

Date: May 7, 2009
To: Texas Regional Entity Board of Directors
From: Larry Grimm, Chief Executive Officer & Chief Compliance Officer
Subject: Acceptance of 2008 Texas RE Audited Financial Statements

Texas RE Board of Directors Meeting Date: May 19, 2009

Agenda Item No.: 5c

Issue:

Acceptance of the 2008 audit of the Texas RE financial statements.

Background/History:

Section 10.6 of the Bylaws provides that “[a]t least annually, an audit of the financial statements of ERCOT shall be performed by the Auditor approved by the Board.” PricewaterhouseCoopers, LLP (PwC) was engaged by Texas RE, subsequent to Board approval, to perform the annual audit of Texas RE’s financial books and records and has completed this audit. Texas Regional Entity is required by its Delegation Agreement with NERC to obtain and provide to NERC annual audited financial statements of Texas RE and, so long as it is a division of ERCOT, annual audited financial statements of ERCOT.

On May 19, 2009, it is expected, PwC will meet with the Texas RE Advisory Committee to discuss the proposed audit report for year 2008 and PwC’s assessment of the internal controls, recommendations, and other business items raised by the Advisory Committee.

The audit opinion is expected to be unqualified or “clean”, and the Advisory Committee is expected to recommend acceptance of the audited financial statements as presented by PwC during the May 19, 2009 Advisory Committee meeting.

Key Factors Influencing Issue:

- The Bylaws requirement for the annual audit of financial statements
 - The Delegation Agreement requirement for Texas RE to submit to NERC annual audited financial statements of Texas RE and ERCOT
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Alternatives:

- Accept the 2008 Audited Financial Statements
 - Request PwC take further action to review Texas RE financials.
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Conclusion/Recommendation:

Texas RE respectfully requests that the Board accept the Texas RE audited financials and Report on Audit of Financial Statements for the Year Ending December 31, 2008.

RESOLUTION OF THE BOARD OF DIRECTORS OF
TEXAS REGIONAL ENTITY, A DIVISION OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

, 2009

WHEREAS, the Board of Directors of Texas Regional Entity, a division of Electric Reliability Council of Texas, Inc., a Texas non-profit corporation, deems it desirable and in the best interest of Texas Regional Entity to accept the Texas Regional Entity audited financial statements and PricewaterhouseCoopers, LLP Report on Audit of Financial Statements for the Year Ending December 31, 2008 ("Report"); and

NOW, THEREFORE be it RESOLVED, that the Board hereby accepts the Texas Regional Entity financial statements and the Report.

CORPORATE SECRETARY'S CERTIFICATE

I, Susan Vincent, Corporate Secretary of Texas Regional Entity, do hereby certify that, at the May 19, 2009 Texas Regional Entity Board of Directors Meeting, the Board of Directors of Texas Regional Entity approved the above referenced resolution. The motion passed by

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IN WITNESS WHEREOF, I have hereunto set my hand this day of , 2009.

Susan Vincent
Corporate Secretary

**The 2008 Audited Financial Statements
will be provided at the May 19, 2009
Board of Directors Meeting**