**DRAFT**

SAS 70 Audit Results Conference Call

February 2, 2011

Agenda

1. Welcome
   1. Moderator Introduction- Cheryl Moseley, Manager of Internal Controls
   2. **This discussion is intended for Chief Financial Officers, Controllers, or other senior financial personnel from ERCOT member companies and Market Participants who are responsible for internal control over financial reporting and complying with related SEC requirements. The discussion will be particularly relevant for publicly-traded companies that rely on ERCOT data for their Sarbanes-Oxley 404 filings.**
2. At the December 14, ERCOT Board of Directors Meeting, Finance and Audit Committee Chair Clifton Karnei, Brazos Electric Power Cooperative, reported that ERCOT received an unqualified opinion on the 2010 SAS 70 audit. At the Finance and Audit Committee meeting on December 13th, the Committee accepted the audit report.

The ERCOT 2010 SAS 70 Type 2 audit was prepared by SAS70 Solutions, Inc. (now BrightLine CPAs & Associates, Inc.).  SAS (Statement on Auditing Standards) is an auditing standard developed by the American Institute of Certified Public Accountants to enable an independent auditor to evaluate and issue an opinion about a service organization’s controls.

SAS70 Solutions’ audit covered controls related to the market settlements process, the information technology infrastructure that supports the markets, and security.   The unqualified audit affirms the reliability of the foundational processes performed and data provided by ERCOT staff for each market participant.

1. In the 4th quarter of 2010, controls in some areas were redesigned or added due to the change to the nodal market operation. ERCOT engaged SAS 70 Solutions, Inc. to conduct a Type 1 audit of the controls in certain areas in January 2011. The Type 1 audit is being performed to determine whether the specified controls within the control areas had been placed in operation as of the review date of January 28, 2011, and whether the controls were suitably designed to provide reasonable assurance that the specified control objectives would be achieved if those controls were complied with satisfactorily. The Type 1 audit report is expected to be available in late February.
2. Panel Introductions
   1. Jason Rhoades – SAS **70 Solutions, Inc. (now BrightLine CPAs & Associates, Inc.)**
   2. Lauren Edmonds – **SAS 70 Solutions, Inc. (now BrightLine CPAs & Associates, Inc.)**
   3. Betty Day – Director of Commercial Operations, ERCOT
   4. Ann Delenela – Director Of IT Security, ERCOT
   5. David Forfia – Director of IT Infrastructure, ERCOT
3. Questions from the Audience
4. Closing
   1. **Market Participants may obtain a copy of the audit report and/or the ERCOT Management Letter by contacting their ERCOT account manager or by calling ERCOT’s Client Services department at (512) 248-3900.**