



INTERNAL MEMO

To: **F&A Committee** From: **Steve Byone**
CC: **Tom Schrader** Title: **CFO**
Re: **Finance & Audit Committee Charter** Date: **1/10/2006**

Importance: High Medium Low *Sensitivity:* Public ERCOT Internal
Protected Information Confidential

In accordance with the annual requirement to review and assess the adequacy of the Finance and Audit Committee Charter, attached is a current copy of the charter for your review and comment.

ERCOT Staff has reviewed the Charter and recommends adjustments to the Membership section. Presently, one board member from each Segment (as defined in Bylaws) is required (one of whom must be financially literate). The Committee may want to reduce required membership levels. In addition, Staff suggests identifying which member is the designated “financial expert”. Further the Chair must be selected via majority vote and must be a financial expert. Staff suggests the Committee also consider a vote for selection of the Vice-Chair.

Please review these materials prior to our meeting on January 17th and forward suggested changes to me. We will consolidate your recommendations for changes and prepare a marked draft for discussion during the meeting.

Please contact me if you have questions.