



**ERCOT Finance & Audit Committee Meeting**  
**7620 Metro Center Drive, Austin, Texas**  
**Met Center, Conference Room 206**  
**December 13, 2010; 12:30pm – 3:00pm\***

Item #	Agenda Item Type	Description/Purpose/Action Required	Presenter	Time
1.		1a. Call to order Executive Session	C. Karnei	12:30pm
		1b. Announcement of proxies	C. Karnei	12:31pm
	Decision required	1c. Approval of executive session minutes (11/15/10) (Vote)	C. Karnei	12:32pm
2.	For discussion	Contracts, personnel, litigation and security	Various	12:33pm
3.	Decision required	3a. Approval of 2011 Internal Audit plan (Vote)	B. Wullenjohn	12:40pm
	For discussion	3b. Internal Audit status report	B. Wullenjohn	12:45pm
	Informative	3c. Internal Audit staffing and budget update	B. Wullenjohn	12:50pm
	For discussion	3d. F&A Committee survey on adequacy and effectiveness of Internal Audit	T. Doggett / B. Wullenjohn	12:55pm
	For discussion	3e. Assessment of the adequacy and effectiveness of Internal Audit staff	B. Wullenjohn	1:05pm
	For discussion	3f. EthicsPoint update	B. Wullenjohn	1:15pm
	For discussion	3g. Discussion with executive management	T. Doggett / M. Petterson	1:25pm
	For discussion	3h. Review performance of the Chief Audit Executive	C. Karnei	1:35pm
		Recess Executive Session		
		<b>Convene General Session</b>		
4.	Decision required	Approval of general session minutes (11/15/10) (Vote)	C. Karnei	1:45pm
5.	Decision required	Acceptance of the 2010 SAS 70 audit report (Vote)	C. Moseley	1:46pm
6.	Decision required	Approval of engagement of SAS 70 Solutions to perform ERCOT's 2011 and 2012 SAS 70 audit (Vote)	C. Moseley	1:48pm
7.	For discussion	ERCOT credit status	C. Yager	1:55pm
8.	For discussion	Credit Working Group status	T. Nikazm	2:10pm
9.	For discussion	Quarterly Committee education on accounting developments	R. Beckham	2:20pm
10.	For discussion	Results of Finance and Audit Committee self assessment	C. Karnei	2:30pm
11.	Informative	Committee Briefs (Q&A only)	M. Petterson	2:45pm
12.	Informative	Future agenda items	M. Petterson	2:50pm
13.		Other business	M. Petterson	2:55pm
		Adjourn meeting	C. Karnei	3:00pm

*\* Background material is enclosed or will be distributed prior to meeting. All times shown in the agenda are approximate. The next Finance & Audit Committee Meeting will be held Monday, January 17, 2011, at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, in Room 206.*

Decision required
For discussion

## **4. Approval of General Session Minutes Clifton Karnei**

---

### **Approval of General Session Minutes**

- Vote 11/15/10

**DRAFT ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.  
MINUTES OF THE FINANCE & AUDIT COMMITTEE – GENERAL SESSION**

7620 Metro Center Drive (Room 206) – Austin, Texas 78744  
November 15, 2010

Pursuant to notice duly given, the Finance & Audit Committee (“Committee”) of Electric Reliability Council of Texas, Inc. (“ERCOT”) convened on the above-referenced date. Committee Chairman Clifton Karnei confirmed that a quorum was present and called the meeting to order at approximately **12:03 p.m.** The Committee immediately went into Executive Session, where it remained until it recessed and reconvened in General Session at **1:00 p.m.**

**General Session Attendance**

**Committee Members:**

Bermudez, Jorge	Unaffiliated Board Member	Unaffiliated Board Member	Not Present
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility	Present
Dreyfus, Mark	Austin Energy	Municipal	Present
Espinosa, Miguel (Vice Chair)	Unaffiliated Board Member	Unaffiliated Board Member	Present
Fehrenbach, Nick	City of Dallas	Commercial Consumers	Present
Karnei, Clifton (Chair)	Brazos Electric Power Cooperative	Cooperative	Present
Zlotnik, Marcie	StarTex Power	Independent REP	Present (left meeting during Agenda Item 11)

**Other Board Members and Segment Alternates:**

Bivens, Danny	Office of Public Utility Counsel	Consumer/Residential	Present
Dalton, Andrew	Valero Services, Inc.	Consumer/Industrial	Present
Doggett, Trip	ERCOT	Chief Executive Officer	Present
Doll, Laura	Unaffiliated Board Member	Unaffiliated Board Member	Present
Gent, Michehl	Unaffiliated, Acting Board Chairman	Unaffiliated, Acting Board Chairman	Present
Givens, Sheri	Office of Public Utility Counsel	Consumer/Residential	Present
Helton, Bob	International Power America Services	Independent Generator	Present
Patton, AD	Unaffiliated Board Member	Unaffiliated Board Member	Present

Ryall, Jean	Constellation Energy	Independent Power Marketer	Present
Walker, Mark	NRG Texas	Independent Generator	Present

**ERCOT Staff and Guests:**

Cleary, Mike	ERCOT – Chief Operating Officer
Cobos, Lori	ERCOT – Associate Corporate Counsel and Committee Secretary
Gunn, Phil	Ernst & Young, LLP
Edmonds, Lauren	SAS 70 Solutions, Inc.
Magness, Bill	ERCOT – Vice President and General Counsel
Manning, Chuck	ERCOT – Vice President and Chief Compliance Officer
Morgan, Richard	ERCOT – Vice President and Chief Information Officer
Moseley, Cheryl	ERCOT – Manager, ICMP
Nelson, Donna	Public Utility Commission of Texas - Commissioner
Nikazm, Tamilla	Austin Energy – Credit Work Group
Petterson, Mike	ERCOT – Controller
Rhoades, Jason	SAS 70 Solutions, Inc.
Wullenjohn, Bill	ERCOT – Director, Internal Audit
Yager, Cheryl	ERCOT - Treasurer

**Approval of General Session Minutes – October 18, 2010 (Agenda Item 5)**

Chairman Karnei entertained a motion to approve the October 18, 2010 General Session F&A Committee meeting minutes (“Minutes”).

**Nick Fehrenbach made a motion to approve the Minutes. Mark Dreyfus seconded the motion. The motion passed unanimously by voice vote.**

**Update on SAS 70 Audit (Agenda Item 6)**

Ms. Moseley introduced Jason Rhoades (Shareholder) and Lauren Edmonds (Field Manager) with SAS70 Solutions, Inc. to the Committee. Ms. Edmonds provided a brief overview of the 2010 SAS 70 audit results, noted that SAS 70 Solutions would be issuing an unqualified report in December, and provided a brief overview of the 2011 SAS 70 audit. Mr. Karnei noted that the Committee would be voting on the acceptance of the audit report at the December Committee meeting and the Committee and ERCOT Board of Directors (“ERCOT Board”) would be reaffirming SAS70 Solutions, Inc. to conduct the 2011 SAS 70 audit in December.

**Recommendation on Selection of Independent Auditors for 2011 (Agenda Item 7)**

Mr. Karnei noted that the ERCOT Board selected Ernst & Young, LLP (“Ernst & Young”) as the independent auditor last year for a three-year period, but the ERCOT Bylaws require the ERCOT Board to approve the independent auditor on an annual basis.

**Miguel Espinosa made a motion to recommend the selection of Ernst & Young as the independent auditor for 2011 to the ERCOT Board. Calvin Crowder seconded the motion. The motion passed unanimously by voice vote.**

**Approval of Independent Auditor Fees for 2011 (Agenda Item 8)**

Mr. Karnei noted that the Committee discussed the independent auditor fees for 2011 in Executive Session due to confidentiality issues surrounding the fees.

