

ERCOT ISO FINANCE & AUDIT COMMITTEE
General Session MEETING MINUTES
Met Center – Austin, Texas

Pursuant to notice duly given, the Finance & Audit Committee of the Electric Reliability Council of Texas, Inc. convened on **April 15, 2008**. **Miguel Espinosa** confirmed that a quorum was present and called the meeting to order at approximately **7:30 a.m.** The Committee met in Executive Session from **7:30 a.m. to 8:15 a.m.**

General Session Attendance

Committee members:

Cox, Brad	Tenaska Power Services	Independent Power Marketer	Present
Espinosa, Miguel (Vice Chair)	Unaffiliated Board Member	Unaffiliated Board Member	Present
Fehrenbach, Nick	City of Dallas	Consumer	Present
Gent, Michehl	Unaffiliated Board Member	Unaffiliated Board Member	Not present; however, Mr. Espinosa voted as his proxy
Jenkins, Charles	Oncor	Investor Owned Utility	Present
Karnei, Clifton (Chair)	Brazos Electric Cooperative	Cooperative	Present (via phone)
Thomas, Robert	Green Mountain Energy	Ind. Retail Electric Provider	Present
Wilkerson, Dan	Bryan Texas Utilities	Municipal	Present

Other Board Members and Segment Alternates:

Bartley, Steve	CPS Energy	Municipal	Present
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ERCOT staff and guests present:

Anderson, Troy	ERCOT
Barry, Sean	PwC
Bassett, Ryan	PwC
Brenton, Jim	ERCOT
Byone, Steve	ERCOT
Doolin, Estrellita	ERCOT
Gillmore, Gina	ERCOT
Grable, Mike	ERCOT
Greer, Clayton	J. Aron & Company
Hancock, Misti	ERCOT
Kolodziej, Eddie	Custom Energy Solutions
Lester, Suzanne	ERCOT
Moseley, Cheryl	ERCOT
Petterson, Mike	ERCOT
Ross, Valerie	ERCOT
Spacek, Misty	ERCOT
Symington, Bob	ERCOT

TroxteLL, David	ERCOT
Vincent, Susan	Texas RE
Wullenjohn, Bill	ERCOT
Yager, Cheryl	ERCOT

Approval of Previous Minutes

Nick Fehrenbach moved to approve the minutes for the General Session of the Finance & Audit Committee meeting held March 18, 2008; Steve Bartley seconded the motion. The motion passed unanimously.

2009 Budget, Proposed Fees and Financial Performance Measures

Steve Byone referred to the 2009 budget and supporting details and assumptions (distributed to Board members prior to the meeting) and responded to questions. He noted several key factors driving the preliminary 2009 budget increase and agreed to further summarize some of the supporting details and include the summary with the materials for the May Board meeting. **Clifton Karnei moved to recommend that the Board approve the proposed 2009 budget presented by staff; Dan Wilkerson seconded the motion. The motion passed unanimously.**

Annual Financial Audit Update

Sean Barry and Ryan Bassett of PricewaterhouseCoopers (PwC) briefed the Committee on the status of the 2007 annual financial statement audit. They explained that the final steps in the audit were not complete, but that they expected the audit to be unqualified or "clean" and complete in the next several days. They also noted that they did not expect the financial statements to change materially. After a robust discussion of the options (accept the financial statements as presented by PwC or postpone acceptance until a future date and work with lenders to seek waivers of debt covenants relating to the timing of the availability of audited financial statements). **Nick Fehrenbach moved to recommend the Board accept the 2007 audited financials and PwC Report on Audit of Financial Statements for the Years Ended December 31, 2007 and 2006 provided that the final version of the Report is not materially changed from the near-final version reviewed by the Finance & Audit Committee on April 15, 2008, where a material change would be: (1) any change in the net income; (2) a change of more than \$1 million in any other aspect, as approved by the Chair and Vice-Chair of the Finance & Audit Committee, of the financial statements; or (3) any qualification of the audit opinion. Miguel Espinosa seconded the motion. The motion passed unanimously.**

Credit Work Group Update

Cheryl Yager reviewed a timeline for the CWG and TAC review of a proposed Market Credit Risk Standard. She noted that following the timeline would allow a draft of the proposed Standard to be available for the Committee to review at its June meeting.

Treasury Update

Cheryl Yager referred to the Summary of Investment Results (for the first quarter 2008) and noted that staff was considering moving cash held as collateral to a different fund. She indicated that she would check with the CWG as to whether they would prefer to use a prime fund or continue to use a governmental fund for cash collateral. She informed the Committee that the swap agreement previously authorized by the Committee had been executed. She also reviewed facts around an external attempt to defraud ERCOT and the controls in place that protect ERCOT cash assets.

Committee Briefs

Staff provided written reports with information for the following areas:

1. ERCOT Market Credit Status
2. Internal Control Management Program (ICMP)
3. Enterprise Risk Management (ERM)
4. Project Management Organization (PMO)

Future Agenda Items

Steve Byone noted the following future agenda items:

1. Annual report
2. Procedures for handling reporting violations
3. Insurance coverage(s)
4. Revised Nodal market implementation surcharge
5. 2009 budget, proposed fees and financial measures
6. Credit Work Group activities
7. ERCOT Security projects

Adjournment

Miguel Espinosa adjourned the meeting at 9:25 a.m.



Estrellita J. Doolin, Secretary