



## **2011 Business Plan and Budget Amendment**

**Texas Reliability Entity, Inc.**

**Approved by:**

**Texas RE Board of Directors**

**January 7, 2011**

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## Introduction

<b>TOTAL RESOURCES</b> (in whole dollars)			
	Approved 2011 Budget	Amended 2011 Budget	Increase / (Decrease)
Statutory FTEs	49.0	49.0	-
Non-statutory FTEs	1.0	5.0	4.0
<b>Total FTEs</b>	50.0	54.0	4.0
Statutory Expenses	\$ 9,517,049	\$ 9,526,274	9,225
Non-Statutory Expenses	\$ 265,969	\$ 969,974	704,006
<b>Total Expenses</b>	\$ 9,783,018	\$ 10,496,249	713,231
Statutory Inc(Dec) in Fixed Assets	\$ (153,085)	\$ (242,418)	(89,333)
Non-Statutory Inc(Dec) in Fixed Assets	\$ -	\$ -	-
<b>Total Inc(Dec) in Fixed Assets</b>	\$ (153,085)	\$ (242,418)	(89,333)
Statutory Working Capital Requirement*	\$ 127,459	\$ 207,567	80,108
Non-Statutory Working Capital Requirement**	\$ -	\$ -	-
<b>Total Working Capital Requirement</b>	\$ 127,459	\$ 207,567	80,108
Total Statutory Funding Requirement	\$ 9,491,423	\$ 9,491,423	-
Total Non-Statutory Funding Requirement	\$ 265,969	\$ 969,975	704,006
<b>Total Funding Requirement</b>	\$ 9,757,392	\$ 10,461,398	704,006
<b>Texas RE Statutory Funding Assessments</b>	\$ 9,227,823	\$ 9,227,823	-
<b>Texas RE Non-Statutory Fees</b>	\$ 265,969	\$ 969,975	704,006
NEL	308,277,759	308,277,759	-
NEL%	100%	100%	-

\*Refer to Table B-1 on page 34 in Section B.

\*\*Refer to the Reserve Analysis on page 42 in Section C.

### Overview

Texas Reliability Entity, Inc. (Texas RE) is a Texas non-profit corporation that is the Regional Entity for the Electric Reliability Council of Texas, Inc. (ERCOT) region and preserves and enhances reliability across the ERCOT region by encouraging a culture of compliance among all users, owners, and operators of the Bulk-Power System (BPS). Texas RE and North American Electric Reliability Corporation (NERC) have executed an Amended and Restated Delegation Agreement (Delegation Agreement) for the ERCOT region, and this Delegation Agreement was approved by the Federal Energy Regulatory Commission (FERC) on May 6, 2010. A revised Delegation Agreement between NERC and Texas RE, to be in effect for a five (5)-year period beginning January 1, 2011, was approved by FERC by its order dated October 21, 2010.

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The ERCOT region is the geographic area located within the state of Texas that operates under the jurisdiction of the Public Utility Commission of Texas (PUCT) and is not synchronously interconnected with any electric utilities operating outside of Texas. The ERCOT region includes approximately 200,000 square miles and 85% of Texas load.

In addition to performing its statutory duties as a Regional Entity, Texas RE will also continue to perform non-statutory duties as the ERCOT region Reliability Monitor in 2011. Texas RE's 2011 Business Plan and Budget that was accepted by FERC on October 21, 2010 (Approved 2011 Budget) anticipated that in 2011 Texas RE would not perform the audits, investigations, or other monitoring or reporting of market participants' compliance with reliability-related ERCOT Protocols and Operating Guides (ERCOT Regional Rules) that it performed in 2010 and its predecessor Texas Regional Entity performed in 2007 through 2010. For this reason, the Approved 2011 Budget included very limited non-statutory duties consisting primarily of transitional support to the PUCT regarding Texas RE's previous non-statutory compliance and reporting activities.

In late 2010, the PUCT requested that Texas RE continue to monitor compliance with the ERCOT Regional Rules as the ERCOT region Reliability Monitor for at least 2011 through 2013. The Texas RE Board of Directors approved Texas RE's executing a contract extension to continue to perform these non-statutory activities under the direction of the PUCT, subject to obtaining approval from NERC and FERC. These non-statutory services will be provided under an amendment and extension of the current contract between Texas RE, the PUCT (which directs the work), and ERCOT (the ERCOT region independent system operator, which will provide the contractual payment to Texas RE from its PUCT-approved system administration fee).

Texas RE submits this proposed Amendment to its Approved 2011 Budget (Amended 2011 Budget) to modify the 2011 Approved Budget to reflect the requested increase in Texas RE's non-statutory activities and funding. Texas RE's non-statutory budget will increase from \$265,969, as set forth in the Approved 2011 Budget, to \$969,975.

All Texas RE non-statutory activities will be funded by the fees paid to it pursuant to Texas RE's contract with the PUCT and ERCOT. Texas RE's statutory funding will be maintained separately from and will never be used to pay for any costs or expenses of its non-statutory activities, due to the resulting revised allocation of indirect expenses between statutory and non-statutory activities.

The increase in non-statutory activities will cause a minor decrease to Texas RE's 2011 statutory budget, as described below.

In addition, Texas RE made an unbudgeted purchase of hardware and software in December 2010 (using unspent 2010 funds), to support Texas RE's direct electronic access to and storage of certain ERCOT region system data to which Texas Regional Entity had electronic access when it was affiliated with and obtained information technology (IT) services from ERCOT. The associated depreciation expense and additional maintenance expenses for the new hardware and software, were not anticipated or reflected in the Approved 2011 Budget but are included in the Amended 2011 Budget.

Texas RE needs to have direct electronic access to the ERCOT system data to effectively perform the 2011 non-statutory activities. Texas RE can also use this system data to more efficiently perform its statutory compliance activities and help enable current compliance staff to perform its increased statutory workload without increasing compliance resources at this time.

When Texas RE submitted the Approved 2011 Budget, it had planned to use written requests for information to obtain this data from ERCOT for its statutory compliance activities during 2011. However, the written data request mechanism (which Texas RE tested in the second half of 2010) has not been as efficient as electronic accessing and storing the needed data. Texas RE purchased the hardware and software needed to electronically access this ERCOT region

system data in December 2010 as a capital expense. The 2011 depreciation and maintenance expense of this hardware and software will be allocated 50% to Texas RE's statutory expenses and 50% to Texas RE's non-statutory expenses in 2011, because the data obtained and stored using this system is required for and will be used fairly equally by statutory and non-statutory activities.

As described in detail below, although Texas RE's amended statutory budget is decreasing by a minimal amount (\$80K), Texas RE is not proposing to change the 2011 ERCOT region assessment. Load-serving entities have been previously notified of and have planned on assessments based upon the Approved 2011 Budget, NERC has already issued assessments for the first quarter based upon the Approved 2011 Budget, the amount of the change to the assessment would only be approximately 0.85%, and any unspent funds would be used to offset Texas RE's 2012 funding requirement. (If the assessment were to be modified, Texas RE's Amended 2011 Budget would cause Texas RE's funding requirement to decrease by \$78,213 with a cash reserve increase of \$1,895.) Therefore, in the Amended 2011 statutory Budget, the \$80K decrease with no offsetting reduction in assessments results in an \$80K increase in the provision for statutory working capital reserve. Further, as a result, in the tables provided in each individual program section below, the "Total Funding Requirement" amount shown for the Amended 2011 Budget is the same as the amount shown for the Approved 2011 Budget.

## **Overview of Statutory Cost Impacts of Amendment to the 2011 Budget**

### **Funding**

- No Change.

### **Personnel Expenses**

- Statutory personnel expenses are not changing.

### **Meeting Expenses**

- Travel expenses are not changing.