**Miguel Espinosa made a motion to approve the independent auditor fees for 2011. Calvin Crowder seconded the motion. The motion passed unanimously by voice vote.**

**Review of External Auditor Quality Control Procedures and Independence and Review Scope of Annual Financial Audit (Agenda Item 9)**

Phil Gunn, representative from Ernst and Young, provided an overview of the External Auditor Quality Control Procedures and Independence and the 2010 Annual Financial Audit Plan to the Committee, highlighting the deliverables, methodology, and key areas of focus.

**Recommendation of 2011 Base Operating Budget (2011 Budget) (Agenda Item 10)**

Mr. Petterson informed the Committee that the meeting materials only included two changes from the October Committee meeting, including the \$25.2 million in Board Discretionary Funds that the Board authorized ERCOT Management to use for post-go-live nodal charges and revised budgeted amounts for project expenditures for 2012-2016. Mr. Magness provided an update on the pending contested case proceeding at the Public Utility Commission of Texas ("PUCT") in which ERCOT is seeking the PUCT's approval to use Nodal Surcharge revenues to pay for post-go-live charges incurred after December 1, 2010, noting that the procedural schedule in the docket contemplated the case being completed by the end of the year. Mr. Crowder thanked ERCOT Staff for their good work in preparing the budget and keeping the System Administrative Fee ("SAF") flat.

**Miguel Espinosa made a motion to recommend approval of the 2011 Base Operating Budget by the ERCOT Board. Calvin Crowder seconded the motion. The motion passed unanimously by voice vote.**

Following the Committee's approval of the recommendation, Mr. Gent requested that Mr. Magness confirm that there were no issues with the Board resolution not including ERCOT Board approval of the Project Priority List ("PPL") given that Board Agenda Item 9a refers to the 2011 Base Operating Budget and PPL and provide feedback at the ERCOT Board meeting the following day.

Mr. Doggett commended Mr. Petterson and PUCT Staff for their hard work and smooth development of the budget.

## **ERCOT Credit Status and Credit Work Group Status (Agenda Item 11)**

### **ERCOT Credit Status**

Ms. Yager provided a status update on ERCOT Credit to the Committee and answered questions from the Committee members. Ms. Yager highlighted that the ERCOT Board would be voting the following day on: a) Nodal Protocol Revision Request (“NPRR”) 286 which allows ERCOT to provide available credit limits (“ACLs”) on a daily basis, including non-business days, b) the proposed reduction from the 95<sup>th</sup> to 90<sup>th</sup> percentile of historical Real Time Day-Ahead spreads (as part of NPRR 286) and historical point-to-point (“PTP”) obligation bids (as an update to the Day Ahead Market (“DAM”) Collateral Parameters Process document) used for DAM credit validation, and c) an update to the Creditworthiness Standards to incorporate the current revision process in Section 16 of the ERCOT Protocols, rather than Section 21 of the ERCOT Protocols. Ms. Yager also noted that a fix to correct a system glitch affecting the collateralization of PTP obligations was put in place on November 5, 2010.

The Committee agreed with the change from the 95<sup>th</sup> to 90<sup>th</sup> percentile. Mr. Karnei asked Ms. Yager and Mr. Magness to determine what process a Market Participant, individually or collectively, must follow if they had concerns with credit requirements and to provide feedback at the ERCOT Board meeting the following day.

**Calvin Crowder made a motion to recommend TAC’s proposed changes to the Creditworthiness Standards document to the ERCOT Board. Mark Dreyfus seconded the motion. The motion passed unanimously by voice vote.**

### **Credit Work Group Status**

Ms. Nikazm provided an overview of the discussions at recent Credit Working Group (“CWG”) meetings related to congestion revenue rights (“CRR”) and transmission congestion rights (“TCR”) auctions in December, Nodal soft start, a fix for the system glitch affecting the collateralization of PTP obligations, and ERCOT Legal’s review of proposed changes to the Morgan Stanley Standard Guarantee Form to accommodate Market Participant mergers/acquisitions. Ms. Nikazm committed to update the Committee on the status of the proposed changes to the Standard Guarantee Form.

## **Review and Recommendation of Investment and Financial Corporate Standards (Agenda Item 12)**

Ms. Yager noted that ERCOT reviews its Investment and Financial Corporate Standards on an annual basis.

### **Investment Corporate Standard**

Ms. Yager discussed the proposed changes to the ERCOT Investment Corporate Standard, including adding language to include the ERCOT Controller as an Investment Officer to ensure adequate coverage in the absence of an ERCOT Chief Financial Officer (“Officer”) and increasing the investment fund cap from \$50 million to \$100 million for the next six months to ensure adequate room in the funds for collateral after Nodal go-live. Ms. Yager committed to report back on the \$100 million investment fund cap at the December Committee meeting.

**Calvin Crowder made a motion to recommend the approval of the proposed changes to the Investment Corporate Standard to the ERCOT Board. Mark Dreyfus seconded the motion. The motion passed by a 4-2 voice vote. Miguel Espinosa and Jorge Bermudez, by proxy, abstained. Marcie Zlotnik excused herself from the Committee meeting during the discussion and was not present for the vote.**

#### Financial Corporate Standard

Ms. Yager discussed proposed changes to the ERCOT Financial Corporate Standard, primarily consisting of cleanup changes removing references to the Texas Regional Entity ("TRE").

**Calvin Crowder made a motion to recommend the approval of the proposed changes to the Financial Corporate Standard to the ERCOT Board. Nick Fehrenbach seconded the motion. The motion passed unanimously by voice vote. Marcie Zlotnik was not present for the vote.**

#### Quarterly Investment Summary (Agenda Item 13)

Ms. Yager provided a summary of ERCOT's quarterly investments to the Committee.

#### Committee Briefs (Agenda Item 14)

Mr. Karnei noted an increase in the number of Market Participants from October to November and requested that Ms. Yager determine whether the increase consisted of potential speculators in the market for CRRs or Market Participants serving load.

#### Future Agenda Items (Agenda Item 15)

Mr. Petterson provided the following list of Future Agenda Items to the Committee:

1. Standing Internal Audit agenda items
2. Perform Finance and Audit Committee Self Assessment (discuss survey results)
3. Review the Company's Dealings with any Financial Institutions that are also Market Participants
4. Approve Audit Committee Meeting Planner for the upcoming year, confirm mutual expectations with management and the auditors
5. ERCOT Credit Status
6. Credit Working Group Status
7. Review Performance of Chief Audit Executive
8. Quarterly Committee Education on Accounting Developments
9. Standing EthicsPoint update
10. Standing Contracts, Personnel, Litigation and Security
11. Update on the 2010 SAS70 Audit
12. Standing Committee briefs
13. Standing Future Agenda Items

Mr. Petterson noted that the acceptance of the SAS 70 audit report and Ms. Yager's report on the \$100 million investment fund cap would also be added to the agenda for the December Committee meeting.

**Other Business (Agenda Item 16)**

None.

**Adjournment**

Mr. Karnei adjourned the meeting at approximately **2:15 p.m.**

---

Lori Cobos  
Associate Corporate Counsel



## **5. Acceptance of the 2010 SAS 70 Audit Report (Vote)**

### **Cheryl Moseley**

---

- **Memo is attached as a separate document**
  - **<Vote>**



# MEMO

**Date:** December 6, 2010  
**To:** Finance and Audit (F&A) Committee  
**From:** Cheryl Moseley, Manager, Internal Control Management Program  
**Subject:** Accept 2010 SAS 70 Audit Report

## **Issue for the ERCOT F&A Committee**

**ERCOT F&A Committee Meeting Date:** December 13, 2010

**Agenda Item No.:** 5

### **Issue:**

ERCOT obtained the services of SAS 70 Solutions, Inc. to perform a SAS 70 Type II Audit for the period of October 1, 2009 through September 30, 2010.

