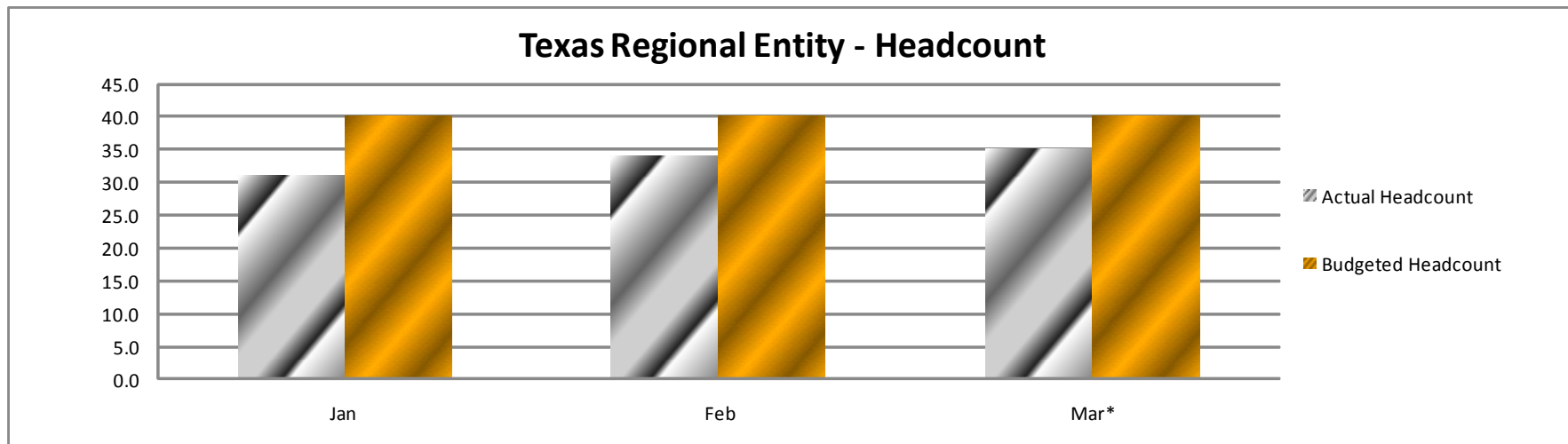
- **Budget being reflected is the approved 2010 Texas Regional Entity budget including TFEs**
- **Texas RE has 35.0 employees on staff at present. This is less than the budget of 40.0; however it is 4.0 higher than January**
- **Texas RE expects by July 1st to be at 46.0 FTEs**
- **The forecast reflects the expected spending under the Texas Reliability Entity, Inc. 2010 Amended Budget (currently at FERC for approval).**

