



Texas Regional Entity Financial Report

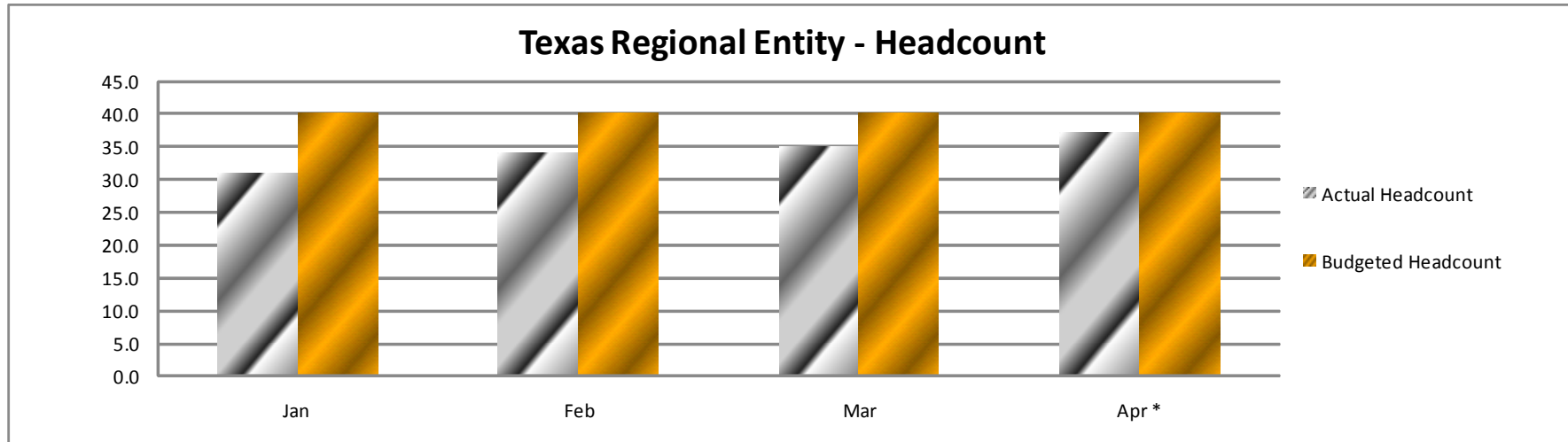
Board of Directors
May 17, 2010

2010 Workforce

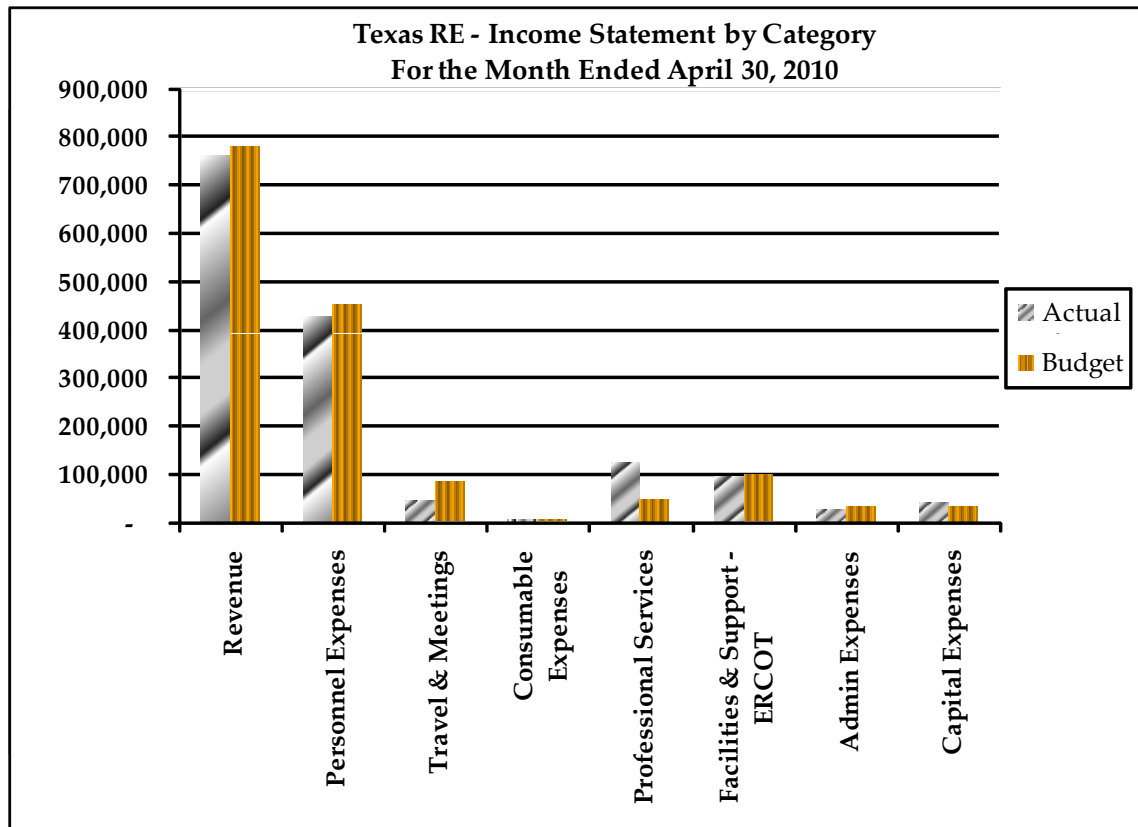
Texas Regional Entity Headcount Statutory & Non-Statutory Combined For The Month Ended April 30, 2010

