



MEMO

Date: January 11, 2005
To: ERCOT Board of Directors
From: Clifton Karnei
Subject: Accept SAS 70 Audit

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: January 18, 2005

Agenda Item No.: 7a

Issue:

ERCOT obtained the services of Pricewaterhouse Coopers (PwC) to perform a SAS 70 Type II Audit for the period of May 1, 2004 through October 31, 2004.

Background/History:

PwC was engaged by ERCOT, subsequent to Board approval, to perform a SAS 70 Type II Audit. Prior to the January 18, 2004 Board meeting, PwC will make a formal presentation to the Finance & Audit Committee ("F&A Committee") to discuss the final report. It is contemplated that the F&A Committee will review and accept the SAS 70 report as presented by PwC.

Conclusion/Recommendation:

The F&A Committee of the Board of Directors is expected to recommend approval and acceptance of the SAS 70 Type II Audit as of October 31, 2004, as presented by PwC.