

PETITION OF ELECTRIC RELIABILITY § PUBLIC UTILITY COMMISSION
COUNCIL OF TEXAS, INC., FOR §
APPROVAL OF RE-ELECTION OF § OF TEXAS
UNAFFILIATED DIRECTOR §

**PETITION OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
FOR APPROVAL OF RE-ELECTION OF UNAFFILIATED DIRECTOR**

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT) and, pursuant to P.U.C. SUBST. R. § 25.362(g)(5), respectfully requests Commission approval of the re-election of Mr. Jorge Bermudez to a second term as an Unaffiliated Director of the ERCOT Board of Directors (Board). Mr. Bermudez has been re-elected and approved as a director by the Corporate Members of ERCOT, and has met all requisite qualifications for service on the ERCOT Board. As discussed herein, ERCOT requests Commission approval of the re-election of Mr. Bermudez to service on the ERCOT Board beginning July 1, 2013.

I. BACKGROUND

In order for ERCOT to maintain certification as an independent organization under §39.151(g) of PURA¹, the 16-member ERCOT Board must include “five members unaffiliated with any market segment and selected by the other members of the governing body to serve three-year terms.”² The five “Unaffiliated Directors” are selected through a process that includes the following steps:

- Nomination of candidates by the Nominating Committee of the ERCOT Board. The Nominating Committee consists of all members of the Board other than the ERCOT Chief Executive Officer (CEO) and the Chairman of the Commission.³
- ERCOT provides notice to the Commission of the “candidates who have been identified and their qualifications, any recommendation that will be made to the [ERCOT Board], and any other information requested by a commissioner.”⁴

¹ Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.-16 (Vernon 2007 & Supp. 2011) (PURA).

² PURA § 39.151(g)(7).

³ See Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc., approved on April 16, 2010 (ERCOT Bylaws) § 4.3(b)(1).

⁴ P.U.C. SUBST. R. § 25.363(g)(5).

- After consultation with the Commission and selection by the Nominating Committee, the nominated candidates are submitted to the ERCOT Corporate Members for approval. Corporate Members receive notice of a special meeting of the corporation called for consideration of the election, or re-election, of Unaffiliated Directors. If the requisite number of ballots are received by ERCOT prior to the special meeting (as occurred in this case), the meeting is cancelled and the results of the election are announced to the membership.⁵
- Unaffiliated Director nominees approved by ERCOT's Corporate Members are submitted to the Commission for final approval.

Prior to the adoption of the March 2011 amendments to the Commission's rules governing ERCOT oversight, Unaffiliated Directors were allowed to begin service on the ERCOT Board after their approval by the Corporate Members but before issuance of a Commission order approving their selection. The application for approval of the re-election of Mr. Bermudez is the second application for renewal to be filed since the adoption of the requirement that Commission approval must precede an Unaffiliated Director's service on the ERCOT Board (or the commencement of a second or third term on the Board).⁶

II. STATEMENT OF JURISDICTION AND AUTHORITY

The Commission has jurisdiction over this matter pursuant to PURA § 39.151.

III. IDENTIFICATION OF APPLICANT

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

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

⁵ ERCOT Bylaws, §§ 3.7(g), 4.3(b)(4).

⁶ P.U.C. SUBST. R. § 25.363(g)(5) provides: "A person who is selected may not serve as a member of the [ERCOT] board until the commission approves the selection. An unaffiliated board member whose three-year term has expired shall, if reappointed by the ERCOT governing board, cease serving as a member of the governing board until the reappointment is approved by the commission."

Bill Magness
General Counsel
ERCOT
7620 Metro Center Drive
Austin, Texas 78744
(512) 225-7076 (Phone)
(512) 225-7079 (Fax)
bmagness@ercot.com

Vickie G. Leady
Assistant General Counsel
ERCOT
7620 Metro Center Drive
Austin, Texas 78744
(512) 275-7436 (Telephone)
(512) 225-7079 (Facsimile)
vleady@ercot.com