### **Background/History:**

Per Section 1.4.3.1 of the ERCOT Protocols (entitled "Audits to be Performed"), "At least annually, an Appointed Firm shall review ERCOT's management's compliance with its market operations policies and procedures. The scope of the audit(s) shall include examination of the processing of ERCOT's receipts and disbursements as the agent on behalf of Market Participants in compliance with these Protocols and any audit required by the [Public Utility Commission of Texas] (PUCT). ERCOT may incorporate the scope of this audit into its annual Statement on Auditing Standards (SAS) No. 70 ('SAS 70'), Type II report."

SAS 70 Solutions, Inc. was engaged by ERCOT, subsequent to Board approval, to perform a SAS 70 Type II Audit.

On November 15, 2010, SAS 70 Solutions, Inc. met with the Finance & Audit Committee (F&A Committee) of the Board to discuss the proposed SAS 70 audit report for 2010.

On December 6, 2010, the final draft of the 2010 SAS 70 audit report was distributed to the F&A Committee.

### **Conclusion/Recommendation:**

The auditor's opinion on the SAS 70, Type II audit is unqualified. ERCOT Staff respectfully recommends acceptance of the audit report by the F&A Committee.

## **6. Approval of Engagement of SAS 70 Solutions to Perform ERCOT's 2011 and 2012 SAS 70 Audit (Vote) – Cheryl Moseley**

---

- **Memo is attached as a separate document**
  - **<Vote>**



**Date:** December 6, 2010  
**To:** Finance and Audit (F&A) Committee  
**From:** Cheryl Moseley, Manager, Internal Control Management Program  
**Subject:** Statement on Auditing Standards No. 70 (SAS 70) Auditor Selection – 2011 and 2012

**Issue for the ERCOT F&A Committee**

**ERCOT F&A Committee Meeting Date:** December 13, 2010

**Agenda Item No.:** 6

**Issue:**

Selection by the ERCOT Board of Directors (Board) of a qualified, independent accounting firm to perform the SAS 70 audit for 2011 and 2012.

Per Section 1.4.2 of the ERCOT Protocols (entitled “ERCOT Finance and Audit Committee”), “The ERCOT Board shall have overall audit responsibility for ERCOT. The ERCOT Board may fulfill audit responsibilities itself or delegate them to the ERCOT Finance and Audit (‘F&A’) Committee. The ERCOT F&A Committee shall appoint an external independent certified public accounting firm or firms (‘Appointed Firm’) to conduct certain audits. The F&A Committee may also direct the ERCOT Internal Audit Department to conduct certain audits. For audits to be performed by an Appointed Firm, the F&A Committee shall make recommendations to the ERCOT Board in relation to the approval, initiation and scheduling of such audits. ...”

Per Section 1.4.3.1 of the ERCOT Protocols (entitled “Audits to be Performed”), “At least annually, an Appointed Firm shall review ERCOT’s management’s compliance with its market operations policies and procedures. The scope of the audit(s) shall include examination of the processing of ERCOT’s receipts and disbursements as the agent on behalf of Market Participants in compliance with these Protocols and any audit required by the [Public Utility Commission of Texas] (PUCT). ERCOT may incorporate the scope of this audit into its annual Statement on Auditing Standards (SAS) No. 70 (‘SAS 70’), Type II report.”

Also, per pertinent part of the Duties and Responsibilities section of the F&A Charter, “With respect to the independent auditors: 1. Annually, the [F&A] Committee shall recommend to the Board of Directors the selection and engagement of the Company’s independent auditor.”

**Background/History:**

On June 19, 2009, at the direction of the F&A Committee, ERCOT staff issued requests for proposals for Audit and Accounting Services which included financial statement audit services, IRS Form 990 review and filing services, and SAS 70, Type II Audit services (SAS 70 Audit) each for a three-year period. Bids were received, evaluations conducted, and ERCOT management offered recommendation to the F&A Committee that four (4) independent audit firms who submitted bids to ERCOT’s request for proposal be interviewed as finalists for



provision of audit and accounting services to ERCOT.

Members of the F&A Committee agreed with ERCOT management's recommendation and requested ERCOT staff interview representatives from the four (4) firms selected as finalists and, based on such interviews, identify the firm offering the greatest value to ERCOT.

On September 9, 2009, ERCOT staff conducted interviews with representatives of the four (4) finalists and identified the firm offering the greatest value to ERCOT. Subsequently, on September 10, 2009, ERCOT staff summarized the results of the interviews for the F&A Committee and provided the F&A Committee members with a final recommendation regarding appointment of ERCOT's independent auditor.

On September 15, 2009, the F&A Committee made a recommendation to the Board for approval of SAS 70 Solutions, Inc. as ERCOT's independent auditor for the SAS 70 Audit for a one-year audit period for 2010 with a two-year option for 2011 and 2012. The Board approved the F&A Committee's recommendation.

An independent audit firm needs to be selected for the SAS 70 Audit for 2011 and 2012.

**Conclusion/Recommendation:**

ERCOT Staff respectfully recommends exercising the option to select SAS 70 Solutions, Inc. as the independent audit firm for the SAS 70 Audit for 2011 and 2012.

## 7. ERCOT Credit Status

**Cheryl Yager**

- **Soft launch went smoothly**
- **Highlights of credit stats**
  - Number of Counter-Parties increased by 28 from 181 to 209
    - Over half are CRR Account Holders
  - Exposure decreased 24% from October 31<sup>st</sup> to November 30<sup>th</sup> from around \$400 million to around \$305 million
    - Primarily the result of a high invoice “rolling off” of the ADTE component
  - In preparation for Nodal, collateral posted and unsecured credit requests increased from October 31<sup>st</sup> to November 30<sup>th</sup>
    - Unsecured credit granted increased as allowed by Creditworthiness Standard (see next page for details)
    - Collateral posted (Cash and LCs) increased 143% from around \$391 million to around \$949 million

## 7. ERCOT Credit Status

### Cheryl Yager

	October 31, 2010			November 30, 2010			Incr
	Direct Unsecured	Guarantees	Total	Direct Unsecured	Guarantees	Total	
Unsecured credit granted (in \$000s)	263,802	665,993	929,794	826,062	787,743	1,613,805	74%
# of entities granted unsecured credit	20	33	53	26	34	60	13%
Average amount of unsecured credit granted (in \$000s)	13,190	20,182	17,543	31,772	23,169	26,897	53%
# of entities granted \$75 million	-	-	-	8	1	9	

# 7. ERCOT Credit Status

## Cheryl Yager

### ERCOT Market Credit Status

#### Exposure in the ERCOT Market (owed to ERCOT)

##### QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

##### QSEs that do not meet ERCOT Creditworthiness Standards

Ratings below BBB- or not rated

Cash & Letters of Credit  
Guarantee Agreements

Total Exposure

#### Other QSEs in the ERCOT Market (ERCOT owes)

##### QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

##### QSEs that do not meet ERCOT Creditworthiness Standards

Ratings below BBB- or not rated

Cash & Letters of Credit  
Guarantee Agreements

Total

Total

as of 10/31/2010

# of QSEs*	Estimated Aggregate Liability (\$)	% of EAL	Total Unsec Credit Limit / Security Posted	
12	52,150,240	12%	212,805,911	U
48	210,606,773	49%	325,412,013	S
19	166,818,914	39%	549,070,630	S
<b>79</b>	<b>429,575,928</b>	<b>100%</b>		
8	(1,434,129)	-5%	50,995,831	U
80	(20,532,229)	-69%	65,967,725	S
14	(7,840,589)	-26%	116,922,000	S
<b>102</b>	<b>(29,806,947)</b>	<b>-100%</b>		

181

as of 11/30/2010

# of CPs*	Total Potential Exposure (\$)	% of TPE	Total Unsec Credit Limit / Security Posted	
12	42,709,571	14%	420,997,225	U
59	131,279,856	42%	920,770,067	S
23	137,864,416	44%	722,420,514	S
<b>94</b>	<b>311,853,842</b>	<b>100%</b>		
14	(5,523,651)	-91%	405,064,972	U
90	(567,764)	-9%	28,402,571	S
11	-	0%	65,322,000	S
<b>115</b>	<b>(6,091,415)</b>	<b>-100%</b>		

209

U: For QSEs that meet ERCOT's Creditworthiness Standards, amount of unsecured credit granted.