### **Operating Expenses**

- Contract costs are increasing \$8,400 from the Approved 2011 Budget to the Amended 2011 Budget primarily for the increased telecom and related costs required to enable the electronic access to ERCOT system data (not contemplated in the Approved 2011 Budget).
- Office Costs are increasing \$24,744 primarily for the maintenance agreement for the IT systems that electronically access and store ERCOT system data.
- Depreciation is increasing \$89,333 for the hardware and software purchased in December 2010 and used to electronically access and store ERCOT system data.

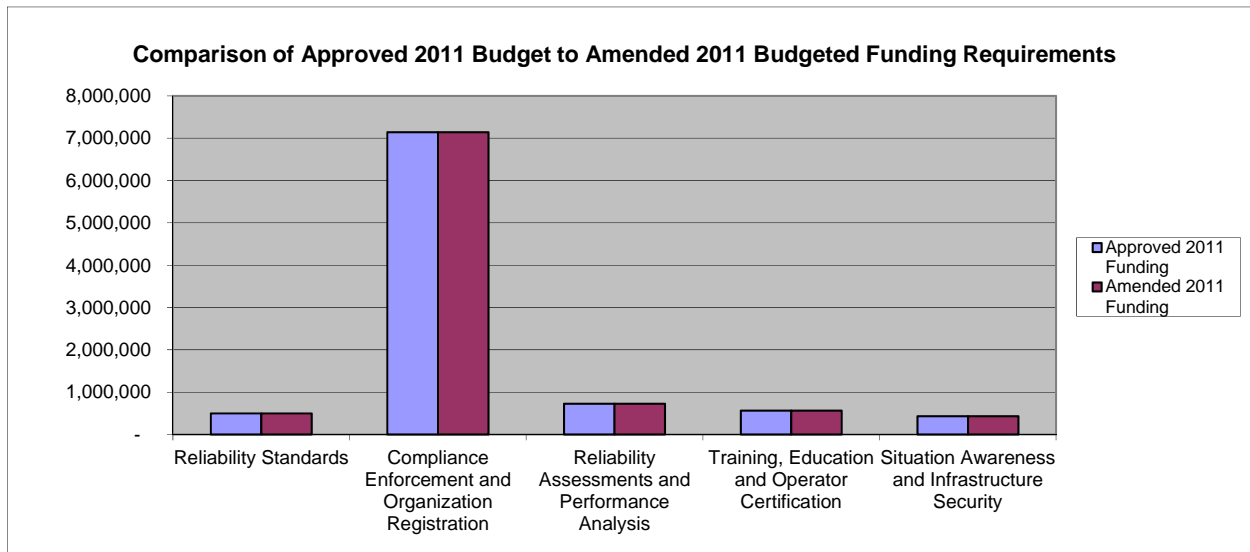
### **Indirect Expenses**

- Indirect expenses are decreasing by \$113,252, primarily due to the offset of general expenses such as rent, security, and certain IT services by non-statutory funding (since the non-statutory activities will be a greater percentage of Texas RE's overall budget under the Amended 2011 Budget, there is a resulting increase in allocation of indirect expenses to the non-statutory budget and decrease in allocation of indirect expenses to the statutory budget).

### **Fixed Assets**

- Fixed Assets are increasing due to the December 2010 purchase of the hardware and software used to electronically access ERCOT region system data. The increase in these fixed assets causes a corresponding increase in the depreciation expense for these assets.

Statutory Expenses (Including Fixed Assets) by Program	Approved 2011 Budget	Amended 2011 Budget	Variance	
			Amended 2011 Budget v Approved 2011 Budget	Variance %
Reliability Standards	497,938	492,521	5,417	1.1%
Compliance Enforcement and Organization Registration	7,142,058	7,086,749	55,309	0.8%
Reliability Assessments and Performance Analysis	729,533	720,791	8,742	1.2%
Training, Education and Operator Certification	561,336	556,277	5,059	0.9%
Situation Awareness and Infrastructure Security	433,099	427,518	5,581	1.3%
<b>Total Statutory Expenses (includes change in Fixed Assets)</b>	<b>9,363,964</b>	<b>9,283,855</b>	<b>80,108</b>	



\*These exhibits do not include an allocation of working capital requirements among the Program Areas

	Approved 2011 Budget	Amended Direct FTEs 2011 Budget	Amended Shared FTEs <sup>1</sup> 2011 Budget	Amended Total FTEs 2011 Budget	Variance from Approved 2011 Budget
<b>Total FTE's by Program Area</b>					
<b>STATUTORY</b>					
<b>Operational Programs</b>					
Reliability Standards	1.97	1.97	0.00	1.97	0.00
Compliance and Organization Registration and Certification	29.12	28.72	0.40	29.12	0.00
Training and Education	1.84	1.84	0.00	1.84	0.00
Reliability Assessment and Performance Analysis	3.18	3.18	0.00	3.18	0.00
Situation Awareness and Infrastructure Security	2.03	2.03	0.00	2.03	0.00
<b>Total FTEs Operational Programs</b>	<b>38.14</b>	<b>37.74</b>	<b>0.40</b>	<b>38.14</b>	<b>0.00</b>
<b>Administrative Programs</b>					
Technical Committees and Member Forums	0.50	0.50	0.00	0.50	0.00
General & Administrative	1.71	1.66	0.05	1.71	0.00
Information Technology	2.60	2.20	0.40	2.60	0.00
Legal and Regulatory	3.02	2.97	0.05	3.02	0.00
Human Resources	1.03	1.03	0.00	1.03	0.00
Finance and Accounting	2.00	1.90	0.10	2.00	0.00
<b>Total FTEs Administrative Programs</b>	<b>10.86</b>	<b>10.26</b>	<b>0.60</b>	<b>10.86</b>	<b>0.00</b>
<b>Total FTEs</b>	<b>49.00</b>	<b>48.00</b>	<b>1.00</b>	<b>49.00</b>	<b>0.00</b>

<sup>1</sup>A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

## Approved 2011 Statutory Budget and Amended 2011 Statutory Budget Comparisons

Statement of Activities and Capital Expenditures			
Approved 2011 Budget & Amended 2011 Budget			
STATUTORY			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ 9,227,823	\$ 9,227,823	\$ -
Penalty Sanctions	20,000	20,000	-
<b>Total Texas RE Funding</b>	<b>\$ 9,247,823</b>	<b>\$ 9,247,823</b>	<b>\$ -</b>
Membership Dues	27,500	27,500	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	215,500	215,500	-
Interest	600	600	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<b>\$ 9,491,423</b>	<b>\$ 9,491,423</b>	<b>\$ -</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 4,795,004	\$ 4,795,004	\$ -
Payroll Taxes	423,650	423,650	-
Benefits	589,499	589,499	-
Retirement Costs	693,219	693,219	-
<b>Total Personnel Expenses</b>	<b>\$ 6,501,372</b>	<b>\$ 6,501,372</b>	<b>\$ -</b>
<b>Meeting Expenses</b>			
Meetings	\$ 234,300	\$ 234,300	\$ -
Travel	322,753	322,753	-
Conference Calls	12,000	12,000	-
<b>Total Meeting Expenses</b>	<b>\$ 569,053</b>	<b>\$ 569,053</b>	<b>\$ -</b>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ 608,171	\$ 616,571	\$ 8,400
Office Rent	499,000	499,000	-
Office Costs	224,495	249,239	24,744
Professional Services	750,000	750,000	-
Miscellaneous	-	-	-
Depreciation	443,085	532,418	89,333
<b>Total Operating Expenses</b>	<b>\$ 2,524,751</b>	<b>\$ 2,647,228</b>	<b>\$ 122,477</b>
<b>Total Direct Expenses</b>	<b>\$ 9,595,176</b>	<b>\$ 9,717,654</b>	<b>\$ 122,477</b>
<b>Indirect Expenses</b>	<b>\$ (78,127)</b>	<b>\$ (191,379)</b>	<b>\$ (113,252)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 9,517,049</b>	<b>\$ 9,526,274</b>	<b>\$ 9,225</b>
<b>Change in Assets</b>	<b>\$ (25,626)</b>	<b>\$ (34,851)</b>	<b>\$ (9,225)</b>
<b>Fixed Assets</b>			
Depreciation	(443,085)	(532,418)	(89,333)
Computer & Software CapEx	290,000	290,000	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<b>\$ 153,085</b>	<b>\$ 242,418</b>	<b>\$ 89,333</b>
Allocation of Fixed Assets	\$ -	\$ (0)	\$ (0)
<b>Change in Fixed Assets</b>	<b>153,085</b>	<b>242,418</b>	<b>89,333</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ 127,459</b>	<b>\$ 207,567</b>	<b>\$ 80,108</b>