IV. SELECTION PROCESS FOR MR. BERMUDEZ COMPLIED WITH COMMISSION AND ERCOT GOVERNING RULES

The ERCOT Bylaws provide that the term for all Unaffiliated Directors shall be staggered three-year terms unless changed by amendment to the Bylaws. An Unaffiliated Director may be re-elected for up to two additional terms.⁷ PURA requires that the ERCOT bylaws “prescribe professional qualifications for selection” as an Unaffiliated Director, and that “[t]he bylaws must require the use of a professional search firm to identify candidates for membership of unaffiliated members.” In addition, PURA requires that the selection process for Unaffiliated Directors “must allow for commission input in identifying candidates.”⁸ The selection process for Unaffiliated Directors is set forth in section 4.3 of the ERCOT Bylaws, and includes the requirements mandated by PURA. In addition, the Commission’s SUBST. R. § 25.363(g)(5) includes standards that ERCOT must meet to ensure Commission input in identifying Unaffiliated Director candidates.

The re-election of Mr. Bermudez to a second term complied with the criteria established in PURA, Commission rules, and the ERCOT Bylaws. The ERCOT Bylaws require that Unaffiliated Directors must have “experience in one or more of these fields: senior corporate leadership; professional disciplines of finance, accounting, engineering or law; regulation of utilities; risk management; and information technology.”⁹ An Unaffiliated Director must also demonstrate “independence of any Market Participant in the ERCOT Region,” including compliance with specific standards enumerated in the ERCOT Bylaws.¹⁰ Mr. Bermudez has met ERCOT’s qualification and independence requirements. The Nominating Committee

⁷ See ERCOT Bylaws Section 4.3 (c).

⁸ PURA § 39.151(g).

⁹ ERCOT Bylaws § 4.3(b)(2)(i).

¹⁰ *Id.*, § 4.3(b)(2)(ii)(a)-(e).

unanimously selected Mr. Bermudez for presentation to ERCOT's Corporate Members for re-election as an Unaffiliated Director. A summary of Mr. Bermudez' professional qualifications and credentials is attached hereto as *Attachment A*.

On January 24, 2013, pursuant to the direction of the ERCOT Board, ERCOT issued its notice of Special Meeting of Corporate Members to be held on February 19, 2013 (Special Meeting) for the re-election of Mr. Bermudez (*Attachment B*). Corporate Membership voting for the Unaffiliated Director candidate was conducted pursuant to the ERCOT Bylaws procedures requiring approval by a majority of Member Segments (*i.e.*, at least four out of seven Member Segments). Mr. Bermudez received the requisite number of Corporate Member votes by ballot upon the conclusion of voting on February 15, 2013, in lieu of the Special Meeting, to be re-elected as an Unaffiliated Director for a second three-year term.

Having completed all other steps in the nomination and election process, ERCOT now requests Commission approval of Mr. Bermudez for re-election to a second three-year term as an Unaffiliated Director.

V. NOTICE PROVIDED BY ERCOT

ERCOT will post its Petition for Approval of an Unaffiliated Director to its website at http://www.ercot.com/about/governance/legal_notices; send a copy of its Petition via first-class U.S. mail to the parties of record in ERCOT's last fee case, Docket No. 31824 *Application of the Electric Reliability Council of Texas for Approval of the ERCOT System Administration Fee*; and provide Notice of its Petition via electronic mail to ERCOT's email exploder lists of committees as follows:

- ERCOT Board of Directors and Others;
- Technical Advisory Committee and Others (TAC);
- Retail Market Subcommittee (RMS);
- Wholesale Market Subcommittee (WMS);
- Reliability and Operations Subcommittee (ROS);
- Commercial Operations Subcommittee (COPS); and
- Protocol Revisions Subcommittee (PRS).

ERCOT will file an affidavit attesting to the completion of its proposed notice.

VI. REQUEST FOR PROCEDURAL SCHEDULE

Since Mr. Bermudez' original term expires on June 30, 2013, ERCOT seeks to seat Mr. Bermudez as a re-elected Unaffiliated Director by July 1, 2013, if possible, to avoid any disruption in Mr. Bermudez' service to the Board. In order to facilitate Commission approval of Mr. Bermudez by that time, ERCOT proposes the following procedural schedule, which aims toward approval of the re-electing of an Unaffiliated Director at the Commission's June 20, 2013 Open Meeting.