S: For QSEs that do not meet ERCOT's Creditworthiness Standards, amount of Security posted.

Note 1: Guarantee Agreements provided to meet a QSE's collateral requirements by entities that meet ERCOT's Creditworthiness Standards.

Guarantee Agreements provided to meet financial statement requirements by entities that do not meet ERCOT's Creditworthiness Standards are not included on this schedule.



## **8. CWG Update – DRAFT Tamila Nikazm**

- **CWG last met on November 12, 2010**
- **No meeting in December due to Go-Live**
  - Smooth transition to Nodal
  - Market clearing prices were in line with expectations
  - Soft launch of nodal systems gave clarity to stakeholders on the credit calculation
  - No unexpected credit issues
- **CWG next meeting will be on January 5, 2011**
  - Agenda:
    - Changes to Standard Guarantee Form
    - Review and Analysis of Credit calculations in Nodal
    - ERCOT extension of unsecured Credit (amount and credit review and analysis process)
    - Investment parameters for collateral held by ERCOT
    - NPRR First Priority Security Interest by Munis
    - Nominations for Chair and Vice Chair for CWG

## 9. Quarterly Committee Education on Accounting Developments

### Rebecca Beckham

- **Update on newly proposed accounting standards and reporting requirements:**
  - The FASB delayed the timing of two projects until 2011 based on issues raised by respondents.
    - Exposure Draft- *Contingencies (Topic 450): Disclosure of Certain Loss Contingencies*- This exposure draft aims to enhance disclosure requirements around loss contingencies by providing more qualitative and quantitative information.
    - Proposed convergence- *Financial Statements*- This joint project proposes a new format for financial statements.
  - New reporting requirements for IRS Form 1099 information returns
    - Effective 2012, the new rules will require issuing 1099s for all vendors (previous exception for corporations is no longer applicable).
    - The new rules are imposed under the recently enacted health care law, but many parties are aiming to have this portion of the law repealed.

FASB- Financial Accounting Standards Board

IRS- Internal Revenue Service

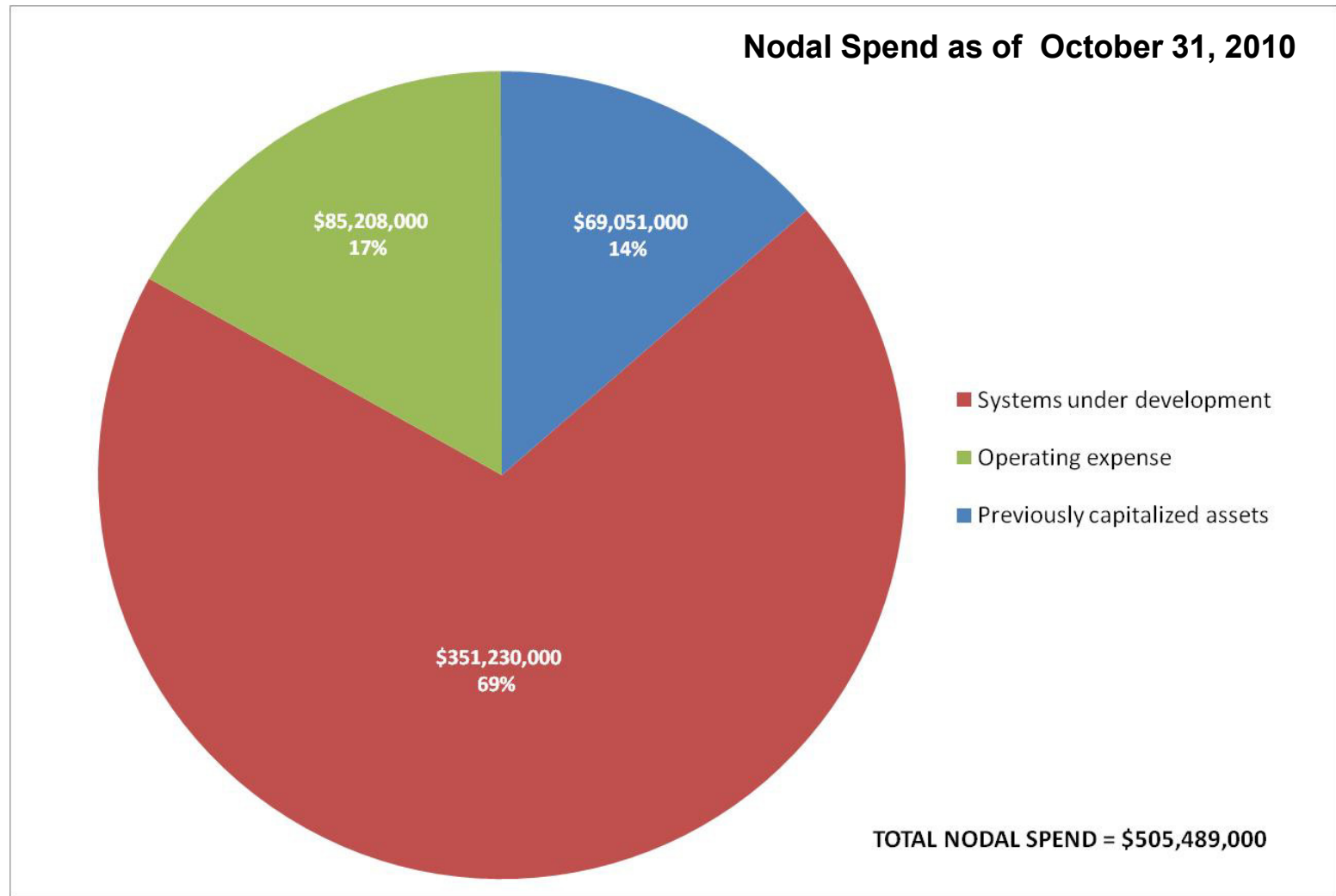
## **9. Quarterly Committee Education on Accounting Developments**

### **Rebecca Beckham**

- **Communication of accounting judgments applied in Q4 2010:**
  - Proper unitization of Nodal capital assets
    - The majority of Nodal capital assets (approximately 70%) are currently classified as “systems under development” on the Statement of Financial Position.
    - Based on December 1, 2010 Nodal go-live, these software assets need to be placed in service and begin depreciating.
    - This process does not present a material financial statement risk as the software assets will depreciate over the same useful life (five years).
    - Accounting is currently working with the Nodal program to establish a reasonable grouping of software assets that will facilitate future decision making for ERCOT.
    - The following slides provide a high-level review of the resulting Nodal software assets.