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## Section A – Statutory Programs

### Amended 2011 Business Plan and Budget

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**Section A — Amended 2011 Statutory Programs**
**Reliability Standards Program**

<b>Reliability Standards Program</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.97	1.97	-
Direct Expenses	\$ 342,515	\$ 342,515	\$ -
Indirect Expenses	\$ 153,911	\$ 148,494	\$ (5,417)
Inc(Dec) in Fixed Assets	\$ 1,511	\$ 1,511	\$ -
Total Funding Requirement	\$ 497,938	\$ 497,938	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Reliability Standards Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Reliability Standards Program

Funding sources and related expenses for the Reliability Standards section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Reliability Standards</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ 495,484	\$ 495,484	\$ -
Penalty Sanctions	1,033	1,033	-
<b>Total Texas RE Funding</b>	<b>\$ 496,518</b>	<b>\$ 496,518</b>	<b>\$ -</b>
Membership Dues	1,420	1,420	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<b>\$ 497,938</b>	<b>\$ 497,938</b>	<b>\$ -</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 236,012	\$ 236,012	\$ -
Payroll Taxes	20,967	20,967	-
Benefits	26,697	26,697	-
Retirement Costs	34,222	34,222	-
<b>Total Personnel Expenses</b>	<b>\$ 317,898</b>	<b>\$ 317,898</b>	<b>\$ -</b>
<b>Meeting Expenses</b>			
Meetings	\$ 3,700	\$ 3,700	\$ -
Travel	9,987	9,987	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 13,687</b>	<b>\$ 13,687</b>	<b>\$ -</b>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ 10,000	\$ 10,000	\$ -
Office Rent	-	-	-
Office Costs	930	930	-
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 10,930</b>	<b>\$ 10,930</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 342,515</b>	<b>\$ 342,515</b>	<b>\$ -</b>
<b>Indirect Expenses</b>	<b>\$ 153,911</b>	<b>\$ 148,494</b>	<b>\$ (5,417)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 496,426</b>	<b>\$ 491,010</b>	<b>\$ (5,417)</b>
<b>Change in Assets</b>	<b>\$ 1,511</b>	<b>\$ 6,928</b>	<b>\$ 5,417</b>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	10,000	10,000	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<b>\$ (10,000)</b>	<b>\$ (10,000)</b>	<b>\$ -</b>
Allocation of Fixed Assets	\$ 8,489	8,489	\$ -
<b>Change in Fixed Assets</b>	<b>(1,511)</b>	<b>(1,511)</b>	<b>-</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ 5,417</b>	<b>\$ 5,417</b>

## Compliance Monitoring and Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</b>			
(in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	29.12	29.12	-
Direct Expenses	\$ 4,991,215	\$ 5,105,292	\$ 114,077
Indirect Expenses	\$ 2,275,064	\$ 2,195,010	\$ (80,054)
Inc(Dec) in Fixed Assets	\$ (124,220)	\$ (213,553)	\$ (89,333)
Total Funding Requirement	\$ 7,142,058	\$ 7,142,058	-

### Program Scope, Description, Assumptions, Goals, and Key Deliverables

The Texas RE Compliance Monitoring and Enforcement and Organization Registration and Certification Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget. However, there is a budget change because of additional direct expenses and increased non-cash depreciation expenses for the hardware and software used to electronically access and store ERCOT system data.

### Funding

- No Change.

### Personnel Expenses

- No Change.

### Meeting Expenses

- No Change.

### Operating Expenses

- Office Costs are increasing \$24,744 primarily for the maintenance agreement for the hardware and software purchased in December 2010 and used to electronically access and store ERCOT system data.
- Depreciation is increasing \$89,333 for the hardware and software purchased in December 2010 and used to electronically access and store ERCOT system data.

### Indirect Expenses

- Indirect expenses are decreasing by \$80,054, primarily due to the offset of general expenses such as rent, security, and certain IT services by non-statutory funding (since the non-statutory activities will be a greater percentage of Texas RE's overall budget under the Amended 2011 Budget, there is a resulting increase in allocation of indirect expenses to the non-statutory budget and decrease in allocation of indirect expenses to the statutory budget).

### Fixed Assets

- The depreciation expense is increasing i for the additionally purchased hardware and software which results in a change to the net fixed assets. This is because depreciation is a non-cash expense.

### Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the Compliance Enforcement and Organization Registration and Certification section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ 7,105,792	\$ 7,105,792	\$ -
Penalty Sanctions	15,270	15,270	-
<b>Total Texas RE Funding</b>	<b>\$ 7,121,062</b>	<b>\$ 7,121,062</b>	<b>\$ -</b>
Membership Dues	20,996	20,996	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<b>\$ 7,142,058</b>	<b>\$ 7,142,058</b>	<b>\$ -</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 2,942,088	\$ 2,942,088	\$ -
Payroll Taxes	260,251	260,251	-
Benefits	367,508	367,508	-
Retirement Costs	426,603	426,603	-
<b>Total Personnel Expenses</b>	<b>\$ 3,996,450</b>	<b>\$ 3,996,450</b>	<b>\$ -</b>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	245,078	245,078	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 245,078</b>	<b>\$ 245,078</b>	<b>\$ -</b>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ 256,957	\$ 256,957	\$ -
Office Rent	-	-	-
Office Costs	14,480	39,224	24,744
Professional Services	294,500	294,500	-
Miscellaneous	-	-	-
Depreciation	183,750	273,083	89,333
<b>Total Operating Expenses</b>	<b>\$ 749,687</b>	<b>\$ 863,764</b>	<b>\$ 114,077</b>
<b>Total Direct Expenses</b>	<b>\$ 4,991,215</b>	<b>\$ 5,105,292</b>	<b>\$ 114,077</b>
<b>Indirect Expenses</b>	<b>\$ 2,275,064</b>	<b>\$ 2,195,010</b>	<b>\$ (80,054)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 7,266,279</b>	<b>\$ 7,300,302</b>	<b>\$ 34,023</b>
<b>Change in Assets</b>	<b>\$ (124,220)</b>	<b>\$ (158,243)</b>	<b>\$ (34,023)</b>
<b>Fixed Assets</b>			
Depreciation	(183,750)	(273,083)	(89,333)
Computer & Software CapEx	185,000	185,000	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<b>\$ (1,250)</b>	<b>\$ 88,083</b>	<b>\$ 89,333</b>
Allocation of Fixed Assets	\$ 125,470	\$ 125,470	-
<b>Change in Fixed Assets</b>	<b>124,220</b>	<b>213,553</b>	<b>89,333</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ 0</b>	<b>\$ 55,310</b>	<b>\$ 55,310</b>

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**Reliability Assessment and Performance Analysis Program**