2010 Workforce

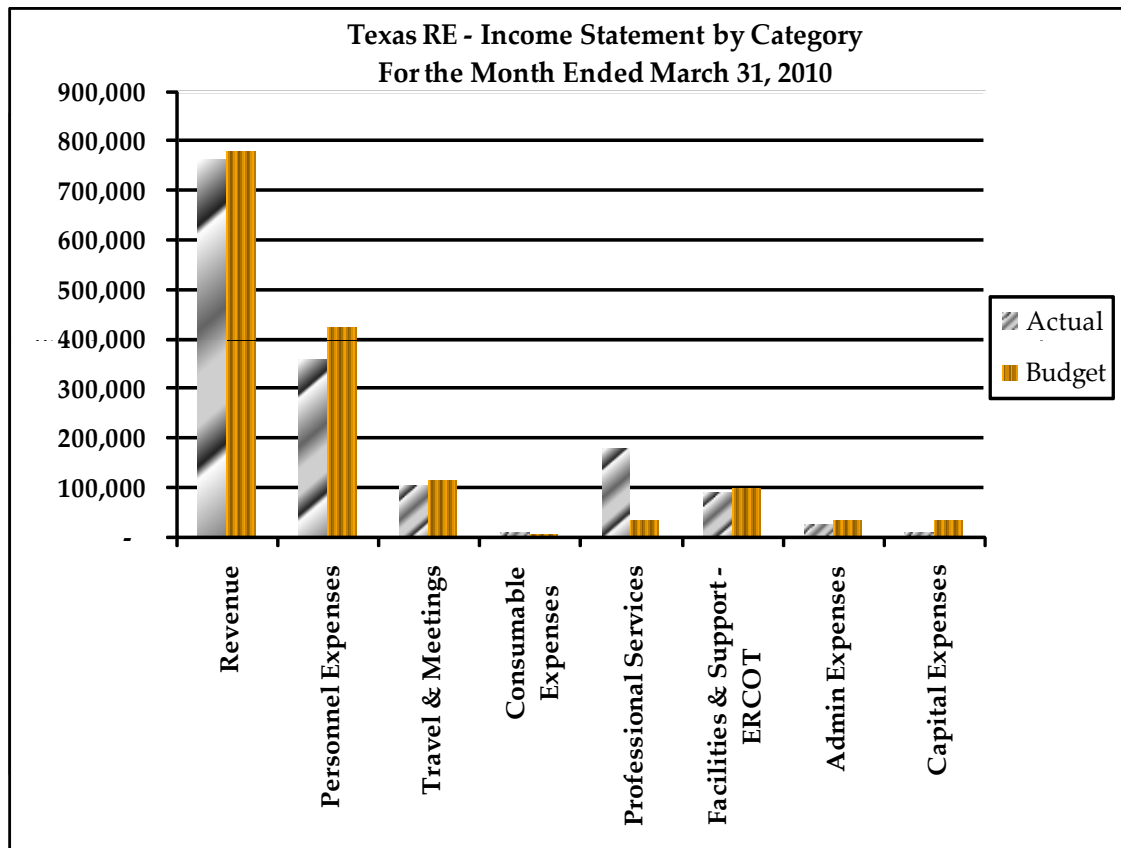
**Texas Regional Entity
Headcount
Statutory & Non-Statutory Combined
For The Month Ended March 31, 2010**

	Jan	Feb	Mar*	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	31.0	34.0	35.0									
Budgeted Headcount	40.0	40.0	40.0									
Variance Under/(Over)	9.0	6.0	5.0									

