



Texas Regional Entity Financial Report

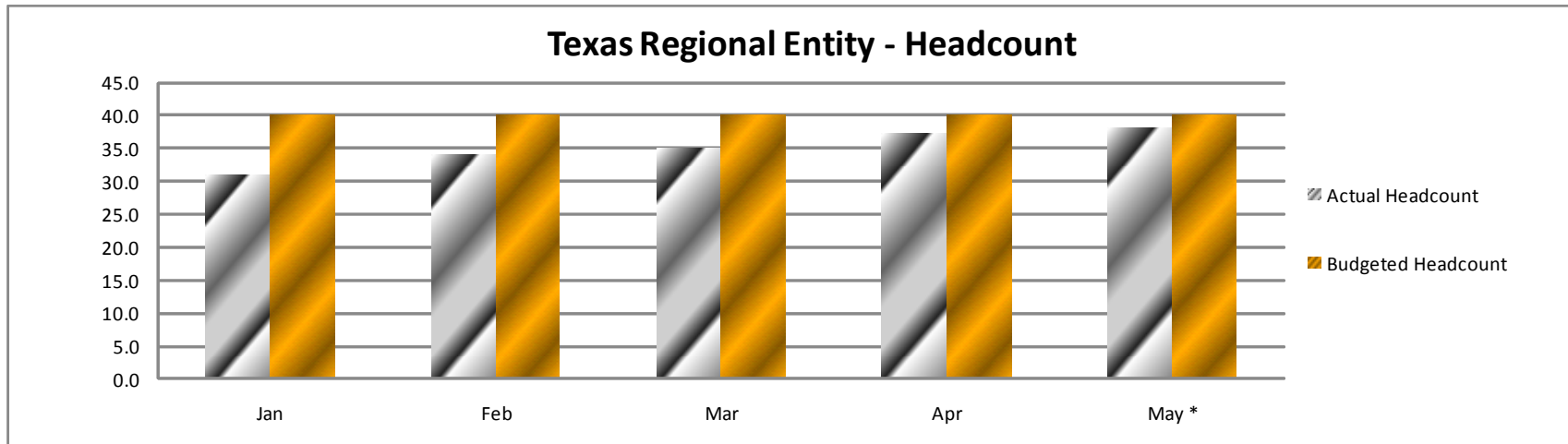
Board of Directors
June 14, 2010

2010 Workforce

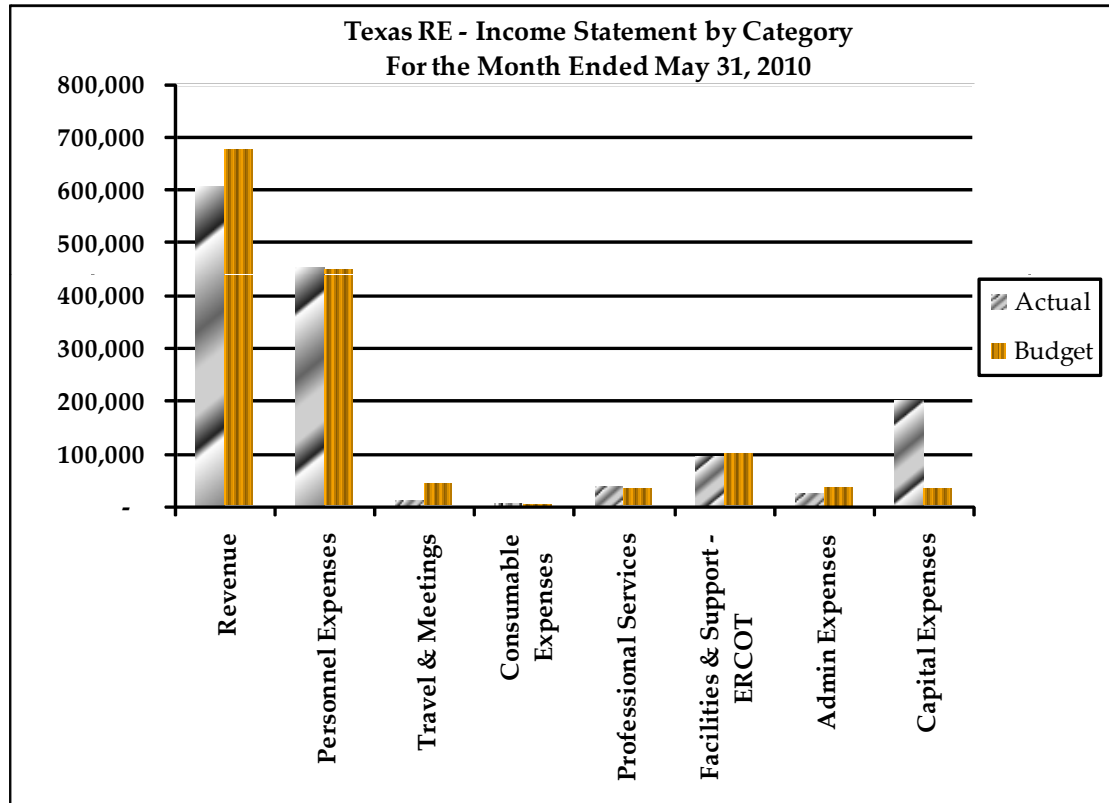
**Texas Regional Entity
Headcount
Statutory & Non-Statutory Combined
For The Month Ended May 31, 2010**