<b>Reliability Assessments and Performance Analysis</b>			
(in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	3.18	3.18	-
Direct Expenses	\$ 494,790	\$ 494,790	\$ -
Indirect Expenses	\$ 248,444	\$ 239,702	\$ (8,742)
Inc(Dec) in Fixed Assets	\$ (13,702)	\$ (13,702)	\$ -
Total Funding Requirement	\$ 729,533	\$ 729,533	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Reliability Assessment and Performance Analysis Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Reliability Assessment and Performance Analysis</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ 725,572	\$ 725,572	\$ -
Penalty Sanctions	1,668	1,668	-
<b>Total Texas RE Funding</b>	<b>\$ 727,240</b>	<b>\$ 727,240</b>	<b>\$ -</b>
Membership Dues	2,293	2,293	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<b>\$ 729,533</b>	<b>\$ 729,533</b>	<b>\$ -</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 361,177	\$ 361,177	\$ -
Payroll Taxes	32,136	32,136	-
Benefits	40,421	40,421	-
Retirement Costs	52,371	52,371	-
<b>Total Personnel Expenses</b>	<b>\$ 486,105</b>	<b>\$ 486,105</b>	<b>\$ -</b>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	8,685	8,685	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 8,685</b>	<b>\$ 8,685</b>	<b>\$ -</b>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	-	-	-
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 494,790</b>	<b>\$ 494,790</b>	<b>\$ -</b>
<b>Indirect Expenses</b>	<b>\$ 248,444</b>	<b>\$ 239,702</b>	<b>\$ (8,742)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 743,234</b>	<b>\$ 734,492</b>	<b>\$ (8,742)</b>
<b>Change in Assets</b>	<b>\$ (13,702)</b>	<b>\$ (4,960)</b>	<b>\$ -</b>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Allocation of Fixed Assets	\$ 13,702	13,702	-
<b>Change in Fixed Assets</b>	<b>13,702</b>	<b>13,702</b>	<b>-</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**Training, Education, and Operator Certification Program**

<b>Training, Education and Operator Certification</b>			
(in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.84	1.84	-
Direct Expenses	\$ 425,510	\$ 425,510	\$ -
Indirect Expenses	\$ 143,754	\$ 138,695	\$ (5,059)
Inc(Dec) in Fixed Assets	\$ (7,928)	\$ (7,928)	\$ -
Total Funding Requirement	\$ 561,336	\$ 561,336	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Training, Education, and Operator Certification Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Training, Education, and Operator Certification Program

Funding sources and related expenses for the Training, Education, and Operator Certification section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Training, Education and Operator Certification</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ 343,544	\$ 343,544	\$ -
Penalty Sanctions	965	965	-
<b>Total Texas RE Funding</b>	<u>\$ 344,509</u>	<u>\$ 344,509</u>	<u>\$ -</u>
Membership Dues	1,327	1,327	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	215,500	215,500	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<u>\$ 561,336</u>	<u>\$ 561,336</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 155,953	\$ 155,953	\$ -
Payroll Taxes	13,831	13,831	-
Benefits	17,311	17,311	-
Retirement Costs	22,613	22,613	-
<b>Total Personnel Expenses</b>	<u>\$ 209,709</u>	<u>\$ 209,709</u>	<u>\$ -</u>
<b>Meeting Expenses</b>			
Meetings	\$ 215,500	\$ 215,500	\$ -
Travel	301	301	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<u>\$ 215,801</u>	<u>\$ 215,801</u>	<u>\$ -</u>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	-	-	-
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Direct Expenses</b>	<u>\$ 425,510</u>	<u>\$ 425,510</u>	<u>\$ -</u>
<b>Indirect Expenses</b>	<u>\$ 143,754</u>	<u>\$ 138,695</u>	<u>\$ (5,059)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ 569,264</u>	<u>\$ 564,205</u>	<u>\$ (5,059)</u>
<b>Change in Assets</b>	<u>\$ (7,928)</u>	<u>\$ (2,869)</u>	<u>\$ 5,059</u>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ 7,928	7,928	\$ -
<b>Change in Fixed Assets</b>	<u>7,928</u>	<u>7,928</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 0</u>	<u>\$ 5,059</u>	<u>\$ 5,059</u>

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**Situation Awareness and Infrastructure Security Program**

<b>Situation Awareness and Infrastructure Security</b>			
(in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	2.03	2.03	-
Direct Expenses	\$ 283,248	\$ 283,248	\$ -
Indirect Expenses	\$ 158,598	\$ 153,017	\$ (5,581)
Inc(Dec) in Fixed Assets	\$ (8,746)	\$ (8,746)	\$ -
Total Funding Requirement	\$ 433,099	\$ 433,099	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Situation Awareness and Infrastructure Security Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the Situation Awareness and Infrastructure Security section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Situation Awareness and Infrastructure Security</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ 430,571	\$ 430,571	\$ -
Penalty Sanctions	1,064	1,064	-
<b>Total Texas RE Funding</b>	<b>\$ 431,636</b>	<b>\$ 431,635</b>	<b>\$ -</b>
Membership Dues	1,464	1,464	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<b>\$ 433,099</b>	<b>\$ 433,099</b>	<b>\$ -</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 209,656	\$ 209,656	\$ -
Payroll Taxes	18,651	18,651	-
Benefits	23,272	23,272	-
Retirement Costs	30,400	30,400	-
<b>Total Personnel Expenses</b>	<b>\$ 281,980</b>	<b>\$ 281,980</b>	<b>\$ -</b>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	1,268	1,268	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 1,268</b>	<b>\$ 1,268</b>	<b>\$ -</b>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	-	-	-
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 283,248</b>	<b>\$ 283,248</b>	<b>\$ -</b>
<b>Indirect Expenses</b>	<b>\$ 158,598</b>	<b>\$ 153,017</b>	<b>\$ (5,581)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 441,846</b>	<b>\$ 436,265</b>	<b>\$ (5,581)</b>
<b>Change in Assets</b>	<b>\$ (8,746)</b>	<b>\$ (3,165)</b>	<b>\$ 5,581</b>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Allocation of Fixed Assets	\$ 8,746	8,746	-
<b>Change in Fixed Assets</b>	<b>8,747</b>	<b>8,746</b>	<b>-</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ 0</b>	<b>\$ 5,581</b>	<b>\$ 5,581</b>

## Administrative Services

<b>Administrative Services</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	10.86	10.86	-
Total Direct Expenses	\$ 3,057,898	\$ 3,066,298	\$ 8,400
Inc(Dec) in Fixed Assets	\$ (164,335)	\$ (164,335)	\$ -
Less: Other Funding Sources	\$ (600)	\$ (600)	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$ (2,983,407)	\$ (2,991,807)	\$ (8,400)
Funding Requirement for Working Capital	\$ 127,459	\$ 127,459	\$ -

### Methodology for Allocation of Administrative Services Expenses to Programs

- Texas RE allocates its indirect expenses to the functional areas via a headcount allocation, both in the Approved 2011 Budget and the Amended 2011 Budget.
  - Each direct activity receives a pro-rata allocation of expense based on its FTEs compared to total FTEs.
- Fixed assets that benefit the entire corporation that are not specific to any one activity/function will be allocated based on headcount to all of the direct activities.
- Direct expenses are increasing by \$8,400 due to the increased telecom requirement for the hardware and software used to electronically access and store ERCOT system data (which was not contemplated in the Approved 2011 Budget).