## 9. Quarterly Committee Education on Accounting Developments

### Rebecca Beckham



## 9. Quarterly Committee Education on Accounting Developments

### Rebecca Beckham

Proposed Asset Grouping		
#	Asset	Asset description
1	EMS	Energy Management System
2	MMS	Market Management System
3	OS	Outage Scheduler
4	S&B	Settlement and Billing
5	CSI	Commercial Systems Integration
6	CMM	Credit Management Module
7	REG	Registration
8	EDW	Enterprise Data Warehouse
9	NMMS	Network Model Management System
10	MOD	Planning Model on Demand
11	CRR	Congestion Revenue Rights
12	MIS	Market Information System
13	MPIM	Market Participant Identity Management
14	EIP	Enterprise Integration Project

## **10. Results of Finance and Audit Committee Self Assessment**

### **Clifton Karnei**

---

**For discussion**

	ERCOT Finance & Audit Committee Self-Evaluation December 2010	Yes	No	Not Sure	Comments
1.	Does the committee have the appropriate number of members? The committee should not be so large that: <ul style="list-style-type: none"> <li>its ability to operate efficiently and effectively is reduced</li> <li>members' ability to raise issues is hampered</li> <li>it is difficult to get a quorum when a time-sensitive issue arises</li> </ul>	1	1	0	<ul style="list-style-type: none"> <li>The present size of the committee makes it difficult to address issues on a timely and deliberate manner</li> <li></li> </ul>
2.	Committee members demonstrate their objectivity during meetings through behaviors such as driving agendas, rigorous probing of issues, consulting with other parties, and hiring experts, as necessary.	2	0	0	<ul style="list-style-type: none"> <li>Discussions sometimes tend to be biased towards whatever segment a member represents versus having ERCOT's best interest in mind</li> </ul>
3.	Differences of opinion on issues are resolved to the satisfaction of the committee.	2	0	0	
4.	Committee members challenge the Chair as appropriate.	2	0	0	
5.	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.	2	0	0	
6.	6.1 Committee members are financially literate, and the committee has determined that it has adequate financial expertise in accordance with its charter.	2	0	0	
	6.2 Committee members participate in some form of continuing education to stay abreast of changes in the financial accounting and reporting, regulatory and ethics areas.	1	0	1	<ul style="list-style-type: none"> <li>I do Continuing education to keep my CPA certificate but I am not sure about the other committee members</li> </ul>
	6.3 The committee understands how the organization's performance compares with its budgetary targets and its peers, and how management plans to address any unfavorable variances.	2	0	0	
	6.4 The committee discusses the initial selection of or changes in significant accounting policies used in developing the financial statements, the reason for and impact of any changes in policy, and reasons alternative treatments were not adopted.	2	0	0	

	ERCOT Finance & Audit Committee Self-Evaluation December 2010	Yes	No	Not Sure	Comments
	6.5 The committee discusses significant, complex, or unusual transactions with management and the external auditors.	2	0	0	
	6.6 The committee understands which areas represent high risk for material misstatement of the financial statements, and discusses assumptions and approaches used with management and the external auditors.	2	0	0	
	6.7 The committee forms its own view of the risk of material misstatement due to fraud, discusses with management and the external auditors their views on the risk of material misstatement due to fraud, and is comfortable that any differences in views can be reconciled.	2	0	0	
	6.8 The committee fully understands significant changes in financial statements from prior years and from budget, and is provided with sufficient, reliable evidence to support variances.	2	0	0	
	6.9 The committee commits sufficient time to review, discuss, and consider the financial statements.	2	0	0	
	6.10 The committee makes optimum use of the meeting time allotted.	2	0	0	
	6.11 The committee meets with financial management to discuss results reported before finalization.	2	0	0	<ul style="list-style-type: none"> <li>• There is a good and open discussion with management which is healthy</li> </ul>
7.	Committee members have a clear understanding of ERCOT's debt structure and cash management practices.	2	0	0	
8.	Committee members receive sufficient details regarding long-term financial planning.	2	0	0	<ul style="list-style-type: none"> <li>• Yes except long term at ERCOT is 2 to 3 years</li> </ul>
9.	The Committee makes appropriate use of workgroups or task forces to investigate issues defined by the Committee.	2	0	0	<ul style="list-style-type: none"> <li>• CWG is an example</li> </ul>
10.	The committee engages outside experts as appropriate.	2	0	0	<ul style="list-style-type: none"> <li>• Oliver Wyman is an example</li> </ul>
11.	11.1 The organization's financial reporting processes are stronger as a result of management's interactions with the committee.	2	0	0	



	ERCOT Finance & Audit Committee Self-Evaluation December 2010	Yes	No	Not Sure	Comments
	11.2 The committee understands and agrees with the board on which categories of internal control it oversees. Categories include: <ul style="list-style-type: none"> <li>▪ Integrity of financial reporting</li> <li>▪ Compliance with laws and regulations</li> <li>▪ Operational efficiency and effectiveness</li> </ul>	2	0	0	
	11.3 The committee and the board concur with any changes to the committee's internal control oversight mandate.	2	0	0	
	11.4 The committee understands the current high-risk areas - including information technology and computer systems - in the categories of controls it oversees, as well as how management addresses those areas.	2	0	0	
12.	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.	2	0	0	
13.	The committee conducts executive sessions in a manner that offers a "safe haven" to the individual, while at the same time asking tough and necessary questions, evaluating the answers, and pursuing issues that might arise to a satisfactory resolution.	2	0	0	<ul style="list-style-type: none"> <li>• With a committee as large as this one, the Executive Sessions are very necessary</li> </ul>
14.	14.1 The committee does its part to ensure the objectivity of the internal audit team.	2	0	0	
	14.2 The committee provides constructive feedback to the chief audit executive at least annually.	2	0	0	
	14.3 The committee receives sufficient detail regarding material issues and complaints brought forward which relate to the company's fraud, ethics or accounting practices.	2	0	0	
	14.4 The committee has developed the scope of work to be done by the independent auditor and by the internal audit department based upon a reasoned review of the risks or exposures to the company.	2	0	0	<ul style="list-style-type: none"> <li>• More with Internal Audit than with the Independent Auditors</li> </ul>
15.	The committee communicates at an appropriate level of detail when informing the Board of its actions.	2	0	0	

	<b>ERCOT Finance &amp; Audit Committee Self-Evaluation December 2010</b>	<b>Yes</b>	<b>No</b>	<b>Not Sure</b>	<b>Comments</b>
16.	Committee members receive clear and succinct agendas and supporting written material sufficiently prior to scheduled meetings.	2	0	0	
17.	Committee members have adequate opportunities to discuss issues and ask questions.	2	0	0	
18.	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.	2	0	0	
19.	Meeting facilities and presentation materials are effective for the conduct of committee activities.	2	0	0	
20.	The committee is efficient and value adding.	2	0	0	
21.	Please add additional comments, questions and suggestions here.				

## 11. Committee Briefs

---

**Q&A only**

# ERCOT Market Credit Status

as of 10/31/2010

as of 11/30/2010

## Exposure in the ERCOT Market (owed to ERCOT)

### QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

### QSEs that do not meet ERCOT Creditworthiness Standards

Ratings below BBB- or not rated

Cash & Letters of Credit

Guarantee Agreements

**Total Exposure**

## Other QSEs in the ERCOT Market (ERCOT owes)

### QSEs that meet ERCOT Creditworthiness Standards

Ratings over BBB-

### QSEs that do not meet ERCOT Creditworthiness Standards

Ratings below BBB- or not rated

Cash & Letters of Credit

Guarantee Agreements

**Total**

*Total*

# of QSEs*	Estimated Aggregate Liability (\$)	% of EAL	Total Unsec Credit Limit / Security Posted		# of CPs*	Total Potential Exposure (\$)	% of TPE	Total Unsec Credit Limit / Security Posted	
12	52,150,240	12%	212,805,911	U	12	42,709,571	14%	420,997,225	U
48	210,606,773	49%	325,412,013	S	59	131,279,856	42%	920,770,067	S
19	166,818,914	39%	549,070,630	S	23	137,864,416	44%	722,420,514	S
<b>79</b>	<b>429,575,928</b>	<b>100%</b>			<b>94</b>	<b>311,853,842</b>	<b>100%</b>		
8	(1,434,129)	-5%	50,995,831	U	14	(5,523,651)	-91%	405,064,972	U
80	(20,532,229)	-69%	65,967,725	S	90	(567,764)	-9%	28,402,571	S
14	(7,840,589)	-26%	116,922,000	S	11	-	0%	65,322,000	S
<b>102</b>	<b>(29,806,947)</b>	<b>-100%</b>			<b>115</b>	<b>(6,091,415)</b>	<b>-100%</b>		

**181**

**209**

U: For QSEs that meet ERCOT's Creditworthiness Standards, amount of unsecured credit granted.