* Approved 2010 headcount budget, does not include interns and consultants



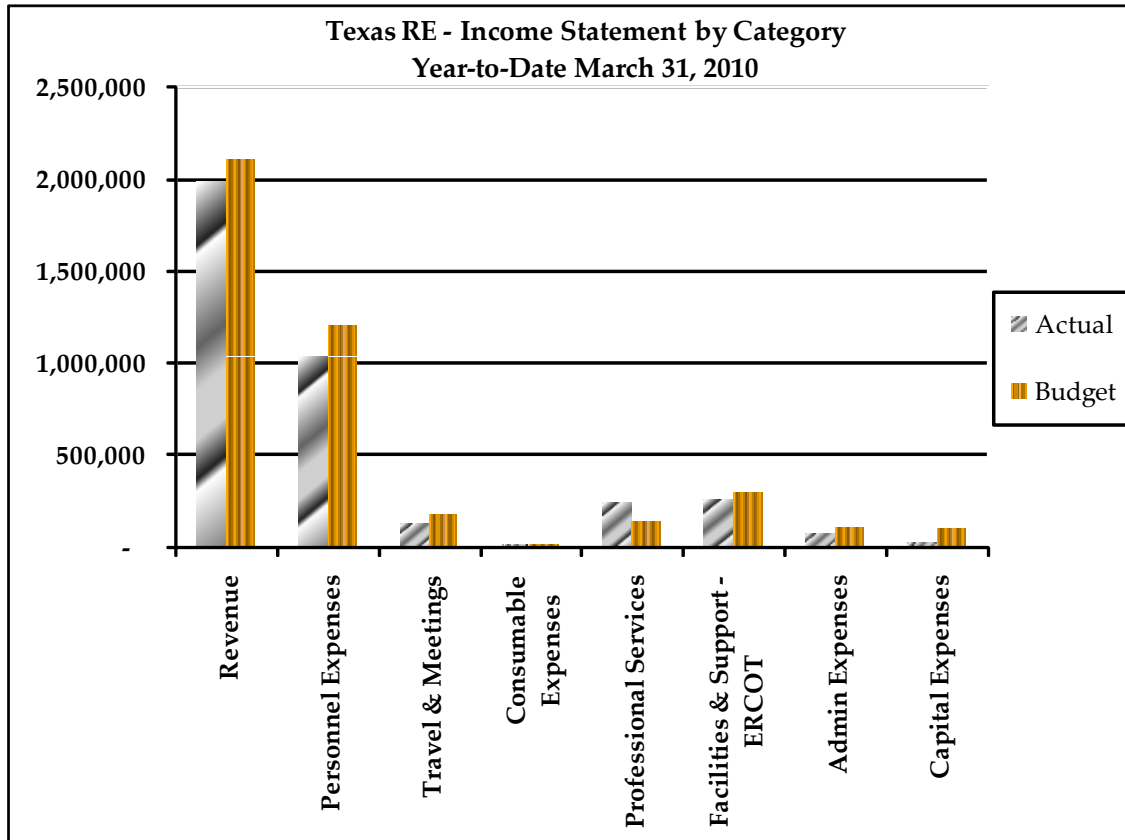
Operating Summary



Monthly 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 March 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 Operations Training Seminar (OTS) expenses.
- ➔ **Consumable Expenses** - Higher than budget for the month due to OTS printing expenses.
- ➔ **Professional Services** - Expenses higher than budget for the month, due to board recruiting and IT separation consulting.
- ➔ **Facilities & Support** - Expenses are less than budget due to vacancies in staff.
- ➔ **Administrative Expenses** - Variance is primarily driven by depreciation expense and compliance portal hosting expense.
- ➔ **Capital Expenses** - Lower than budget for the month due to project(s) scheduling.