	Jan	Feb	Mar	Apr *	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	31.0	34.0	35.0	37.0								
Budgeted Headcount	40.0	40.0	40.0	40.0								
Variance Under/(Over)	9.0	6.0	5.0	3.0								

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



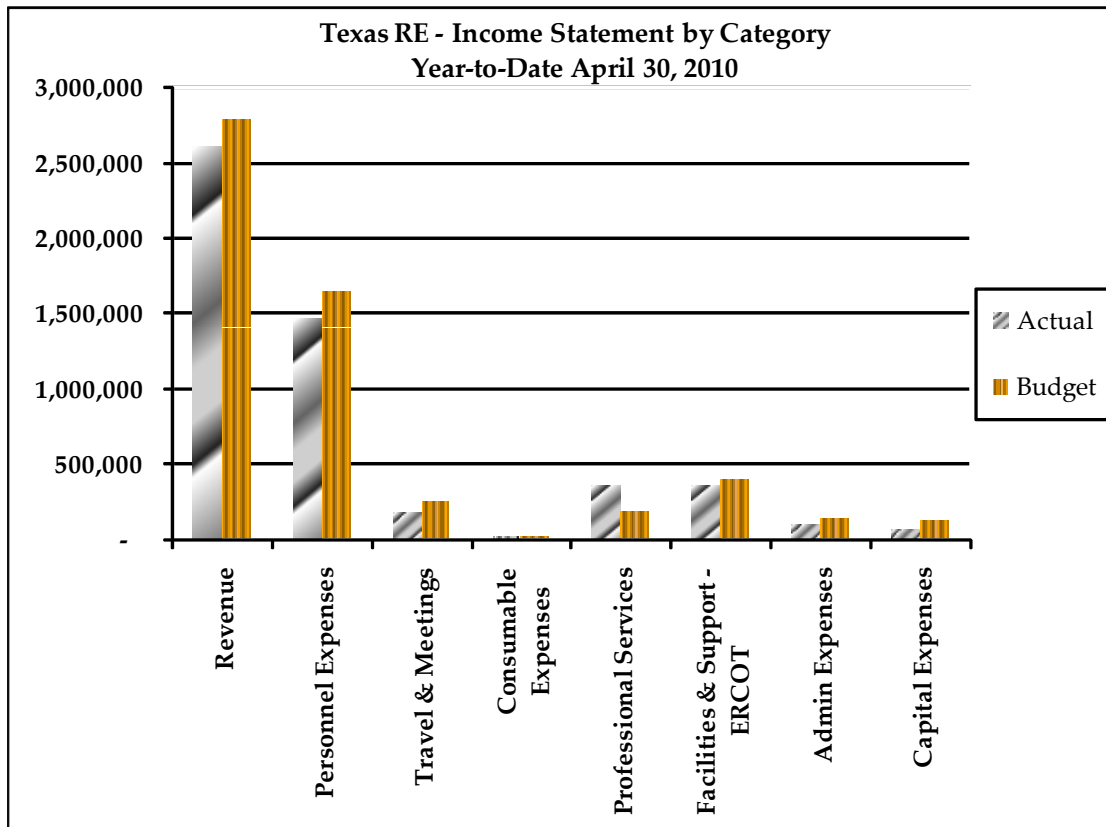
Operating Summary



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 April 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 timing of budget for the Operations Training Seminar (OTS) expenses.
- ➔ **Consumable Expenses** - Higher than budget for the month due to office supply needs.
- ➔ **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** - Higher than budget for the month due to IT separation and procurement of accounting system.

