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To the Board of Directors of
Electric Reliability Council of Texas 401(k) Savings Plan:

We have completed a DOL limited-scope audit of the financial statements of Electric Reliability Council of Texas 401(k) Savings Plan (the "Plan") as of and for the period ended December 31, 2008 and have issued our report thereon dated August 7, 2009. As permitted by 29 CR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and have not, expressed an opinion on those financial statements and supplemental schedule taken as a whole.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2009. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008 except that Statement of Financial Accounting Standard No. 157, *Fair Value Measurements (as amended)*, was adopted effective January 1, 2008. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the valuation of investments and the net depreciation in fair value of investments. Management's estimates of these accounting estimates are based on various factors. We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

FINANCIAL STATEMENT DISCLOSURES

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the fair value measurements disclosure in Note 3 to the financial statements.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no difficulties in dealing with management in performing and completing our audit.

MISSTATEMENTS IDENTIFIED DURING THE AUDIT

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were identified during the audit.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated August 7, 2009.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER

We did not perform a detailed review of the Form 5500.

This information is intended solely for the use of the Board of Directors and management of Electric Reliability Council of Texas 401(k) Savings Plan and other Plan fiduciaries of the Plan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maxwell Locke & Ritter LLP

August 7, 2009

Enclosure 1: Management Representation Letter

ERCOT
THE TEXAS CONNECTION

Maxwell Locke & Ritter LLP
401 Congress Ave, Suite 1100
Austin, TX 78701

We are providing this letter in connection with your audit of the financial statements and supplemental schedule of the Electric Reliability Council of Texas 401 (k) Plan(the "Plan") as of December 31, 2008, and for the year then ended. We understand that your audit was made for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan in conformity with U.S. generally accepted accounting principles, and whether the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We are responsible for the fair presentation in the Plan's financial statements of net assets available for benefits and changes in net assets available for benefits in conformity with U.S. generally accepted accounting principles and for the fair presentation of the accompanying supplemental schedules in conformity with the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act ("ERISA") of 1974. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 7, 2009, the following representations made to you during your audit.

1) The financial statements and related footnotes are fairly presented in conformity with U.S. generally accepted accounting principles, and the notes include all disclosures required by laws and regulations to which the plan is subject, including the DOL Rules and Regulations for Reporting and Disclosure under ERISA.

2) We have made available to you all—

   a) Financial records and related data.

   b) All minutes of the meetings of board investment committee, management investment committee, and audit committee for the period from January 1, 2008 to August 1, 2009 or summaries of actions of recent meetings for which minutes have not yet been prepared.

   c) Plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, that could have a material effect on the financial statements in the event of noncompliance.

4) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

5) We have no knowledge of any fraud or suspected fraud affecting the Plan involving—

   a) Management,

   b) Employees who have significant roles in internal control, or

   c) Others where the fraud could have a material effect on the financial statements.

6) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

7) We have no—

   a) Plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

   b) Intentions to terminate the plan.

8) The following have been properly recorded or disclosed in the financial statements:

   a) Related-party transactions, including transactions with parties-in-interest, as defined in ERISA Section 3(14) and regulations thereunder, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

   b) Guarantees whether written or oral under which the plan is contingently liable to a bank or other lending institution.

   c) All significant estimates and material concentrations known to management that are to be disclosed in accordance with AICPA Statement of Position 94-6, Disclosure of Certain Significant Risk and Uncertainties. We understand that the significant estimates covered by this disclosure are estimates at the date of the statement of net assets that are reasonably possible of changing materially within the next year. Concentrations refer to the nature and type of investments held by the plan, or markets for which events could occur which would significantly disrupt normal finances within the next year.

   d) Amendments to the plan instrument, if any.

9) There are no—

   a) Violations or possible violations of laws or regulations (including ERISA, DOL, and IRS regulations) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

   b) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5. The Plan has not consulted a lawyer concerning litigation, claims, or assessments besides the litigation with a participant that management believes does not pose a financial risk to the Plan.

   c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.

d) Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

e) Other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions, loans or leases in default, events reportable to the PBGC, or events that may jeopardize the tax status) that legal counsel have advised us that must be disclosed.

10) The plan has complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

11) The methods and significant assumptions used to estimate fair values of financial instruments result in a measure of fair value appropriate for financial measurement and disclosure purposes.

12) Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.

13) All required filings of Plan documents with the appropriate agencies have been made.

14) The Plan (and the trust established under the Plan) is qualified under the appropriate section of the Internal Revenue Code and we intend to continue them as a qualified plan (and trust). The Plan sponsor has operated the Plan and trust in a manner that did not jeopardize this tax status. Required nondiscrimination testing related to Code Section 401(k) and 401(m) arrangements, as applicable, has been completed for the Plan, and any excess deferrals or contributions have been disposed of in accordance with regulations.

15) The Plan has complied with the DOL's regulations concerning the timely remittance of participant contributions to trusts containing assets for the Plan.

16) The Plan has complied with the fidelity bonding requirements of ERISA.

17) The Plan has satisfactory title to all owned assets which are recorded at fair value, and all liens, encumbrances, or security interest requiring disclosure in the financial statements have been properly disclosed.

18) There are no—

a) Non-exempt party-in-interest transactions (as defined in ERISA Section 3(14) and regulations under the section) that were not disclosed in the supplemental schedules or financial statements.

b) Investments or loans in default or considered to be uncollectible that were not disclosed in the supplemental schedules.

c) Reportable transactions (as defined in ERISA Section 103(b)(3)(H) and regulations under that section) that were not disclosed in the supplemental schedules.

19) We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the Plan.

20) No events have occurred subsequent to the date of the plan's financial statements and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Nancy Capezzuti

Vice President and Chief Administrative Officer

Date

Lea Anne Porter

Director of Compensation & Benefits

8/7/09

Date

APPROVED AS TO FORM