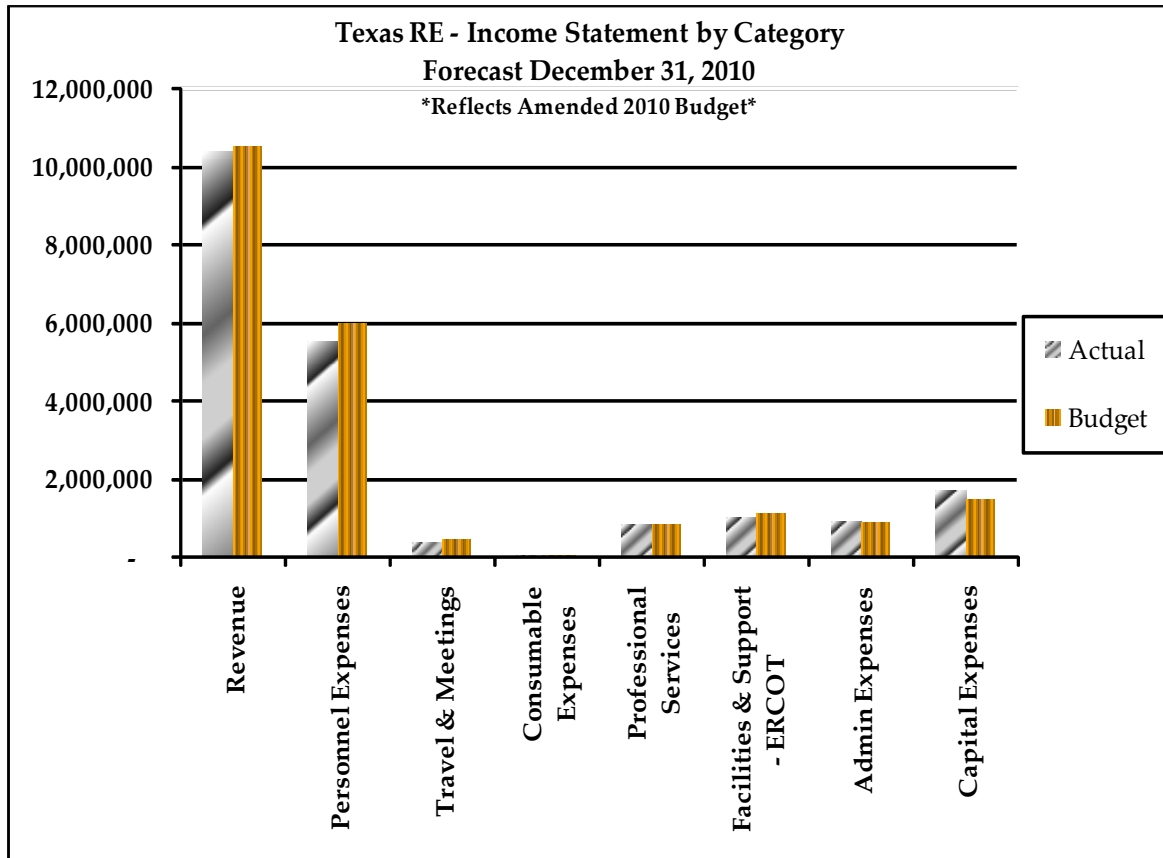
YTD Operating Summary



- YTD 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 it's expenses. Our non-statutory expenses YTD March was less than budget which resulted in our revenue being less than budget.
 - ➔ **Personnel Expenses** - Lower YTD due to employee vacancies.
 - ➔ **Travel & Meetings Expenses** - Less than budget due to Operations Training Seminar (OTS) expenses.
 - ➔ **Consumable Expenses** - Over budget for the month due to OTS printing expenses.
 - ➔ **Professional Services** - Greater than plan primarily due to board recruitment, and IT separation consulting expenses.
 - ➔ **Facilities & Support** - Expenses are less than budget due to vacancies in staff.
 - ➔ **Administrative Expenses** - Variance is primarily driven by depreciation expense and compliance portal hosting expense.
 - ➔ **Capital Expenses** - Lower than budget year-to-date due to project(s) scheduling.

Forecast Annual Operating Summary*

*2010 Amended Budget as Basis



2010 Forecast Comments (2010 Amended Budget)

- ➔ **Revenue** - Is projected to be less than budget primarily due to the non-statutory reimbursement for services from ERCOT. Texas RE's non-statutory revenue must equal its expenses. Our non-statutory expenses are expected to be less than budget which will result in our revenue being less than budget.
- ➔ **Personnel Expenses** - Lower due to employee vacancies. Amended 2010 budget is 46 FTEs.
- ➔ **Travel & Meetings Expenses** - Underspending due to Operations Training Seminar (OTS) costs.
- ➔ **Consumable Expenses** - Expect to underspend plan primarily due to current expense trends.
- ➔ **Professional Services** - Expect to be less than budget despite board recruitment and IT separation consulting expense.
- ➔ **Facilities & Support** - Expect to be below budget due to elimination of ERCOT IT services 6/30/2010.
- ➔ **Administrative Expenses** - Expect to be overbudget due to increased depreciation and lease/maintenance for IT separation.
- ➔ **Capital Expenses** - Expect to be higher than budget related to IT separation, office relocation and corporate separation.

2010 Operating Summary

Texas Regional Entity
Income Statement
Statutory & Non-Statutory Consolidated
For the Period Ended March 31, 2010
Unaudited Management Report