	Jan	Feb	Mar	Apr	May *	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	31.0	34.0	35.0	37.0	38.0							
Budgeted Headcount	40.0	40.0	40.0	40.0	40.0							
Variance Under/(Over)	9.0	6.0	5.0	3.0	2.0							

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

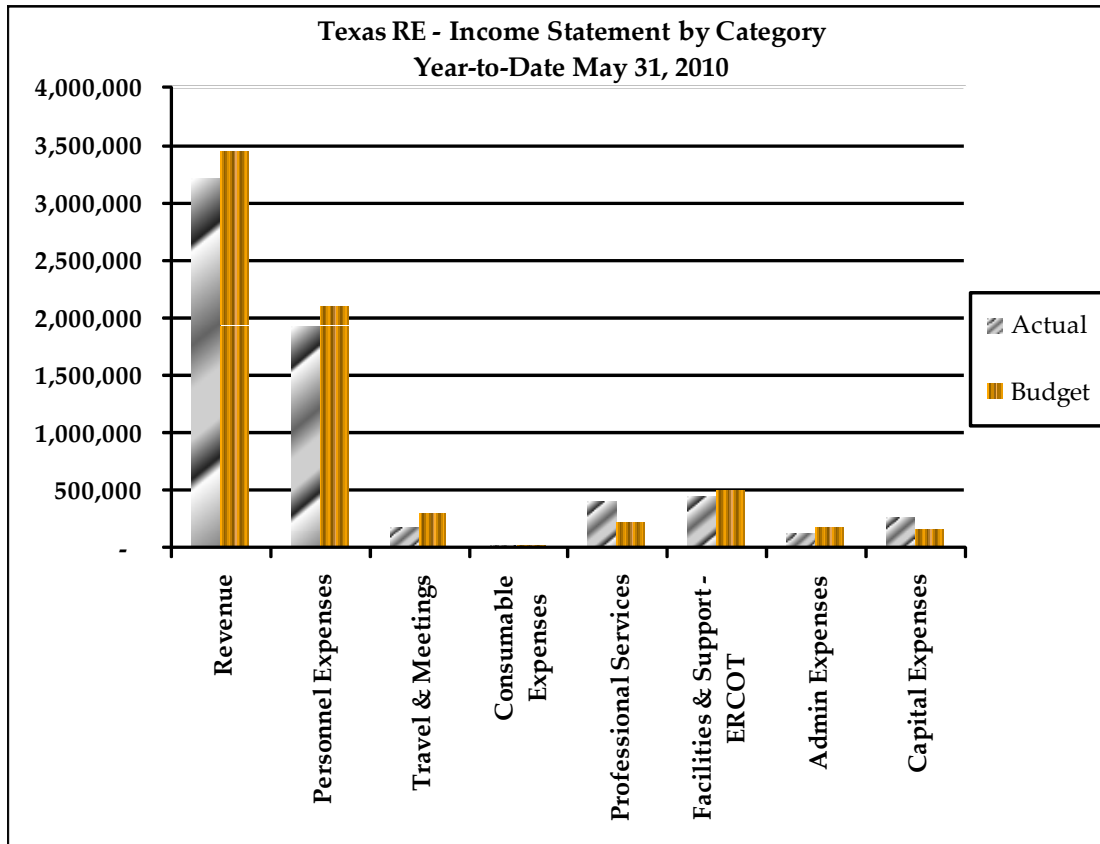


Operating Summary



- 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 May were less than budget which resulted in our revenue being less than budget.
 - ➔ **Personnel Expenses** - More than plan due to relocation personnel expenses paid in May.
 - ➔ **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

