

Control Number: 35862



Item Number: 1

Addendum StartPage: 0

DOCKET NO. 35862

PETITION OF THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS
FOR APPROVAL OF UNAFFILIATED
DIRECTORS

§
§
§
§

PUBLIC UTILITY COMMISSION
OF TEXAS

2008 JUL 14 AM 11:18
PUBLIC UTILITY COMMISSION

**PETITION OF THE ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
FOR APPROVAL OF UNAFFILIATED DIRECTORS**

COMES NOW, the Electric Reliability Council of Texas, Inc. (ERCOT), the Independent Organization of the ERCOT Region, and respectfully requests Commission approval of Alton D. Patton, as an Unaffiliated Director, and re-election of Miguel Espinosa, as an Unaffiliated Director, of the ERCOT Board. Pursuant to the ERCOT Bylaws, ERCOT's Corporate Members approved the selection of Dr. Patton as an Unaffiliated Director waiving a possible conflict of interest due to his participation as an expert witness in a civil litigation against CenterPoint,¹ and the re-election of Mr. Espinosa as an Unaffiliated Director. Dr. Patton was seated at the June 17, 2008 Board meeting. Mr. Espinosa was re-elected on July 9, 2008. Dr. Patton will serve pending this Commission's decision on approval. Mr. Espinosa will serve pending this Commission's decision should a decision not be forthcoming prior to the expiration of his current term in November 2008.

I. Statement of Jurisdiction and Authority

The Commission has jurisdiction over this matter pursuant to Section 39.151 of the Public Utility Regulatory Act (PURA)².

II. Identification of Applicant

The name and address of the Applicant is the Electric Reliability Council of Texas, 7620 Metro Center Drive, Austin, Texas 78744.

The name, address, telephone and facsimile numbers, and email address of Applicant's authorized representatives are as follows:

¹ ERCOT Bylaw § 4.3(b)(2)(ii)d.

² Tex. Util. Code Ann. §39.151.

1

Matt Morais
Assistant General Counsel
ERCOT
7620 Metro Center Drive
Austin, Texas 78744
(512) 225-7177 (Phone)
(512) 225-7079 (Fax)
mmorais@ercot.com

Lori Cobos
Associate Corporate Counsel
ERCOT
7620 Metro Center Drive
Austin, Texas 78744
(512) 225-7073 (Phone)
(512) 225-7079 (Fax)
lcobos@ercot.com

III. Background

Pursuant to ERCOT's Amended and Restated Bylaws, the ERCOT Board established a Nominating Committee made up of Board members with representation from all Member Segments. The Nominating Committee retained KornFerry, a nationally recognized executive search firm, to assist in the search for a qualified candidate. As further detailed in the ERCOT Bylaws, Unaffiliated Directors must have significant professional credentials and independence from any Market Participant to prevent potential conflicts of interest.

KornFerry, a nationally recognized executive search firm, selected through a competitive process, embarked upon the candidate identification and screening process and reviewed candidates based on direct knowledge and third-party references for the candidate, evaluating experience and functional expertise. KornFerry's recommendations were prepared and presented to the Nominating Committee. The Nominating Committee then became aware that Dr. Patton was a consultant with current commitments that represented actual or apparent Market Participant conflicts. Dr. Patton, however, committed to the Nominating Committee that he would terminate all such commitments before being seated on the Board. After determining that Dr. Patton met ERCOT's requirements and would be terminating any such commitments, the Nominating Committee unanimously recommended selection of Dr. Patton as an Unaffiliated Director of the ERCOT Board, because he met all of the qualification requirements to be seated as an Unaffiliated Director of the ERCOT Board, as reflected in Dr. Patton's professional credentials (Attachment A). ERCOT's Corporate Members subsequently elected Dr. Patton to an Unaffiliated Director's seat on the Board in accordance with the Segment voting process. As the Corporate Members' vote was wrapping up, however, it was determined that Dr. Patton was participating as an expert witness in a civil litigation against CenterPoint in which counsel for the client that engaged Dr. Patton would not release him due to the approaching trial date and

already-past deadline for parties to inform the court and other parties of their expert witnesses. Rather than delay Dr. Patton's seating as a Board member until after his release, Board Chairman, Mark Armentrout, requested that CenterPoint consider waiving the conflict of interest and allow Dr. Patton to be seated on the Board as long as Dr. Patton recused himself from any decision specifically relating to CenterPoint until the litigation is completed. CenterPoint agreed to waive the conflict of interest and Dr. Patton's membership vote came back affirmative. Board Chairman, Mark Armentrout, and General Counsel, Mike Grable, informed the Nominating Committee of the waiver of the conflict of interest and obtained the Nominating Committee's consent prior to seating Dr. Patton on the Board. Board Chairman, Mark Armentrout, and General Counsel, Mike Grable, then informed the Board and the public during open session of all of these events prior to seating Dr. Patton at the June 17, 2008 Board meeting.