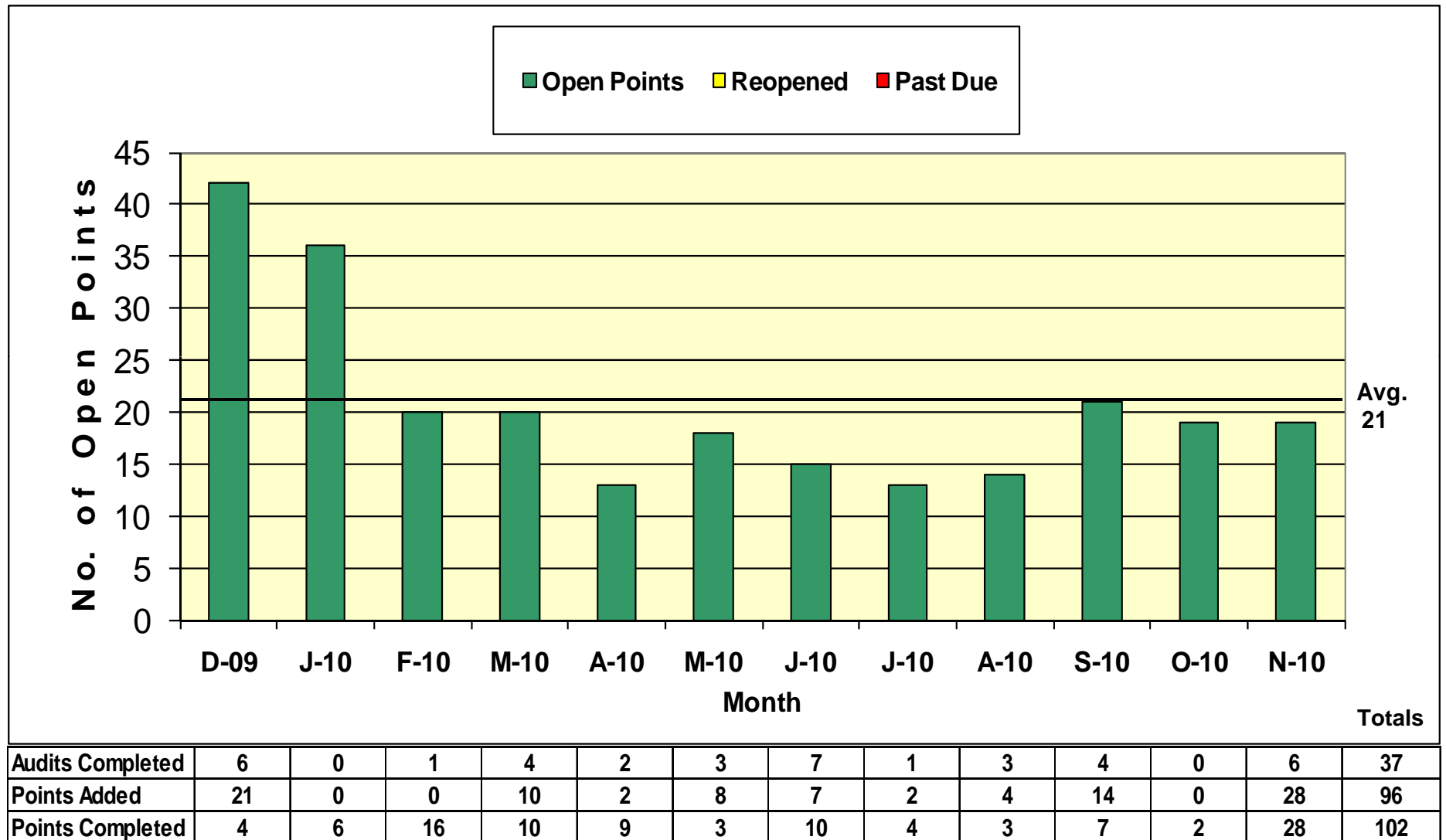
S: For QSEs that do not meet ERCOT's Creditworthiness Standards, amount of Security posted.

Note 1: Guarantee Agreements provided to meet a QSE's collateral requirements by entities that meet ERCOT's Creditworthiness Standards.

Guarantee Agreements provided to meet financial statement requirements by entities that do not meet ERCOT's Creditworthiness Standards are not included on this schedule.

## 11. Committee Brief ICMP – Status of Open Audit Points

Cheryl Moseley



All audit points except 2 are expected to be complete by 2/15/11.

## 11. Committee Brief: ICMP – Audits Cheryl Moseley

---

### **Audits Completed**

(last 3 months)

#### **Internal Audits**

- Access Management for Financial System
- 2009 Unaffiliated Board Member Expense Reimbursement (Special Request)
- Pre-Audit Testing for 2011 Nodal SAS70 Audit
- Nodal Protocol Owners (Special Request)
- Q3 2010 Fraud Auditing
- Protocol 1.4 Required Audit – Ethics
- Employee & Contract Worker Ethics Compliance

#### **External Audits**

- 2010 Benefit Plan Audit (Maxwell, Locke & Ritter)
- 2010 Zonal SAS70 Audit (SAS70 Solutions, Inc.)

### **Audits in Progress**

#### **Internal Audits**

- Nodal Program Reporting (Special Request)
- Nodal Program Spending (Part 2 of 3)
- Software License Management (Special Request)
- Outage Coordination
- Q4 2010 Fraud Auditing
- Nodal Program Spending (Part 3 of 3)

#### **External Audits**

- None

## 11. Committee Brief: ICMP – Audits (continued)

Cheryl Moseley

---

### **Planned Audits**

(next 3 months)

#### **Internal Audits**

- Nodal Fixed Assets
- Governmental Grants & Contract Compliance
- Assessment of Completed Projects
- Standard for Black Start & EILS Agreements
- Employee Compensation & Benefit Plan Practices
- ADP (Payroll & Benefits)
- Vendor Software Development & Performance Management
- ERCOT Software/System Development Lifecycle
- Evaluation of Criteria for Nodal Success
- Contingent Workforce Program (Allegis) Resource Management
- Nodal Protocol 3.10(5) – Consistent Information in Operations Models
- Nodal Protocol 17.3 Required Audit – ERCOT Market Monitoring Data Handling Processes
- Protocol 1.4 – Independence Verification

#### **External Audits**

- 2010 Financial Audit (Ernst & Young, LLP)

## 11. Committee Brief: ICMP – Security Assessments

Cheryl Moseley

---

### **Consultation/Analysis Reports Completed**

(last 3 months)

#### **Assessments**

- 1 Internal Assessment

### **Open Consultation/ Analysis Reviews**

(in progress)

#### **Assessments**

- None

### **Planned Consultation/ Analysis Reviews**

































(next 3 months)

#### **Assessments**

- 1 Assessment planned in Q4



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**RISK MANAGEMENT EVENT PROFILE MATRIX (as of December 1, 2010)**