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**Technical Committees and Member Forums**

<b>Technical Committees and Member Forums</b>			
(in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	0.50	0.50	-
Direct Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Technical Committees and Member Forums Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Member Forums section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Technical Committees and Member Forums</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ -	\$ -	\$ -
Penalty Sanctions		-	
<b>Total Texas RE Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-
Benefits	-	-	-
Retirement Costs	-	-	-
<b>Total Personnel Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	-	-	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	-	-	-
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Direct Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Indirect Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	-	
<b>Change in Fixed Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**General and Administrative Services**

<b>General and Administrative</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.71	1.71	-
Direct Expenses	\$ 1,143,056	\$ 1,143,056	\$ -
Inc(Dec) in Fixed Assets	\$ (115,952)	\$ (115,952)	\$ -
Working Capital Requirement	\$ 127,459	\$ 127,459	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE General and Administrative Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## General and Administrative Services

Funding sources and related expenses for the General and Administrative Services section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>General and Administrative</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ 126,859	\$ 126,859	\$ -
Penalty Sanctions	-	-	-
<b>Total Texas RE Funding</b>	<u>\$ 126,859</u>	<u>\$ 126,859</u>	<u>\$ -</u>
Membership Dues	-	-	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	600	600	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<u>\$ 127,459</u>	<u>\$ 127,459</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 161,154	\$ 161,154	\$ -
Payroll Taxes	13,056	13,056	-
Benefits	24,663	24,663	-
Retirement Costs	21,311	21,311	-
<b>Total Personnel Expenses</b>	<u>\$ 220,184</u>	<u>\$ 220,184</u>	<u>\$ -</u>
<b>Meeting Expenses</b>			
Meetings	\$ 13,100	\$ 13,100	\$ -
Travel	44,094	44,094	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<u>\$ 57,194</u>	<u>\$ 57,194</u>	<u>\$ -</u>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ 780	\$ 780	\$ -
Office Rent	499,000	499,000	-
Office Costs	29,145	29,145	-
Professional Services	220,800	220,800	-
Miscellaneous	-	-	-
Depreciation	115,952	115,952	-
<b>Total Operating Expenses</b>	<u>\$ 865,677</u>	<u>\$ 865,677</u>	<u>\$ -</u>
<b>Total Direct Expenses</b>	<u>\$ 1,143,056</u>	<u>\$ 1,143,056</u>	<u>\$ -</u>
<b>Indirect Expenses</b>	<u>\$ (1,143,056)</u>	<u>\$ (1,143,056)</u>	<u>\$ -</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Assets</b>	<u>\$ 127,459</u>	<u>\$ 127,459</u>	<u>\$ -</u>
<b>Fixed Assets</b>			
Depreciation	(115,952)	(115,952)	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<u>\$ 115,952</u>	<u>\$ 115,952</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ (115,952)	(115,952)	-
<b>Change in Fixed Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 127,459</u>	<u>\$ 127,459</u>	<u>\$ -</u>

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**Legal and Regulatory**

<b>Legal and Regulatory</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	3.02	3.02	-
Direct Expenses	\$ 398,705	\$ 398,705	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Legal and Regulatory Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Legal and Regulatory

Funding sources and related expenses for the Legal and Regulatory section of the Amended 2011 Budget are shown in the table below.

Statement of Activities and Capital Expenditures			
Approved 2011 Budget & Amended 2011 Budget			
Legal and Regulatory			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-
<b>Total Texas RE Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 274,717	\$ 274,717	\$ -
Payroll Taxes	24,410	24,410	-
Benefits	31,154	31,154	-
Retirement Costs	39,834	39,834	-
<b>Total Personnel Expenses</b>	<u>\$ 370,114</u>	<u>\$ 370,114</u>	<u>\$ -</u>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	6,551	6,551	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<u>\$ 6,551</u>	<u>\$ 6,551</u>	<u>\$ -</u>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ 1,800	\$ 1,800	\$ -
Office Rent	-	-	-
Office Costs	2,240	2,240	-
Professional Services	18,000	18,000	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 22,040</u>	<u>\$ 22,040</u>	<u>\$ -</u>
<b>Total Direct Expenses</b>	<u>\$ 398,705</u>	<u>\$ 398,705</u>	<u>\$ -</u>
<b>Indirect Expenses</b>	<u>\$ (398,705)</u>	<u>\$ (398,705)</u>	<u>\$ -</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	-	-	-
<b>Change in Fixed Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Information Technology

<b>Information Technology</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	2.60	2.60	-
Direct Expenses	\$ 1,033,157	\$ 1,041,557	\$ 8,400
Inc(Dec) in Fixed Assets	\$ (48,383)	\$ (48,383)	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

### Program Scope, Description, Assumptions, Goals, and Key Deliverables

The Texas RE Information Technology Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

### Overview of Statutory Cost Impacts of Amendment to the 2011 Budget

#### Funding

- No Change.

#### Personnel Expenses

- No Change.

#### Meeting Expenses

- No Change.

#### Operating Expenses

- Direct expenses are increasing by \$8,400 due to the increased telecom requirement for the hardware and software used to electronically access and store ERCOT system data (which was not contemplated in the Approved 2011 Budget).

## Information Technology

Funding sources and related expenses for the Information Technology section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Information Technology</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	-	-
<b>Total Texas RE Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 267,102	\$ 267,102	\$ -
Payroll Taxes	23,733	23,733	-
Benefits	37,535	37,535	-
Retirement Costs	38,730	38,730	-
<b>Total Personnel Expenses</b>	<u>\$ 367,100</u>	<u>\$ 367,100</u>	<u>\$ -</u>
<b>Meeting Expenses</b>			
Meetings	\$ 2,000	\$ 2,000	\$ -
Travel	3,805	3,805	-
Conference Calls	12,000	12,000	-
<b>Total Meeting Expenses</b>	<u>\$ 17,805</u>	<u>\$ 17,805</u>	<u>\$ -</u>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ 330,634	\$ 339,034	\$ 8,400
Office Rent	-	-	-
Office Costs	174,235	174,235	-
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	143,383	143,383	-
<b>Total Operating Expenses</b>	<u>\$ 648,252</u>	<u>\$ 656,652</u>	<u>\$ 8,400</u>
<b>Total Direct Expenses</b>	<u>\$ 1,033,157</u>	<u>\$ 1,041,557</u>	<u>\$ 8,400</u>
<b>Indirect Expenses</b>	<u>\$ (1,033,157)</u>	<u>\$ (1,041,557)</u>	<u>\$ (8,400)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>
<b>Fixed Assets</b>			
Depreciation	(143,383)	(143,383)	-
Computer & Software CapEx	95,000	95,000	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<u>\$ 48,383</u>	<u>\$ 48,383</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ (48,383)	(48,383)	\$ -
<b>Change in Fixed Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>

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**Human Resources**

<b>Human Resources</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.03	1.03	-
Direct Expenses	\$ 9,123	\$ 9,123	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Human Resources Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Human Resources

Funding sources and related expenses for the Human Resources section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Human Resources</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ -	\$ -	\$ -
Penalty Sanctions	\$ -	-	-
<b>Total Texas RE Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	-	-	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-
Benefits	-	-	-
Retirement Costs	-	-	-
<b>Total Personnel Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	1,363	1,363	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<u>\$ 1,363</u>	<u>\$ 1,363</u>	<u>\$ -</u>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	260	260	-
Professional Services	7,500	7,500	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 7,760</u>	<u>\$ 7,760</u>	<u>\$ -</u>
<b>Total Direct Expenses</b>	<u>\$ 9,123</u>	<u>\$ 9,123</u>	<u>\$ -</u>
<b>Indirect Expenses</b>	<u>\$ (9,123)</u>	<u>\$ (9,123)</u>	<u>\$ -</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	-	-
<b>Change in Fixed Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**Finance and Accounting**

<b>Finance and Accounting</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	2.00	2.00	-
Direct Expenses	\$ 473,858	\$ 473,858	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

**Program Scope, Description, Assumptions, Goals, and Key Deliverables**

The Texas RE Finance and Accounting Program scope, description, assumptions, goals, and key deliverables have not changed from the Approved Budget.

## Finance and Accounting

Funding sources and related expenses for the Finance and Accounting section of the Amended 2011 Budget are shown in the table below.