YTD Operating Summary

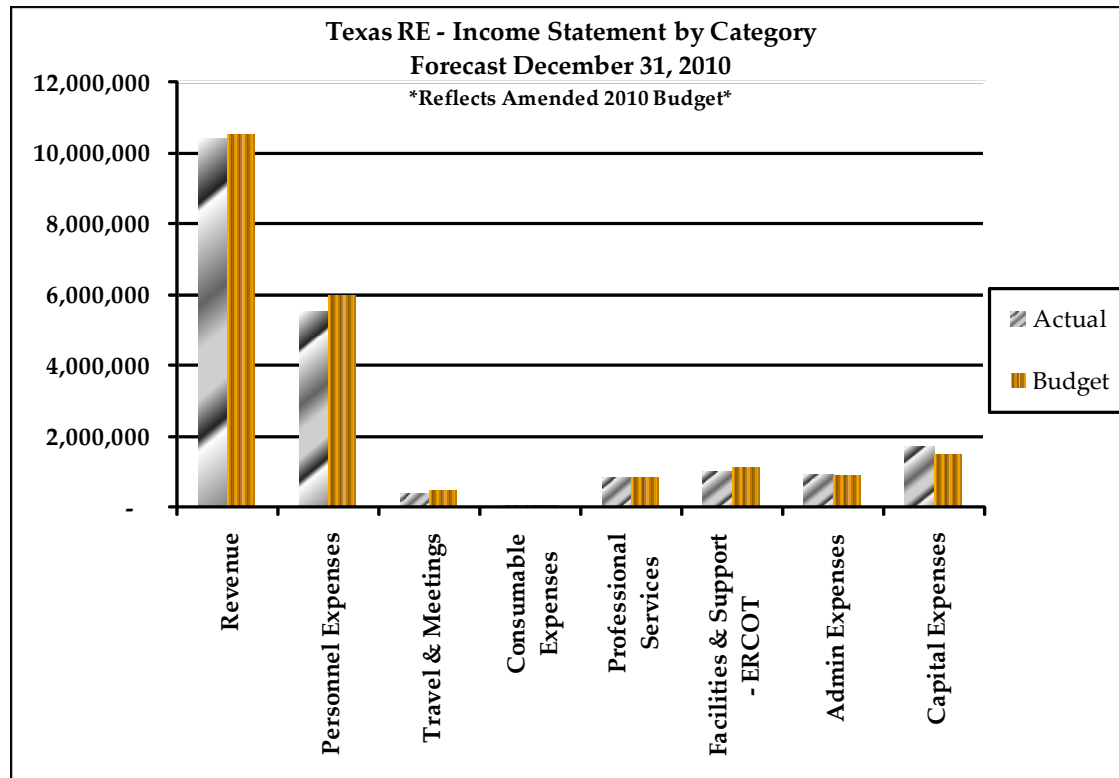


YTD Comments

- ➔ **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 April 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 April 30, 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	Actual	Budget	Difference			
Revenue	1- Statutory Revenue	555,031	555,031	-	2,220,126	2,220,126	-	9,171,340	9,171,340	-
	2- Non-Statutory Revenue	65,804	96,495	(30,692)	203,267	385,981	(182,714)	1,032,021	1,183,879	(151,858)
	3-Workshops	299	126,000	(125,701)	179,301	180,000	(699)	180,000	180,000	-
	4-Interest Income	51	167	(115)	95	667	(572)	175	2,000	(1,825)
Total Revenue		761,121	777,693	(16,573)	2,602,789	2,786,774	(183,985)	10,383,537	10,537,220	(153,683)
Personnel	10-Salaries	322,568	337,996	(15,428)	1,091,427	1,241,002	(149,574)	4,095,957	4,498,395	402,438
	11-Payroll Taxes	24,652	26,428	(1,776)	90,756	100,463	(9,707)	332,240	356,162	23,922
	12-Employee Benefits	36,417	39,040	(2,623)	134,417	148,794	(14,377)	446,433	481,896	35,463
	13-Saving and Retirement	43,018	46,117	(3,099)	144,944	160,447	(15,503)	609,064	645,949	36,885
Total Personnel		426,656	449,581	(22,926)	1,461,545	1,650,706	(189,161)	5,483,694	5,982,402	498,707
Travel & Meetings	20-Meetings & Training	32,570	60,000	(27,430)	125,991	180,000	(54,009)	183,600	233,600	50,000
	30-Travel	11,273	24,356	(13,083)	40,679	75,063	(34,384)	173,715	195,016	21,301
Total Travel & Meetings		43,844	84,356	(40,513)	166,669	255,063	(88,393)	357,315	428,616	71,301
Consumables	40-Office Supplies	991	1,300	(309)	2,934	5,351	(2,417)	12,392	14,500	2,108
	41-Postage & Shipping	439	815	(376)	1,372	3,260	(1,888)	9,768	11,280	1,512
	42-Telecommunications	2,441	1,200	1,241	4,867	3,240	1,627	14,225	15,040	815
	43-Printing & Copying	230	350	(120)	6,730	1,400	5,330	12,951	8,602	(4,349)