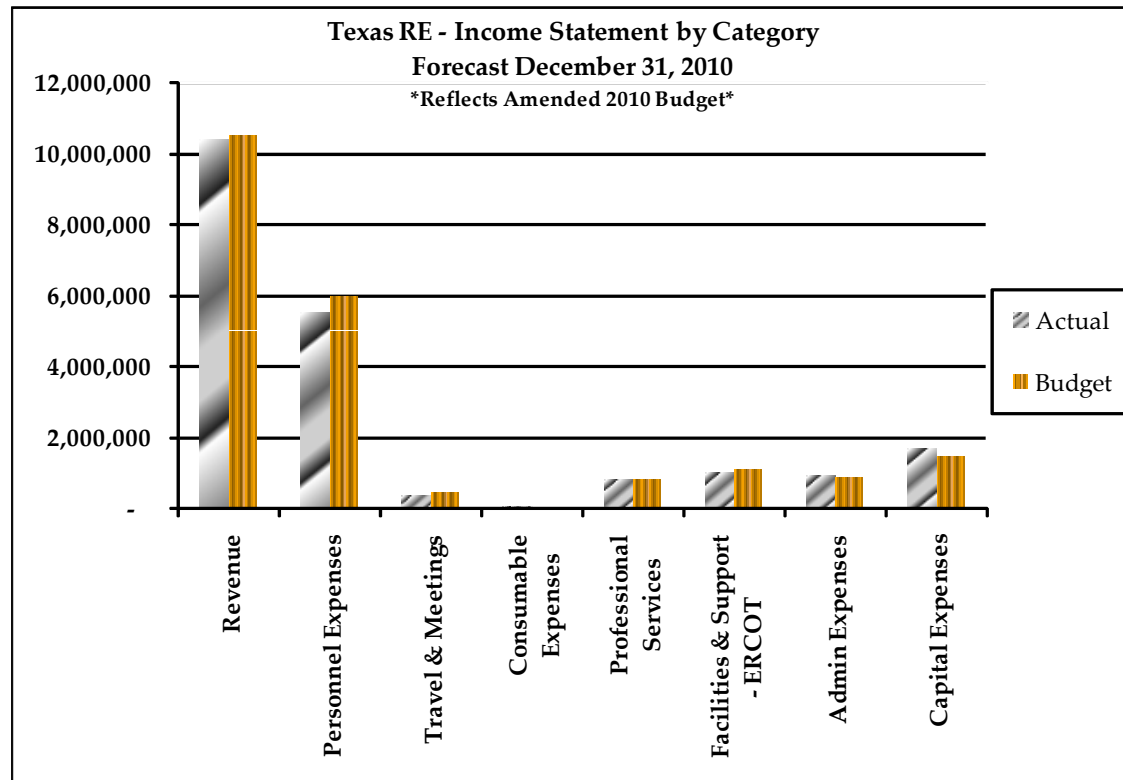


YTD Comments

- ➔ **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 its expenses. Our non-statutory expenses YTD May 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 under-spending on Operations Training Seminar (OTS) and travel.
- ➔ **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** - Higher than budget year-to-date due to IT separation costs.

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 it's 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 over budget 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 May 31, 2010
Unaudited Management Report

