



# MEMO

**Date:** May 9, 2006  
**To:** ERCOT Board of Directors  
**From:** Steve Byone; Vice President & Chief Financial Officer  
**Subject:** 2005 Audited Financial Statements

## **Issue for the ERCOT Board of Directors**

**ERCOT Board of Director Meeting Date:** May 16, 2006

**Agenda Item No.:** 12a

### **Issue:**

ERCOT must obtain an annual audit of its financial records pursuant to the Bylaws.

**Section 9.6 Audit.** At least annually, an audit of the financial statements of ERCOT shall be performed by the Auditor approved by the Board. The Auditor's opinion and the audited financial statements will be made available to all Members as described in Section 9.5.

### **Background/History:**

PricewaterhouseCoopers LLP ("PwC") was engaged by ERCOT, subsequent to Board approval, to perform the annual audit of ERCOT's financial books and records.

On April 18, 2006, April 28, 2006, and May 5, 2006, PwC met with the Finance & Audit Committee ("F&A Committee") of the Board to discuss the proposed audit report for year 2005 and PwC's assessment of the internal controls, recommendations, and other business items raised by the F&A Committee.

The F&A Committee reviewed and accepted the audited financial statements as presented by PwC during their meeting on May 5, 2006.

### **Conclusion/Recommendation:**

The F&A Committee of the Board of Directors is expected to recommend Board acceptance of the Report on Audit of Financial Statements for the Years ended December 31, 2005 and 2004 as presented by PwC.