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>Finance and Accounting</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-
<b>Total Texas RE Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	-	-	-
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 187,145	\$ 187,145	\$ -
Payroll Taxes	16,614	16,614	-
Benefits	20,938	20,938	-
Retirement Costs	27,136	27,136	-
<b>Total Personnel Expenses</b>	<b>\$ 251,833</b>	<b>\$ 251,833</b>	<b>\$ -</b>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	1,619	1,619	-
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 1,619</b>	<b>\$ 1,619</b>	<b>\$ -</b>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ 8,000	\$ 8,000	\$ -
Office Rent	-	-	-
Office Costs	3,205	3,205	-
Professional Services	209,200	209,200	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 220,405</b>	<b>\$ 220,405</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 473,858</b>	<b>\$ 473,858</b>	<b>\$ -</b>
<b>Indirect Expenses</b>	<b>\$ (473,858)</b>	<b>\$ (473,858)</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Allocation of Fixed Assets	\$ -	-	-
<b>Change in Fixed Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Section B – Supplemental Financial Information

### Amended 2011 Business Plan and Budget

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## Section B — Supplemental Financial Information Reserve Balance

Table B-1

Working Capital Reserve Analysis 2010-2011	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	1,736,988
Less: Penalty sanctions to be used as offset to 2011 assessments <sup>1</sup>	(20,000)
Plus: 2010 Texas RE Funding (from LSEs or designees)	9,144,340
Plus: 2010 Other funding sources	237,760
Less: 2010 Projected expenses & capital expenditures	(9,349,201)
Projected Working Capital Reserve (Deficit), December 31, 2010	1,749,887
Desired Working Capital Reserve, December 31, 2011 <sup>2</sup>	1,957,454
Less: Projected Working Capital Reserve, December 31, 2010	(1,749,887)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	207,567
Amended 2011 Expenses and Capital Expenditures	9,283,856
Less: Penalty Sanctions <sup>1</sup>	(20,000)
Less: Other Funding Sources	(243,600)
Adjustment to achieve desired Working Capital Reserve	207,567
Amended 2011 Texas RE Assessment	9,227,823

<sup>1</sup> Represents collections on or prior to June 30, 2010.

<sup>2</sup> The Texas RE board approved a desired 75-day working capital reserve; however, the Board approved this minimal cash reserve increase to allow the 2011 assessment to remain unchanged. Any remaining cash reserve will be used to offset the 2012 funding requirement.

### Explanation of Changes in Reserve Policy

Texas RE has not changed its policy of maintaining an approximately 75-day cash reserve; however, Texas RE requests that the 2011 statutory assessment not be changed from the amount set forth in the Approved 2011 Budget, due to the small change (\$80,108) in the statutory Amended 2011 Budget, because this amount is immaterial (0.85%) to Texas RE's overall budget, load-serving entities have been previously notified of and planned for the assessments based upon the Approved 2011 Budget, NERC has already issued assessments for the first quarter, based upon the Approved 2011 Budget, and any unspent funds will be used to offset Texas RE's 2012 funding requirement. The Approved 2011 Budget reflected an increase in cash reserves of \$127,459 from 2010, and the Amended 2011 Budget reflects cash reserves increase from 2010 of \$207,567, which is an increase in working capital over the Approved 2011 Budget of \$80,108. This increase in cash reserves is required to maintain the previously approved assessment amount.

## Section B — Supplemental Financial Information Consultants &amp; Contracts

Table B-2

Consultants	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget	Variance %
<b>Consultants</b>				
Consultants	\$ 20,000	\$ 20,000	\$ -	0.00%
<b>Consultants Total</b>	\$ 20,000	\$ 20,000	\$ -	0%
Contracts	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget	Variance %
<b>Contracts</b>				
Corporate Support Allocation (MOU)	\$ -	\$ -	\$ -	
IT-Managed Service Fees	510,368	510,368	-	0.00%
IT Hosting Fees	67,223	75,623	8,400	12.50%
Contracts	2,580	2,580	-	0.00%
Maintenance for Accounting System	8,000	8,000	-	0.00%
<b>Contracts Total</b>	\$ 588,171	\$ 596,571	\$ 8,400	1%
<b>Total Consulting and Contracts</b>	\$ 608,171	\$ 616,571	\$ 8,400	1%

**Explanation of Changes in Consultants & Contracts**

Texas RE will have increased telecom expenses for the new hardware and software to electronically access ERCOT system data, which will increase the statutory IT Hosting Fees by \$8,400.

## Section B — Supplemental Financial Information Office Costs

Table B-3

Office Costs	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget	Variance %
Office Supplies	\$ 9,600	\$ 9,600	\$ -	0.00%
Computer Supplies & Maintenance	20,000	44,744	24,744	123.72%
Telephone/Cell Phones	36,240	36,240	-	0.00%
Postage	1,440	1,440	-	0.00%
Express Shipping	4,000	4,000	-	0.00%
Stationary Forms	2,350	2,350	-	0.00%
Reports - Graphics	1,000	1,000	-	0.00%
Internet Expense	105,655	105,655	-	0.00%
Subscriptions & Publications	1,240	1,240	-	0.00%
Equipment Repair/Srv. Contracts	37,420	37,420	-	0.00%
Bank Charges	600	600	-	0.00%
71500-Dues	4,950	4,950	-	0.00%
<b>Total Office Costs</b>	<b>\$ 224,495</b>	<b>\$ 249,239</b>	<b>\$ 24,744</b>	<b>11.02%</b>

**Explanation of Changes in Office Costs**

Texas RE will incur \$24,744 in additional maintenance costs for the new hardware and software to electronically access the ERCOT system data.

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## Section C – Non-Statutory Activities

### Amended 2011 Business Plan and Budget

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## 2011 Non-Statutory Business Plan and Budget

<b>Non-Statutory Activities</b> (in whole dollars)			
	<b>Approved 2011 Budget</b>	<b>Amended 2011 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.0	5.0	4.0
Direct Expenses	\$ 187,842	\$ 778,596	\$ 590,755
Indirect Expenses	\$ 78,127	\$ 191,379	\$ 113,252
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ 265,969	\$ 969,975	\$ 704,006

### Non-Statutory Functional Scope

Texas RE will continue to perform non-statutory activities in 2011. Texas RE will remain the Reliability Monitor and perform the audits, investigations, monthly metrics review, and other monitoring and reporting of market participants' compliance with the reliability-related ERCOT Protocols and Operating Guides (ERCOT Regional Rules) that it performed in 2010 and its predecessor Texas Regional Entity performed in previous years, under the direction of the Public Utility Commission of Texas (PUCT). Texas RE will also monitor the stakeholder Regional Rules creation and modification process and assist the PUCT with comments on proposed changes to rules that impact reliability. Texas RE will not perform any enforcement activities, but will provide testimony and technical support to the PUCT for its enforcement cases.

### Major 2011 Assumptions and Cost Impacts – Approved Budget to Amended Budget

- Texas RE will be the Reliability Monitor and perform ERCOT Regional Rules compliance monitoring and reporting for the PUCT in 2011, similarly to its non-statutory activities in 2010.

### Funding Sources

- Funding will be obtained through an extension of the current contract between Texas RE, the PUCT, and ERCOT. The Amended 2011 Budget reflects non-statutory contract funding of \$969,975, which ERCOT will pay under the contract from its PUCT-approved system administration fee. This is a \$704,006 increase from the Approved 2011 Budget to the Amended 2011 Budget.

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### Personnel Expenses

- Non-statutory personnel expenses are increasing due to the addition of 4 FTEs (from 1 FTE to 5 FTEs) for the non-statutory activities. Texas RE will hire four additional employees to perform non-statutory activities. One “FTE” will represent a composite comprised of time spent by administrative and management personnel who primarily perform statutory activities. The resulting increase is \$544,309 for salary and benefits.

### Meeting Expenses

- Travel is increasing \$12,222 from the Approved 2011 Budget to the Amended 2011 Budget. This is due to the continuation of audits to be performed as part of the non-statutory activities. It is expected that there will be approximately 15 audits requiring travel in 2011.

### Operating Expenses

- Contract costs are increasing \$8,400 from the Approved 2011 Budget to the Amended 2011 Budget primarily for the increased telecom and related costs required to enable the electronic access to ERCOT system data.
- Office Costs are increasing \$25,824 primarily related to the maintenance agreement for the IT systems that electronically access and store the ERCOT system data.

### Indirect Expenses

- The non-statutory allocation of indirect expenses is increasing primarily due to the increase in non-statutory headcount from 1 to 5 FTEs, which is a driver in the indirect allocation calculation. Also, there are added expenses associated with the new IT systems needed to electronically access and store the ERCOT system data. The indirect allocation includes 50% of the depreciation and maintenance associated with this system, because the system is required and will be used fairly equally for statutory and non-statutory activities.