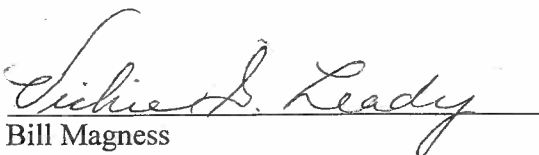
ERCOT proposes the following procedural schedule:

ERCOT posts Petition to its website and provides notice (as described in Section V. herein)	March 4, 2013
<i>Texas Register</i> publication of the Commission's Notice of Petition for Approval of an Unaffiliated Director	March 15, 2013
Deadline to Intervene (within 45 days from the date the Petition is filed with the Commission)	April 29, 2013
Deadline for Intervenors to request a hearing; Deadline for Intervenor comments on the merits if no hearing requested	May 7, 2013
Deadline for Commission Staff to request a hearing; Deadline for Commission Staff's recommendation if no hearing requested	May 14, 2013
Deadline for ERCOT to request a hearing; Deadline for ERCOT's response to Intervenor comments and Commission Staff's recommendation if no hearing requested; Deadline for Parties' proposed order, if no disputed issues	May 28, 2013
Proposed Order filed by Presiding Officer for approval, pursuant to P.U.C. PROC. R. § 22.35(b)(2)	June 10, 2013
Consideration of Proposed Order at Commission Open Meeting	June 20, 2013

VII. CONCLUSION

ERCOT respectfully requests that the Commission approve the re-election of Mr. Bermudez to a second three-year term as an Unaffiliated Director for the ERCOT Board, adopt the procedural schedule requested by ERCOT in this Petition, and grant ERCOT all other relief to which it is entitled.

Respectfully submitted,

By: 

Bill Magness
General Counsel
Texas Bar No. 12824020
(512) 225-7076 (Phone)
(512) 225-7079 (Fax)
bmagness@ercot.com

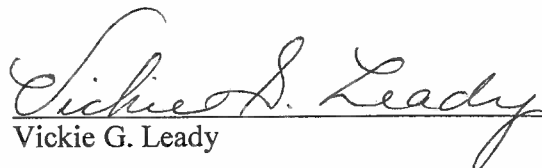
Vickie G. Leady
Assistant General Counsel
Texas Bar No. 08122090
(512) 275-7436 (Phone)
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vleady@ercot.com

ERCOT
7620 Metro Center Drive
Austin, Texas 78744

ATTORNEYS FOR ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC.

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record in this proceeding on March 4, 2013 in the following manner: by facsimile, email, or first-class U.S. mail.


Vickie G. Leady

JORGE A. BERMUDEZ
College Station, Texas

EDUCATION

1974	MA	TEXAS A&M UNIVERSITY College Station, Texas Agricultural Economics
1973	BS	TEXAS A&M UNIVERSITY College Station, Texas Agricultural Economics

EXPERIENCE

2008 to present	BYEBROOK GROUP LLC College Station, Texas
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Research and advisory firm in the financial industry.

Chief Executive Officer

2012 to present	THE FEDERAL RESERVE BANK OF DALLAS
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Each Federal Reserve Bank has a board of directors, whose members work closely with their Reserve Bank president to provide grassroots economic information and input on management and monetary policy decisions. These boards are drawn from the general public and the banking community and oversee the activities of the organization. They also appoint the presidents of the Reserve Banks, subject to the approval of the Board of Governors. Reserve Bank boards consist of nine members: six serving as representatives of nonbanking enterprises and the public (non-bankers) and three as representatives of banking.

Board Director

1975 to 2008	CITIGROUP, INC.
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2007 to 2008	<i>Chief Risk Officer</i>
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2004 to 2007	<i>Chief Executive Officer and President, Citigroup Commercial Business Group – North America and Texas. Senior Advisor Int'l.</i>
2002 to 2004	<i>Chief Executive Officer, Citigroup Latin America</i>
2000 to 2002	<i>Chief Executive Officer of e-Business, Citibank Corporate Banking Internet</i>
1998 to 2000	<i>Executive Vice President and Head of Global Cash Management and Trade</i>
1993 to 1998	<i>Head of South America Division and President of Citibank Argentina</i>
1991 to 1993	<i>Head of Global Asset Redeployment and Equity Investments</i>
1988 to 1990	<i>Head of Credit Policy Latin America and Head of Risk Citibank International Banking Operations</i>
1986 to 1988	<i>Head of Risk – Corporate Banking, NA New York, New York</i>
1984 to 1986	<i>Corporate Bank Head – Venezuela</i>
1981 to 1984	<i>Unit Head – Institutional Recovery Management N.Y.</i>
	• Responsible for a number of major corporate restructurings in the US.
1975 to 1981	<i>Various positions Citibank National Banking Group New York / Houston</i>