Total Consumables		4,102	3,665	437	15,902	13,251	2,652	49,336	49,422	86
Equipment & Maintenance	50-Equipment Maintenance	-	-	-	833	-	833	-	-	-
Professional Services & Consulting	60-Professional Services-Legal	22,579	29,166	(6,587)	38,326	116,665	(78,339)	350,000	440,000	90,000
	61-Professional Services-Auditing & Acctg Service	3,169	4,375	(1,206)	13,668	18,156	(4,488)	46,997	217,010	170,013
	62-Professional Services-Other	97,227	13,500	83,727	304,150	43,900	260,250	403,696	154,629	(249,067)
Total Professional Services & Consulting		122,975	47,041	75,934	356,144	178,721	177,423	800,693	811,639	10,946
Facilities & Support - ERCOT	70-Rent & Improvements	32,500	32,500	-	130,000	130,000	-	390,000	429,265	39,265
	71-Support (HR, Treas, Finance, BOD)	38,537	38,461	76	124,948	153,845	(28,898)	457,242	479,520	22,279
	72-IT/MIS Support & Services	25,055	27,905	(2,850)	93,084	111,620	(18,536)	136,059	167,430	31,371
Total Facilities & Support - ERCOT		96,092	98,866	(2,774)	348,032	395,465	(47,433)	983,300	1,076,215	92,915
Administrative	73-IT/MIS Projects, Purchases & Maint.	11,929	16,829	(4,900)	46,068	67,315	(21,247)	502,188	462,791	(39,397)
	74-Employee Training	1,850	625	1,225	1,955	5,615	(3,660)	25,500	25,500	-
	80-Depreciation Expense	11,030	15,259	(4,229)	43,163	61,036	(17,873)	373,119	329,657	(43,462)
	90-Miscellaneous Other	220	300	(80)	1,318	4,900	(3,582)	4,392	48,226	43,834
Total Administrative Expenses		25,029	34,863	(9,834)	92,504	138,865	(46,362)	905,199	866,173	(39,026)
Total Operating Expenses		718,698	708,918	9,780	1,722,932	2,632,070	(909,138)	8,579,539	9,214,467	634,929
Non-Operating Expenses	Capital Expenses	42,423	32,741	9,682	63,467	130,962	(67,495)	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

NOTE: This exhibit does not reflect the cash reserve amount of \$1,658K for 2010.