The Nominating Committee of the Board of Directors unanimously voted to re-elect Miguel Espinosa as an Unaffiliated Board Member. Mr. Espinosa has been serving on the ERCOT Board since June 2003. A brief biography is attached hereto as Attachment B.

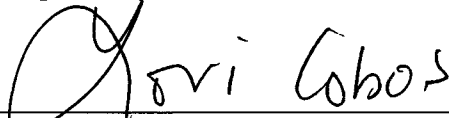
Corporate Membership voting for Dr. Patton as an Unaffiliated Director and the re-election of Mr. Espinosa as an Unaffiliated Director was conducted pursuant to Bylaws procedures requiring approval by a majority of Member Segments.

In order to promote compliance with requirements in the ERCOT Bylaws for Unaffiliated Directors, ERCOT will require that Dr. Patton sign an ERCOT Unaffiliated Director Ethics Agreement.

IV. Prayer

ERCOT respectfully requests that the Commission issue an order approving Alton D. Patton as an Unaffiliated Director and approve the re-election of Miguel Espinosa as an Unaffiliated Director for the ERCOT Board.

Respectfully submitted,



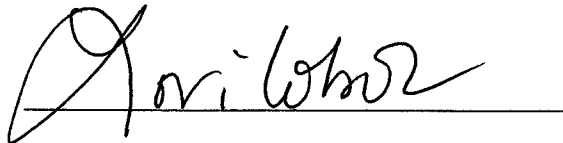
Matt Morais
Assistant General Counsel
MA Bar No. 625380
(512) 225-7177 (Phone)
(512) 225-7079 (Fax)
mmorais@ercot.com

Lori Cobos
Associate Corporate Counsel
Texas Bar No. 24042276
(512) 225-7073 (Phone)
(512) 225-7079 (Fax)
lcobos@ercot.com

ATTORNEYS FOR THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record in this proceeding on July 11, 2008 in the following manner: by facsimile, email, or first class U.S. mail.



Alton D. "A.D." Patton

Education

Texas A&M University, College Station, Texas
PhD., Electrical Engineering

University of Pittsburgh, Pittsburgh, Pennsylvania
M.S., Electrical Engineering

University of Texas, Austin, Texas
B.S., Electrical Engineering

Past Board Experience

Director, Center for Space Power, Texas A & M University
Member, Management Advisory Board, Center for Space Power, Texas A & M University
Director, Electric Power Institute, Electrical Engineering Dept., Texas A&M University
Member, Panel for Electronics and Electrical Engineering, NRC Board on Assessment of National Institute for Standards and Technology programs

Summary of Work Experience

| | |
|----------------|--|
| 1973 – Present | President Associated Power Analysts, Inc. |
| 2005 – Present | Professor Emeritus of Electrical Engineering Texas A & M University College Station, Texas |
| 1965 – 1972 | Assistant Professor, Electrical Engineering |
| 1972 – 1977 | Associate Professor, Electrical Engineering |
| 1977 – 1979 | Professor, Electrical Engineering |
| 1983 – 2000 | Professor, Electrical Engineering Texas A&M University |
| 1992 – 1996 | Head, Electrical Engineering Department Texas A&M University |
| 1987 – 1992 | Director, Center for Space Power Texas Engineering Experiment Station |
| 1982 | Adjunct Professor University of Texas at Arlington |
| 1957-1965 | Engineer, Electric Utility Engineering Dept. Westinghouse Electric Corp. |

Miguel Espinosa

Education

Miguel Espinosa graduated from The University of Texas at Austin with a Bachelor of Business Administration in 1963 and an MBA in 1965.

Work Experience

He joined Continental Oil Company's Treasury Department, in Houston, Texas following graduation.

Shortly thereafter he joined Conoco, Inc., where he remained for 36 years. He progressed through various assignments with Conoco in Madrid and London, and then returned to the United States to head an office in Stamford, Connecticut, before returning to Houston in 1976. He became the Assistant Treasurer in 1981, and in August 1998 was elected Treasurer where he was responsible for a full array of treasury activities for the company worldwide. He played a major role and/or led Conoco's significant financings from 1976 to 2001, and was a member of the Finance Leadership Team that took Conoco from being a subsidiary of the E. I Du Pont de Nemours Company to again being a publicly traded company listed on the New York Stock Exchange.

He left Conoco in May 2001, and in September 2001 he formed The Riverview Group, L.L.C., a company that provides financial, project finance and international government relations consulting services. He is currently president and chief executive officer of this company.

Board Experience

He is involved in a variety of community activities, and serves on boards, commissions and advisory councils at three major universities.

In June 2002 he was elected to the board of directors of Fuel Tech, a publicly traded company, headquartered in Batavia, Illinois, and in June 2003, he joined the Electric Reliability Council of Texas as an independent member of its Board of Directors.