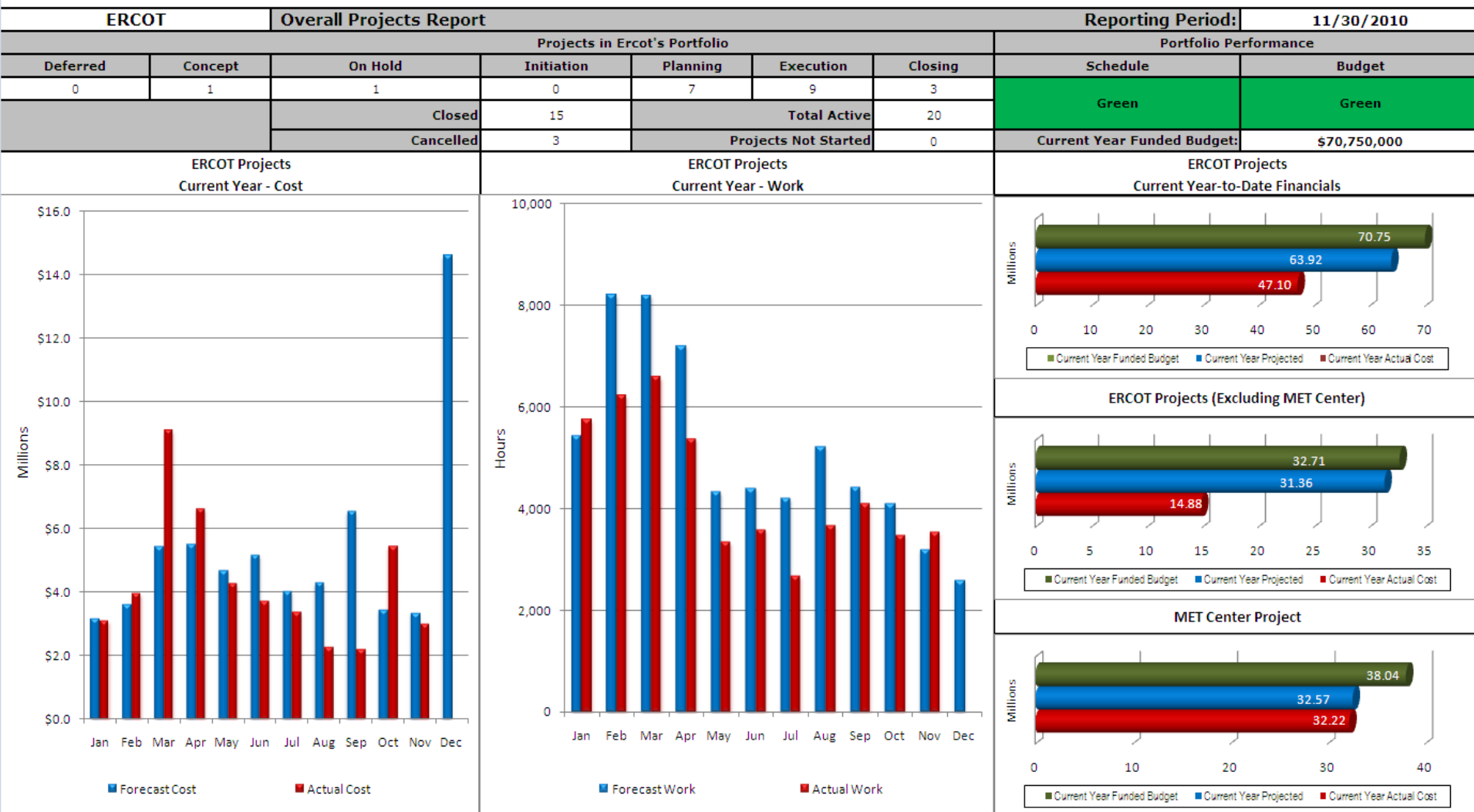
 <b>Strategic</b>	 <b>Operational Excellence</b>	 <b>Market Facilitation</b>	 <b>Grid Reliability</b>	 <b>Reporting</b>	 <b>Legal and Regulatory Compliance</b>
 <b>Strategy Development</b> <i>Corporate objective setting adequately incorporates informed stakeholder input, market realities and management expertise.</i>	 <b>Performance Monitoring</b> <i>Clearly defined and actively monitored performance metrics linked to mission and goals - Performance status communicated and corrective action taken.</i>	 <b>Customer Choice</b> <i>Market design promotes efficient choice by customers of energy providers with effective mechanisms to change incumbent market participants as desired.</i>	 <b>Grid Operations</b> <i>Information required to operate the grid is efficiently gathered. Appropriate tools are prudently configured to efficiently operate the system.</i>	 <b>Review Practices</b> <i>Prudent measures are taken to insure that company disclosures are properly vetted and not misleading.</i>	 <b>Legal &amp; Legislative</b> <i>Operations are conducted in compliance with all laws and regulations. Impacts of current and proposed legislation are understood and communicated.</i>
 <b>Mission and Goals</b> <i>Corporate objectives and performance standards are understood and followed.</i>	 <b>Business Practices</b> <i>Business planning, processes and management standards are effective and efficient.</i>	 <b>Nodal Implementation Project</b> <i>Nodal Implementation on budget on schedule, and within defined scope.</i>	 <b>Planning</b> <i>Long-range planning methods enable efficient responses to system changes that are necessary to maintain reliability standards.</i>	 <b>Disclosure</b> <i>Reporting and other disclosures to intended parties is timely, accurate and effective.</i>	 <b>Internal Control Compliance</b> <i>Internal Control Compliance processes and management standards are effective, efficient, and provide stakeholders with required assurances of quality.</i>
<p>2011 budget is completed and ready for submission and discussion with the board. Efforts to transform the Project Management Organization into the Business Integration Organization are complete.</p>		<p>Nodal is operational.</p>	<p>Demand for planning studies continues to grow. ERCOT has received two awards totaling \$3.5 million to produce long-term resource and transmission planning studies in 2011. Hiring is completed. In the scoping phase of the studies. Project completion 2013.</p>		<p>Efforts underway to streamline and increase the effectiveness of ERCOT's internal controls program and integrate it with the company's Enterprise Risk Management program.</p>
 <b>Reputation</b>  <i>Positive perceptions by stakeholders lead to less cost and greater flexibility resulting in enhanced enterprise value.</i>	 <b>Workforce</b> <i>Organization design, managerial and technical skills, bench strength and reward systems aligned with corporate goals.</i>	 <b>Counterparty Credit</b> <i>Maintain credit risk exposure for overall market within acceptable limits.</i>	 <b>Bulk System Resources</b> <i>Market Participants construct and make available adequate bulk electric grid resources.</i>	 <b>Communication</b> <i>Internal &amp; external communications are timely and effective.</i>	 <b>Industry Standards</b> <i>Business and operational activities in compliance with all applicable regulatory, financial &amp; accounting requirements, standards, &amp; directives.</i>
<p>ERCOT addressing reputation issues by 1) refocusing communication efforts, 2) the successful launch of Nodal on Dec 1 as planned, 3) Board approval of the 2011 budget, and 4) increasing accountability.</p>	<p>Initial organizational alignment of capabilities and employee skill sets required in a Nodal stabilized environment resulted in the reduction of 37 employees. Ready to move forward with succession planning and training initiatives once the new organization is put in place.</p>	<p>Color remains yellow pending the review of risk factors in the Nodal market requested by F&amp;A. CMM successfully launched in soft start.</p>			<p>Still waiting for the final 2009 NERC audit report for the Critical Infrastructure Protection (CIP) portion. For 2010 NERC Audit, ERCOT was found to be fully compliant on the 693 (O/P) standards. CIP status is not determined at this point</p>
 <b>Fiscal Management</b> <i>ISO design requires competent, prudent and cost effective provision of services.</i>	 <b>Technology Infrastructure</b>  <i>Information systems, supporting facilities and data are effectively managed and are reliable.</i>	 <b>Administration, Settlement &amp; Billing</b> <i>Market rules fairly applied to all participants. Accounting is timely and accurately reflects electricity production and delivery.</i>	 <b>Operational Responsibility</b> <i>Market participant conduct their operations in a manner which facilitates consistent grid reliability.</i>	 <b>Adequacy and Integrity</b> <i>Robust processes exist to support management assertions embodied within financial reports.</i>	 <b>Regulatory Filings</b> <i>Evidence, testimony and other supporting materials are compelling and successful.</i>
	<p>Systems stable. Nodal is operational. Austin data center capacity near maximum but not expected to be issue prior equipment relocation. Capacity requirements are being closely monitored. New Data Center facilities are complete. Approved project underway to relocate services to the new data centers with target completion by end of 2011.</p>		<p>There are still uncertainties involved regarding operational impacts of existing and continually increasing amount of intermittent renewable generation on the system. RTWG brought a draft of the Texas Renewables Integration Plan (TRIP) to TAC in August that will provide additional guidance on what those uncertainties are and how to address them.</p>		

