

**DRAFT MINUTES OF H.R. & GOVERNANCE COMMITTEE MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

9515 New Airport Drive, Longhorn Room, Austin, Texas

December 9, 2008

Committee Members Present

Jan Newton (Chair)	A.D. Patton
Mark Armentrout	Bob Helton
Andrew Dalton	Don Ballard

Board Members Present

Barry T. Smitherman, PUCT Chair

ERCOT Staff

Nancy Capezzuti	Bob Kahn
Mike Grable	Lori Cobos
Susan Westbrook	Theresa Gage
Dottie Roark	

Call Open Session to Order

Ms. Newton called the meeting to order at approximately 9:00 a.m. and immediately adjourned to Executive Session.

Open Session reconvened at 9:50 a.m.

Vote on Matters from Executive Session -- Personnel

Ms. Newton moved to recommend that the Committee recommend that the Board of Directors ratify Mr. Kahn's proposal to name Ms. Capezzuti as Vice President and Chief Administrative Officer. Mr. Armentrout seconded the motion. The motion passed unanimously.

Approval of November 17, 2008 Minutes

Dr. Patton moved for approval of the November 17, 2008 Open Session minutes of the Committee. Mr. Armentrout seconded the motion. The minutes were approved by voice vote with Messrs. Dalton and Ballard abstaining.

External Relations Update

Ms. Gage reported on ERCOT's participation in the November 18, 2008, Senate Business & Commerce Committee hearing on Texas energy issues as well as other meetings with Texas legislators. She noted that the hearing disclosed that legislators are concerned about both the nodal project, including vendor contracts, and the pricing mechanisms that resulted in volatility for the price of balancing energy last summer.

Ms. Gage and the Committee discussed potential legislation relating to an energy omnibus bill that will include measures pertaining to "smart" metering, as well as ERCOT Staff's plan to track bills and communicate summaries and analyses to the Committee. She will provide committee members with a list of pre-filed bills impacting ERCOT's operations and update the list as additional relevant bills are filed, along with bill summaries and analyses.

Members discussed the Nodal Program, including its uncertainties and benefits, and Staff will provide an update on the PUCT's Cost-Benefit Analysis for the January Committee meeting.

Claim Audit of ERCOT Health Plan by Sagebrush Solutions

Ms. Capezzuti reported that Sagebrush Solutions completed its audit of ERCOT health care claims, including the following: CIGNA's administration of employee medical and pharmacy claims for: processing and accuracy, application of the reinsurance (stop-loss) policy; standard clinical edits; claims funding; HIPAA compliance; and duplicate payments. She noted that claim-processing is better than the standard of 99% accuracy, and Sagebrush concluded that CIGNA's operations appear to be appropriate and efficient.

Ms. Capezzuti indicated that ERCOT's broker will be issuing a new RFP for health coverage administration during July 2009.

Telecommuting and Flextime Standard

Ms. Capezzuti noted that ERCOT has experienced significant human-resources retention and recruiting pressure to adopt policies on telecommuting and flexible work schedules beyond those departments that already have flexible schedules to enable needed 24/7 staffing coverage. The Committee members discussed various issues surrounding the implementation of such a standard and asked that Ms. Capezzuti provide additional information at the next Committee meeting on the management of flextime and telecommuting at other organizations.

Annual Committee Self Assessment

Ms. Westbrook distributed the template for the committee's 2009 self-assessment, which will be collected and discussed next month.

2009 Annual Calendar

Ms. Newton recommended that a standing item be added to the annual calendar to evaluate Board committee structure.

Other Business

The committee discussed concerns about Unaffiliated Directors having enough information far enough in advance of Board meetings, regarding TAC items specifically. Ms. Newton suggested that this should be discussed in more detail at a future meeting.

Chairman Smitherman noted that other ISOs and RTOs do not have industry represented on their Boards of Directors and indicated that there is a public perception of the need for more influence by Unaffiliated Directors.

Mr. Ballard mentioned his attendance at a conference sponsored by the National Association of Corporate Directors (NACD) and recommended that the Committee review the key principles of corporate governance recommended by NACD. Ms. Newton suggested that this topic be considered for discussion at the Board retreat.

Mr. Grable reminded the committee that all Unaffiliated and Consumer Directors are eligible to participate at ERCOT's expense in relevant continuing education.

As future agenda items, the Committee requested a briefing on advanced metering and the development of a standing process for annual evaluation of ERCOT Board committees.

Adjournment

The meeting was adjourned at approximately 10:37 a.m.

Susan M. Westbrook
Corporate Counsel