Group Rollup	Group Rollup Name	This is Based on the Original approved 2010 Budget Period to Date			Year to Date			This is based on the NEW Amended 2010 Budget Forecast Amended 2010		
		Actual	Budget	Difference	Actual	Budget	Difference	Expenses	Budget	Difference
Revenue	1- Statutory Revenue	555,031	555,031	-	2,775,157	2,775,157	-	9,171,340	9,171,340	-
	2- Non-Statutory Revenue	48,179	120,619	(72,441)	251,445	482,477	(231,031)	1,032,021	1,183,879	(151,858)
	3-Workshops	648	-	648	179,949	180,000	(51)	180,000	180,000	-
	4-Interest Income	101	167	(66)	196	833	(638)	470	2,000	(1,530)
Total Revenue		603,959	675,817	(71,859)	3,206,747	3,438,467	(231,720)	10,383,832	10,537,220	(153,388)
Personnel	10-Salaries	337,360	337,996	636	1,428,788	1,578,998	150,210	4,095,957	4,498,395	402,438
	11-Payroll Taxes	24,511	23,758	(752)	115,267	123,832	8,565	332,240	356,162	23,922
	12-Employee Benefits	49,763	48,236	(1,527)	184,179	197,864	13,685	446,433	481,896	35,463
	13-Saving and Retirement	40,844	39,591	(1,253)	185,788	199,593	13,805	609,064	645,949	36,885
Total Personnel		452,478	449,581	2,896	1,914,023	2,100,287	(186,265)	5,483,694	5,982,402	498,707
Travel & Meetings	20-Meetings & Training	(349)	20,000	20,349	125,642	200,000	74,358	183,600	233,600	50,000
	30-Travel	10,724	21,657	10,933	51,403	96,720	45,317	173,715	195,016	21,301
Total Travel & Meetings		10,375	41,657	(31,282)	177,045	296,720	(119,675)	357,315	428,616	71,301
Consumables	40-Office Supplies	280	1,300	1,020	3,213	6,651	3,437	12,392	14,500	2,108
	41-Postage & Shipping	175	815	640	1,548	4,075	2,527	9,768	11,280	1,512
	42-Telecommunications	1,353	1,200	(153)	6,220	5,640	(580)	14,225	15,040	815
	43-Printing & Copying	-	350	350	6,730	1,750	(4,980)	12,951	8,602	(4,349)
Total Consumables		1,808	3,665	(1,857)	17,710	18,116	(406)	49,336	49,422	86
Equipment & Maintenance	50-Equipment Maintenance	-	-	-	833	-	-	-	-	-
Professional Services & Consulting	60-Professional Services-Legal	7,716	29,166	21,451	46,041	145,831	99,790	350,000	440,000	90,000
	61-Professional Services-Auditing & Acctg Service	2,941	4,375	1,434	16,609	22,531	5,922	46,997	217,010	170,013
	62-Professional Services-Other	26,811	1,000	(25,811)	330,961	44,900	(286,061)	403,696	154,629	(249,067)
Total Professional Services & Consulting		37,468	34,541	2,926	393,612	213,262	180,350	800,693	811,639	10,946
Facilities & Support - ERCOT	70-Rent & Improvements	32,500	32,500	-	162,500	162,500	-	390,000	429,265	39,265
	71-Support (HR, Treas, Finance, BOD)	35,066	38,461	3,396	160,013	192,307	32,293	457,242	479,520	22,279
	72-IT/MIS Support & Services	25,703	27,905	2,202	118,787	139,525	20,737	136,059	167,430	31,371
Total Facilities & Support - ERCOT		93,269	98,866	(5,597)	441,300	494,331	(53,031)	983,300	1,076,215	92,915
Administrative	73-IT/MIS Projects, Purchases & Maint.	11,767	16,829	5,062	57,835	84,143	26,309	502,188	462,791	(39,397)
	74-Employee Training	1,130	1,725	595	3,085	7,340	4,255	25,500	25,500	-
	80-Depreciation Expense	10,791	15,259	4,468	53,954	76,295	22,341	373,119	329,657	(43,462)
	90-Miscellaneous Other	1,060	300	(760)	2,378	4,000	1,622	4,392	48,226	43,834
Total Administrative Expenses		24,748	34,863	(10,116)	117,251	171,778	(54,526)	905,199	866,173	(39,026)
Total Operating Expenses		620,145	663,174	(43,029)	3,061,774	3,294,494	(232,719)	8,579,539	9,214,467	634,929
Non-Operating Expenses	Capital Expenses	199,654	32,741	(166,914)	263,121	163,703	(99,419)	1,692,886	1,480,715	(212,171)
Grand Total of Expenses (Operating & Non-Operating)		819,799	741,658	78,141	3,324,895	3,458,196	(133,301)	10,272,425	10,695,182	422,758

