



To: Human Resources & Governance (HR&G) Committee  
 From: Bill Magness, Vice President, General Counsel and Corporate Secretary  
 Date: May 16, 2011  
 Re: Periodicity of Meetings Review

**Required Periodicity of Meetings Review**

As discussed at the March 21, 2011 and the April 18, 2011 HR&G Committee meetings, the currently effective amendment to the Public Utility Commission’s Substantive Rule Section 25.362 [Meeting Periodicity Report – P.U.C. SUBST. R. § 25.362(i)(5)] requires ERCOT to recommend annually to the Commission the periodicity of governing board meetings, beginning with the effective date of the amendment. Such recommendation must be based on the examination of the meeting frequency of similar organizations and must provide a cost estimate for meeting more frequently than once per quarter.

**ERCOT Estimated Monthly Costs Including ERCOT Staff Time**

At the April 18, 2011 HR&G Committee meeting, ERCOT staff presented a chart of ERCOT estimated costs (not including ERCOT staff time) related to the review of periodicity of meetings.

As promised, since that meeting, ERCOT’s executive team compiled rough estimates of ERCOT staff time dedicated to Board of Directors (Board) support and meeting activities. The chart below includes ERCOT staff time and illustrates that the cost of ERCOT staff time is roughly estimated to be approximately \$74,300 on a monthly basis (\$0.89 million on an annual basis), using a blended hourly rate of \$65 per hour.

**ERCOT Estimated Costs Related to Review of Periodicity of Meetings (including ERCOT Staff Time) – MONTHLY MEETINGS**

Description of Costs	Monthly Meetings Costs (\$)	Monthly Meetings Costs (\$) Annualized
Unaffiliated Director Compensation	16,650	199,800
Board Materials Supplies and Delivery	700	8,400
Webcasting Fees – General Sessions	9,000	108,000
Transcription Fees – General Sessions	18,500	222,000
ERCOT Staff Time Estimates	74,300	891,600
<b>TOTAL Estimated COST</b>	<b>119, 150</b>	<b>1,429,800</b>

- Does not include Unaffiliated Director Retainer and Board Chair Compensation, which would presumably remain unchanged with any modification to meeting frequency.
- Only assumes regularly-scheduled meetings. Does not include special meetings.

### **Review for Cancellation of Board and Committee Meetings during One Month in 2011**

Laura Doll requested at the April 18, 2011 HR&G Committee Meeting, that ERCOT staff considers the possibility of cancelling Board and Committee meetings during one month in 2011. As part of this analysis, it should be noted that:

- The ERCOT budget review process has begun and will be considered by the Finance and Audit Committee on a monthly basis through August 2011. The budget is expected to be presented for approval by the Board in August 2011.
- Pursuant to the ERCOT Bylaws, the Annual Meeting of Corporate Members must be held in conjunction with a Board meeting. Pursuant to Board Resolution passed on September 21, 2010, the Annual Meeting of Corporate Members and the December 2011 Board meeting has been scheduled for December 13, 2011.

For these reasons, only the Board and Committee meetings in September, October or November 2011 would be realistic candidates for cancellation. Chairman Andrew Dalton has expressed his support for the cancellation of meetings during November 2011.

We look forward to Committee feedback on this matter.