



MEMO

Date: November 9, 2004
To: Board of Directors
From: Clifton Karnei, Chair, Finance & Audit Committee
Subject: 2003 Benefit Plans Audited Financial Statements

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: November 16, 2004

Agenda Item No.: 7b

Issue:

ERCOT must obtain an annual audit of its 401k and Money Purchase Plans financial records pursuant to the ERISA.

Background/History:

PricewaterhouseCoopers LLP (“PwC”) was engaged by ERCOT, subsequent to Board approval to perform the annual audit of the ERCOT 401k and Money Purchase Benefit Plans financial books and records.

The 2003 benefit plans audited financial statements were mailed to the Board in late October 2004. During the November 16, 2004 Finance & Audit Committee meeting, PwC will be available to address questions relating to the benefit plans audit reports for year 2003, PwC’s recommendations, and other business items the F&A Committee may raise.

It is contemplated that the F&A Committee will review and accept the year 2003 benefit plans audited financial statements as presented by PwC.

Conclusion/Recommendation:

The F&A Committee of the Board of Directors is expected to recommend approval and acceptance of the Report on Audit of Financial Statements of the 401k and Money Purchase Plans for the Year ended December 31, 2003 as presented by PwC.