### 2011 Non-Statutory Goals and Objectives

- Appropriately monitor and report to the PUCT regarding stakeholder compliance with the Regional Rules.
- Implement the 2011 Regional Rules audit plan per the posted schedule.
- Review and assess system disturbances for potential violations of ERCOT Regional Rules and report all findings to the PUCT.
- Provide technical expertise to the PUCT for the review and modification of ERCOT Regional Rules that impact reliability of the BPS and support the PUCT efforts to ensure adequate reliability metrics are developed for the new nodal market.
- Provide technical or testimony support as needed to the PUCT for its enforcement of ERCOT Regional Rules violations.

## Approved 2011 Non-Statutory Budget and Amended 2011 Non-Statutory Budget Comparisons

<b>Statement of Activities and Capital Expenditures</b>			
<b>Approved 2011 Budget &amp; Amended 2011 Budget</b>			
<b>NON-STATUTORY</b>			
	Approved 2011 Budget	Amended 2011 Budget	Variance Amended 2011 Budget v Approved 2011 Budget Over(Under)
<b>Funding</b>			
<b>Texas RE Funding</b>			
Texas RE Assessments	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-
<b>Total Texas RE Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues/Non-statutory			
Assessments	265,969	969,975	\$ 704,007
Federal Grants	-	-	-
Services & Software	-	-	-
Workshops	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
<b>Total Funding</b>	<u>\$ 265,969</u>	<u>\$ 969,975</u>	<u>\$ 704,007</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 112,913	\$ 507,913	\$ 395,000
Payroll Taxes	10,023	43,532	33,509
Benefits	12,533	71,058	58,525
Retirement Costs	16,372	73,647	57,275
<b>Total Personnel Expenses</b>	<u>\$ 151,842</u>	<u>\$ 696,150</u>	<u>\$ 544,309</u>
<b>Meeting Expenses</b>			
Meetings	\$ -	\$ -	\$ -
Travel	-	12,222	12,222
Conference Calls	-	-	-
<b>Total Meeting Expenses</b>	<u>\$ -</u>	<u>\$ 12,222</u>	<u>\$ 12,222</u>
<b>Operating Expenses</b>			
Consultants & Contracts	\$ -	\$ 8,400	\$ 8,400
Office Rent	-	-	-
Office Costs	-	25,824	25,824
Professional Services	36,000	36,000	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 36,000</u>	<u>\$ 70,224</u>	<u>\$ 34,224</u>
<b>Total Direct Expenses</b>	<u>\$ 187,842</u>	<u>\$ 778,596</u>	<u>\$ 590,755</u>
<b>Indirect Expenses</b>	<u>\$ 78,127</u>	<u>\$ 191,379</u>	<u>\$ 113,251</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ 265,969</u>	<u>\$ 969,975</u>	<u>\$ 704,006</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>
<b>Fixed Assets</b>			
Depreciation	-	-	-
Computer & Software CapEx	-	-	-
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
<b>(Incr)Dec in Fixed Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Allocation of Fixed Assets	\$ -	-	-
<b>Change in Fixed Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>

## Personnel Analysis

Fractional FTEs reflect part-time, shared employees, or employees who worked in fewer than all four quarters of the year.

Total FTE's by Program Area	Approved 2011 Budget	Amended Direct FTEs 2011 Budget	Amended Shared FTEs <sup>1</sup> 2011 Budget	Amended Total FTEs 2011 Budget	Variance from Approved 2011 Budget
<b>NON-STATUTORY</b>					
<b>Operational Programs</b>					
Protocol	0.75	4.00	0.40	4.40	3.65
<b>Total FTEs Operational Programs</b>	<b>0.75</b>	<b>4.00</b>	<b>0.40</b>	<b>4.40</b>	<b>3.65</b>
<b>Administrative Programs</b>					
G&A	0.25	0.00	0.60	0.60	0.35
<b>Total FTEs Administrative Programs</b>	<b>0.25</b>	<b>0.00</b>	<b>0.60</b>	<b>0.60</b>	<b>0.35</b>
<b>Total FTEs</b>	<b>1.00</b>	<b>4.00</b>	<b>1.00</b>	<b>5.00</b>	<b>4.00</b>

<sup>1</sup>A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

## Amended Reserve Analysis — 2010–2011

Working Capital Reserve Analysis 2010-2011	
NON-STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2009	0
Plus: 2010 Texas RE Funding (from LSEs or designees)	
Plus: 2010 Other funding sources	265,969
Less: 2010 Projected expenses & capital expenditures	(265,969)
<b>Projected Working Capital Reserve (Deficit), December 31, 2010</b>	<b>0</b>
Desired Working Capital Reserve, December 31, 2011	<sup>1</sup> 0
Less: Projected Working Capital Reserve, December 31, 2010	0
<b>Additional funding required to achieve desired Working Capital Reserve</b>	<b>0</b>
2011 Funding for Expenses and Capital Expenditures	969,975
Less: Other Funding Sources	(969,975)
Adjustment to achieve desired Working Capital Reserve	
<b>Amended 2011 Funding (reserve adjustment)</b>	<b>0</b>

<sup>1</sup> On June 30, 2010, the RE Board of Directors approved a desired working capital reserve of \$0 due to change in non-statutory work assumption in 2011.

### Explanation of Changes in Reserve Policy

Texas RE has continued its policy of not maintaining a cash reserve for Non-statutory activities, due to the reliability and predictability of receipt of funding pursuant to its contract with the PUCT and ERCOT for the non-statutory activities.

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Section D – Additional Consolidated Financial  
Statements  
Amended 2011 Business Plan and Budget