Legend:  Elevated Risk Level  Reduced Risk Level

(New Risk Categories / Descriptions Indicated in **Green**)

# 11. Committee Brief: PMO

## ERCOT Enterprise Projects Summary Report



Includes \$5.9M carry-over funds from 2009 for MET Center.

Includes \$18.3M authorization to accelerate purchasing from 2010 to 2011 for Data Center Hardware.

Page 34 of 39

**ERCOT**  
**Summary of Investments**  
**November 30, 2010**  
*(\$ in 000s)*

<u>Investment Account</u>	<u>Investment Type</u>	<u>Operating</u>	<u>Market</u>	<u>Deposit/ Restricted</u>	<u>Total</u>	<u>% Investments</u>
<b>Bank of America</b>	<i>Treasury and Repo</i>	\$ -	\$ 3,510	\$ 13,000	\$ 16,510	5%
<b>BlackRock 60</b>	<i>Treasury and Repo</i>	-	5	12,543	12,548	4%
<b>BlackRock 62</b>	<i>Treasury only</i>	-	-	49,500	49,500	16%
<b>Federated 068</b>	<i>Treasury and Repo</i>	2,474	5	19,383	21,861	7%
<b>Federated 0125</b>	<i>Treasury only</i>	-	5	48,501	48,506	15%
<b>Fidelity 695</b>	<i>Treasury and Repo</i>	-	-	16,000	16,000	5%
<b>Fidelity 680</b>	<i>Treasury only</i>	-	-	49,750	49,750	16%
<b>Invesco</b>	<i>Treasury and Repo</i>	-	8	12,431	12,439	4%
<b>JPMorgan</b>	<i>Treasury and Repo</i>	1,938	1,810	15,750	19,499	6%
<b>Wells Fargo 793</b>	<i>Treasury and Repo</i>	-	8	20,736	20,743	7%
<b>Wells Fargo 3722</b>	<i>Treasury only</i>	-	-	49,750	49,750	16%
<b>Subtotal</b>		<u>\$ 4,412</u>	<u>\$ 5,350</u>	<u>\$ 307,344</u>	<u>\$ 317,106</u>	<u>100%</u>

Other cash net of outstanding checks	<u>N/A</u>	Not available
Total cash and cash equivalents	<u>\$ 317,106</u>	

# 11. Committee Brief: Debt Financing Update

## Cheryl Yager

### Summary of Projected Debt Capacity (in \$ millions)

	As of December 31, 2009			Projected as of December 31, 2010			As of November 30, 2010		
Borrowing	Debt Capacity	Debt Outstanding	Credit Available	Debt Capacity	Debt Outstanding	Credit Available	Debt Capacity	Debt Outstanding	Credit Available
(\$ Millions)									
Senior Notes	\$ 68.2	\$ 68.2	\$ -	\$ 54.6	\$ 54.6	\$ -	\$ 54.6	\$ 54.6	\$ -
<b>Term Loan</b>	<b>212.5</b>	<b>212.5</b>	<b>-</b>	<b>141.7</b>	<b>141.7</b>	<b>-</b>	<b>141.7</b>	<b>141.7</b>	<b>-</b>
JPM Chase / Wachovia Revolver	75.0	75.0	-	75.0	75.0	-	75.0	75.0	-
JPM Chase / Wachovia Revolver	100.0	9.0	91.0	100.0	88.0	12.0	100.0	40.0	60.0
Bank of America Revolver	50.0		50.0	50.0		50.0	50.0	-	50.0
Subtotal	505.7	364.7	141.0	421.3	359.3	62.0	421.3	311.3	110.0
Borrowed from TCR Revenues		-						26.0	(26.0)
<b>Total</b>	<b>\$ 505.7</b>	<b>\$ 364.7</b>	<b>\$ 141.0</b>	<b>\$ 421.3</b>	<b>\$ 359.3</b>	<b>\$ 62.0</b>	<b>\$ 421.3</b>	<b>\$ 337.3</b>	<b>\$ 84.0</b>
Required liquidity (estimated)			(50.0)			(50.0)			(50.0)
Excess available	\$ 505.7	\$ 364.7	\$ 91.0	\$ 421.3	\$ 359.3	\$ 12.0	\$ 421.3	\$ 337.3	\$ 34.0
Swaps:		\$240			\$ 200			\$ 200	
Fix		84.5%			70.9%			75.5%	
Float		15.5%			29.1%			24.5%	

Note: Projection for December 31, 2010 is from the March 23, 2010 F&A meeting.

## ERCOT

## Finance and Audit Committee

## Charter Responsibilities as Planned Future Agenda Items

Task Description	Charter Page #	J F M A M J J A S O N D											
		J	F	M	A	M	J	J	A	S	O	N	D
Elect Committee officers and designate a secretary	7												
Review and assess adequacy of Committee charter	6												
Review and recommend investment standard	4												
Review and recommend financial standard	4												
Handling of complaints regarding financial matters	6												
Hiring former employees of the independent auditor	5												
Review and recommend credit standard	4												
Review adequacy of credit policies	4												
Approve Credit Working Group Charter	na												
Appoint Credit Working Group Chair and Vice Chair	na												
Review risk policies and risk management practices	6												
Undertake annual self-evaluation	7												
Periodic meeting with senior management	5												
Periodic meeting with Chief Audit Executive	5 & 6												
Approve internal audit charter	6												
Review significant internal audit reports	6												
Review Ethics Point issues	na												
Review effectiveness of internal audit functions	6												
Review and approve annual internal audit plan	6												
Review performance of the Chief Audit Executive	6												
Recommend selection of independent auditor	4												
Receive independence report from independent auditor	5												
Periodic meeting with independent auditors	5												
Discuss audited financial statements	5												
Review effect of regulatory accounting initiatives	5												
Recommend acceptance of financial statements	5												
Review major changes to accounting principles	5												
Review and recommend proposed budget	4												
Review and recommend debt structure	4												
Receive periodic investment report	na												
Receive periodic liquidity report	na												
Review financial institutions - market participants	6												
Receive periodic Potential Future Exposure report	na												
Review insurance coverage	na												
Review IRS Form 990	na												
Review and accept 401(k) audit report	na												
Review and accept SAS 70 audit report	na												
Review Committee briefs	na												
Preapprove non-audit services	4	Performed on as-needed basis											
Review any report by independent auditor	5	Performed on as-needed basis											
Review complaints regarding financial statements	5	Performed on as-needed basis											
Review press stories regarding financial statements	5	Performed on as-needed basis											

## **12. Future Agenda Items: 2011**

### **Mike Petterson**

---

- **Please see previous slide - Future Agenda Matrix in Committee Briefs**

## **13. Other Business**

### **Mike Petterson**

---