CURRENT BOARD POSITIONS

The Federal Reserve Bank of Dallas

Moody's Corporation, New York

Electric Reliability Council of Texas

The Community Foundation of the Brazos Valley, Texas

PREVIOUS BOARD POSITIONS

The Federal Reserve Bank Houston Branch 2009 – 2011

The Association of Former Students Texas A&M University 2006 - 2012

Citibank, NA; Citicorp USA 2005 - 2008

MasterCard International, LAC 2002 – 2004

Chairman of the New York Clearing House Steering Committee 2001 – 2002

Asociación De Bancos Argentinos (Argentina) 1994 – 1996

FEMSA Group (Mexico) 1988 – 1993

Norfield Childrens Center (Conn.) 1989 – 1993

Siembra Group (Argentina) 1993 – 1997

PROFESSIONAL AFFILIATIONS / AWARDS

Serves Texas A&M University on the International Board, College of Agriculture Development Council, Mays Business School Development Council.

Recipient of the College of Agriculture and Life Sciences Outstanding Alumnus Award and the Tyrus R.Timm Honor Registry.



January 24, 2013

ERCOT Corporate Member:

On January 14, 2013, the Nominating Committee of the ERCOT Board of Directors (Board) unanimously selected Jorge Bermudez as an Unaffiliated Director to serve on the Board for a second term beginning July 1, 2013, subject to approval by ERCOT Corporate Members and the Public Utility Commission of Texas.

According to Section 3.7(b) of the ERCOT Amended and Restated Bylaws (Bylaws), the Board can call a Special Meeting of the Corporate Members (Meeting) to seek approval without a meeting as provided in Section 3.7(g): "Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Corporate Members may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Corporate Members as would be necessary to take that action at a meeting at which all of the Corporate Members were present and voted."

On January 15, 2013, the Board called a Meeting as soon as practicable. Thus, on February 19, 2013 at 10:00 a.m. in Room 209 at 7620 Metro Center Drive, Austin, Texas 78749, a Meeting will be held for the purpose of voting on the proposed Unaffiliated Director.

Thus, we are seeking Corporate Membership approval to have the vote on the proposed Unaffiliated Director in writing, in lieu of a Meeting. Please review the enclosed Official Consent and Ballot form. If you agree to take action on the proposed Unaffiliated Director without a Meeting, please indicate your voting preference, and sign the Consent and Ballot form and return it to ERCOT by 5:00 p.m. on February 15, 2013. After 5:00 p.m. on February 15, 2013, we will count Consent and Ballot forms received to determine if we have sufficient number to allow a vote on the proposed Unaffiliated Director in lieu of the Meeting. We will post a notice of either a successful vote or of the need to have the February 19, 2013 Meeting on the website at <http://www.ercot.com/calendar/2013/02/20130219-MEMBERS>, no later than February 18, 2013 at 12:00 p.m.

The Nominating Committee members include all voting members of the ERCOT Board with the exception of ERCOT President and Chief Executive Officer, H. B. "Trip" Doggett. As further detailed in the ERCOT Bylaws, Unaffiliated Board Members must have "experience in one or more of these fields: senior corporate leadership; professional disciplines of finance, accounting, engineering or law; regulation of utilities; risk management; and information technology," and be independent from any Market Participant to prevent any potential conflict of interest. Texas residents are preferred.

Information regarding Mr. Bermudez's professional experience is provided below. Mr. Bermudez's current term expires on June 30, 2013.

So that Mr. Bermudez may be reelected as an Unaffiliated Director on the Board for his second term beginning July 1, 2013, subject to approval by ERCOT Corporate Members and the Public Utility Commission of Texas, please review his professional experience, sign the ballot, and make every effort to return it to ERCOT as noted in the Ballot no later than 5:00 p.m., February 15, 2013.

Sincerely,

Tisa Wilkins

Tisa Wilkins
External Relations Specialist
ERCOT

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JORGE A. BERMUDEZ
College Station, Texas

EDUCATION

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