Group Rollup	Group Rollup Name	This is Based on the Original approved 2010 Budget			This is based on the NEW Amended 2010 Budget					
		Actual	Budget	Difference	Forecast Expenses	Amended 2010 Budget	Difference			
Revenue	1- Statutory Revenue	555,031	555,031	-	1,665,094	1,665,094	-	9,171,340	9,171,340	-
	2- Non-Statutory Revenue	53,127	96,495	(43,369)	137,463	289,486	(152,023)	1,032,021	1,183,879	(151,858)
	3-Workshops	152,940	126,000	26,940	179,600	153,000	26,600	180,000	180,000	-
	4-Interest Income	23	167	(144)	44	500	(456)	175	2,000	(1,825)
Total Revenue		761,121	777,693	(16,573)	1,982,201	2,108,080	(125,879)	10,383,537	10,537,220	(153,683)
Personnel	10-Salaries	259,221	318,677	59,456	768,859	903,005	134,146	4,095,957	4,498,395	402,438
	11-Payroll Taxes	19,641	20,994	1,353	66,104	74,078	7,974	332,240	356,162	23,922
	12-Employee Benefits	41,407	44,259	2,852	98,000	109,821	11,821	446,433	481,896	35,463
	13-Saving and Retirement	36,323	38,825	2,502	101,926	114,221	12,295	609,064	645,949	36,885
Total Personnel		356,591	422,754	66,162	1,034,889	1,201,124	166,235	5,483,694	5,982,402	498,707
Travel & Meetings	20-Meetings & Training	84,122	100,000	15,878	93,420	120,000	26,580	183,600	233,600	50,000
	30-Travel	16,261	14,348	(1,913)	29,406	50,707	21,301	173,715	195,016	21,301
Total Travel & Meetings		100,384	114,348	13,965	122,826	170,707	47,881	357,315	428,616	71,301
Consumables	40-Office Supplies	669	1,300	631	1,943	4,050	2,108	12,392	14,500	2,108
	41-Postage & Shipping	347	815	468	933	2,445	1,512	9,768	11,280	1,512
	42-Telecommunications	967	1,080	113	2,425	3,240	815	14,225	15,040	815
	43-Printing & Copying	6,645	350	(6,295)	6,499	1,050	(5,449)	12,951	8,602	(4,349)
Total Consumables		8,628	3,545	(5,083)	11,800	10,785	(1,015)	49,336	49,422	86
Equipment & Maintenance	50-Equipment Maintenance	-	-	-	833	-	(833)	-	-	-
Professional Services & Consulting	60-Professional Services-Legal	8,602	29,166	20,565	15,747	87,499	71,752	350,000	440,000	90,000
	61-Professional Services-Auditing & Acctg Service	3,217	4,375	1,158	10,499	13,781	3,282	46,997	217,010	170,013
	62-Professional Services-Other	164,058	1,000	(163,058)	206,924	30,400	(176,524)	403,696	154,629	(249,067)
Total Professional Services & Consulting		175,877	34,541	(141,335)	233,170	131,680	(101,489)	800,693	811,639	10,946
Facilities & Support - ERCOT	70-Rent & Improvements	32,500	32,500	-	97,500	97,500	-	390,000	429,265	39,265
	71-Support (HR, Treas, Finance, BOD)	30,656	38,461	7,805	86,410	115,384	28,973	457,242	479,520	22,279
	72-IT/MIS Support & Services	23,757	27,905	4,147	68,029	83,715	15,685	136,059	167,430	31,371
Total Facilities & Support - ERCOT		86,914	98,866	11,952	251,940	296,599	44,659	983,300	1,076,215	92,915
Administrative	73-IT/MIS Projects, Purchases & Maint.	10,640	16,829	6,189	34,139	50,486	16,347	502,188	462,791	(39,397)
	74-Employee Training	-	2,475	2,475	105	4,990	4,885	25,500	25,500	-
	80-Depreciation Expense	10,828	15,259	4,431	32,133	45,777	13,644	373,119	329,657	(43,462)
	90-Miscellaneous Other	271	300	30	1,098	3,400	2,302	4,392	48,226	43,834
Total Administrative Expenses		21,739	34,863	13,124	67,474	104,653	37,179	905,199	866,173	(39,026)
Total Operating Expenses		750,134	708,918	(41,216)	1,722,932	1,915,548	192,616	8,579,539	9,214,467	634,929
GAIN / (LOSS)		10,986	68,776	(57,789)	259,269	192,533	66,737	1,803,998	1,322,753	481,246
Non-Operating Expenses	Capital Expenses	9,959	32,741	22,782	21,044	98,222	77,178	1,692,886	1,480,715	(212,171)
Grand Total of Expenses (Operating & Non-Operating)		760,093	741,658	(18,435)	1,743,976	2,013,769	269,793	10,272,425	10,695,182	422,758
TOTAL GAIN / (LOSS)		1,027	36,035	(35,008)	238,225	94,311	143,914	111,112	(157,963)	269,074