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2011 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Allocated 2011 Budget	Functions in Delegation Agreement										Non-Statutory Functions			
	Statutory Total	Non-Statutory Total	Reliability Standards (Section 300)	Compliance and Registration and Enforcement (409 & 430)	Reliability Assessment and Performance (Section 800)	Training and Education (900)	Situation Awareness and Infrastructure (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory		Information Technology	Human Resources	Accounting and Finance
<b>Total</b>	9,227,823	9,227,823	465,484	7,105,792	725,572	343,544	430,571	-	126,859	-	-	-	-	-
<b>Total Texas RE Funding</b>	9,247,283	9,247,283	465,484	7,121,062	727,240	344,809	431,853	-	128,859	-	-	-	-	-
Texas RE Assessments	9,227,823	9,227,823	465,484	7,105,792	725,572	343,544	430,571	-	126,859	-	-	-	-	-
Priority Sanctions	20,000	20,000	3,033	15,270	1,668	965	1,684	-	-	-	-	-	-	-
Total Texas RE Funding	9,247,283	9,247,283	465,484	7,121,062	727,240	344,809	431,853	-	128,859	-	-	-	-	-
Non-statutory Funding	869,975	869,975	-	20,996	2,293	1,327	1,464	-	-	-	-	-	-	869,975
Memberships Dues	27,500	27,500	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	215,500	215,500	-	-	215,500	-	-	-	-	-	-	-	-	-
Workshops	600	600	-	-	-	-	-	-	600	-	-	-	-	-
Interest	600	600	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	600	600	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding</b>	10,461,998	9,491,423	467,938	7,142,059	729,533	561,336	433,699	-	127,459	-	-	-	-	869,975
<b>Expenses</b>														
<b>Personnel Expenses</b>	5,392,917	4,795,004	298,012	2,942,088	381,177	155,893	209,866	-	161,154	374,717	287,102	-	187,146	607,913
Payroll Taxes	487,181	423,650	20,967	269,251	32,136	13,831	18,651	-	13,066	24,410	23,733	-	16,614	43,532
Bonuses	660,557	588,499	26,697	367,508	40,421	17,311	23,272	-	24,663	31,154	37,535	-	20,938	71,058
Retirement Costs	766,857	693,219	34,222	426,603	52,371	22,613	30,400	-	21,311	38,834	36,730	-	27,136	73,647
Total Personnel Expenses	7,197,523	6,501,372	317,888	3,936,450	486,105	209,709	291,860	-	220,184	370,114	367,100	-	251,833	686,150
<b>Meeting Expenses</b>	234,300	234,300	3,700	-	-	215,500	-	-	13,100	-	2,000	-	-	2,000
Meetings	334,975	327,753	9,987	245,078	8,695	301	1,269	-	44,094	6,551	3,805	-	1,363	1,619
Travel	12,000	12,000	-	-	-	-	-	-	-	-	12,000	-	-	-
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meeting Expenses	361,275	360,053	13,687	245,078	8,695	215,801	1,269	-	57,194	6,551	17,805	-	1,363	1,619
<b>Operating Expenses</b>	624,971	616,571	10,000	246,957	-	-	-	-	780	1,800	338,034	-	8,000	8,400
Consultants & Contracts	499,000	499,000	-	-	-	-	-	-	499,000	-	-	-	-	-
Office Rent	275,063	249,239	930	39,224	-	-	-	-	29,145	2,240	174,235	-	260	3,205
Office Costs	786,000	750,000	-	294,500	-	-	-	-	220,800	18,000	-	-	7,500	209,200
Professional Services	532,418	532,418	-	273,093	-	-	-	-	115,952	-	143,383	-	-	36,000
Miscellaneous	2,717,452	2,647,228	10,930	863,794	-	-	-	-	866,677	22,040	656,652	-	7,760	220,405
Total Operating Expenses	10,496,250	9,717,654	342,515	5,105,292	494,790	425,510	283,248	-	1,143,056	398,705	1,041,557	-	9,123	473,858
<b>Total Direct Expenses</b>	6,252,488	5,645,875	448,494	2,195,010	239,703	138,695	153,017	-	1,143,056	898,705	1,041,557	-	(8,123)	(473,858)
<b>Indirect Expenses</b>	(191,370)	191,370	-	-	-	-	-	-	-	-	-	-	-	191,370
<b>Other Non-Operating Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	10,496,250	9,536,275	461,010	7,300,302	734,493	564,205	436,265	-	-	-	-	-	-	869,975
<b>Change in Assets</b>	(34,852)	(34,852)	6,928	(158,243)	(4,960)	(2,670)	(3,166)	-	127,459	-	-	-	-	-
<b>Fixed Assets</b>														
Depreciation	(532,418)	(532,418)	-	(373,093)	-	-	-	-	(115,952)	-	(143,383)	-	-	-
Furniture & Software CapEx	290,000	290,000	10,000	165,000	-	-	-	-	-	-	95,000	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>(Net) Dec in Fixed Assets</b>	242,418	242,418	(10,000)	88,005	-	-	-	-	115,952	-	48,383	-	-	-
Allocation of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Software CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in Fixed Assets</b>	242,418	242,418	(1,512)	213,594	13,702	7,928	8,747	-	(115,952)	-	(48,383)	-	-	-
<b>TOTAL CHANGE IN NET ASSETS</b>	207,566	207,566	5,416	55,310	8,742	5,668	5,581	-	127,459	-	-	-	-	-
<b>FTEs</b>	54.00	49.00	5.00	1.97	29.12	3.18	1.84	2.03	0.50	1.71	3.02	2.60	1.03	2.00

## Amended Statement of Financial Position

- As of December 31, 2009, per audit
- As of December 31, 2010, projected
- As of December 31, 2011, as budgeted (amended)

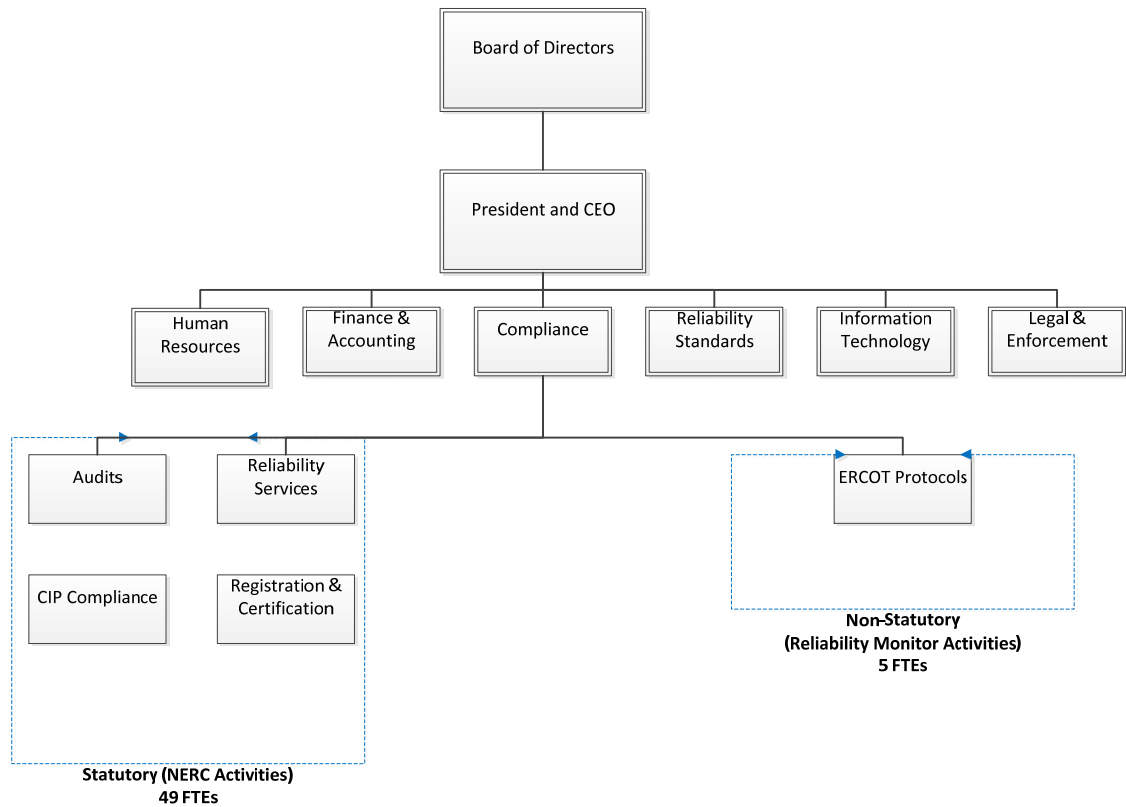
### Statement of Financial Position 2009 Audited, 2010 Projection, and Amended 2011 Budget

#### STATUTORY and NON-STATUTORY

	(Per Audit) 31-Dec-09	Projected 31-Dec-10	Amended Budget 31-Dec-11
<b>ASSETS</b>			
Cash	2,551,152	2,126,627	2,321,295
Accounts receivable, net of allowance for uncollectible	1,756,745	-	
Other receivables	-		
Prepaid expenses and other current assets	-		
Security deposit	-	50,000	50,000
Cash value of insurance policies	-		
Property and equipment	536,424	1,463,839	1,221,421
Total Assets	<b>4,844,321</b>	<b>3,640,466</b>	<b>3,592,716</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Accounts payable and accrued expenses	903,722	413,841	413,841
Deferred income	1,667,187	-	
Regional assessments collected in advance			
Regulatory Liability	1,736,122	-	
Accrued retirement liabilities			
Total Liabilities	<b>4,307,032</b>	<b>413,841</b>	<b>413,841</b>
Net Assets - unrestricted	537,289	3,226,625	3,178,875
Total Liabilities and Net Assets	<b>4,844,321</b>	<b>3,640,466</b>	<b>3,592,716</b>

Amended 2011 Texas RE Organization Chart (Statutory and Non-statutory)

2011 Organization Overview



**Amended 2011 Texas RE Organization Chart – Statutory and Non-Statutory Functions**

