



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

7620 Metro Center Drive, Room 206
Austin, Texas 78744
May 13, 2013

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance & Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Bermudez, Jorge (Chairman)	Unaffiliated	Unaffiliated Director
Bowling, Shannon	Cirro Group	Independent Retail
Carpenter, Mark	Oncor Electric Delivery Company	Investor Owned Utility Segment Alternate
Gent, Michehl	Unaffiliated	Unaffiliated Director <i>(Not Present for Agenda Item 1)</i>
Gresham, Kevin	E.On Climate & Renewables NA LLC	Independent Generator
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative Inc.	Cooperative
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Ashley, Kristy	Exelon	Independent Generator Segment Alternate <i>(Not Present for Agenda Items 5 and 6)</i>
Crowell, Craven	Unaffiliated	Unaffiliated Director <i>(Not Present for Agenda Items 5 - 10)</i>
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO) <i>(Not Present for Agenda Item 5)</i>
Dreyfus, Mark	Austin Energy	Municipal <i>(Not Present for Agenda Items 5 - 10)</i>
Matlock, Michael	ENCOA	Independent REP Segment Alternate
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman <i>(Not Present for Agenda Items 1 - 3)</i>



Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director (Not Present for Agenda Items 5 - 10)
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Other Guests:

Castillo, Simon	Credit Work Group (CWG) Chair
Day, Betty	ERCOT Vice President of Business Integration
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Gunn, Philip	Ernst and Young
Jones, Brad	ERCOT Vice President of Commercial Operations
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary (Not Present for Agenda Items 5 - 10)
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary (Not Present for Agenda Items 5 - 10)
Manning, Chuck	ERCOT Vice President of Human Resources and Chief Compliance Officer
Markham, Lori	ERCOT Corporate Governance Specialist
McIntyre, Ken	ERCOT Vice President Grid Planning and Operations
Ogelman, Kenan	CPS Energy, Technical Advisory Committee (TAC) Chair
Opheim, Calvin	ERCOT Manager of Load Forecasting and Analysis
Pettersen, Michael	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Schue, Jamie	ERCOT Associate Corporate Counsel
Sisson, Taylor	Ernst and Young
Taylor, Sean	ERCOT Controller
Westbrook, Susan	ERCOT Director of Human Resources
Wullenjohn, Bill	ERCOT Director Internal Audit

Call General Session to Order, Announce Proxies and Segment Alternates (Agenda Item 1)

Jorge Bermudez, F&A Committee Chairman, determined that a quorum was present and called the F&A Committee meeting to order at approximately 12:08 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions. Chairman Bermudez announced that Investor Owned Utility Segment Alternate, Mark Carpenter, was attending in Scott Prochazka's absence. He introduced Kristy Ashley, the newly elected Independent Generator Segment Alternate. He addressed the following Agenda Items in the order below.

Committee Education on Enterprise Risk Management (Agenda Item 2)

Mark Ruane presented the Committee Education on Enterprise Risk Management. Mr. Ruane and Mr. Doggett responded to questions and comments from Committee members.

March 18, 2013 General Session Meeting Minutes (Agenda Item 3)

Chairman Bermudez entertained a motion to approve the March 18, 2013 General Session Meeting Minutes (Minutes).

Vice Chairman Clifton Karnei moved to approve the Minutes as presented. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with one abstention (Jorge Bermudez).



Discussion of 2014 Budget Assumptions (Agenda Item 4)

Michael Petterson engaged discussion on the 2014 Budget Assumptions. Calvin Opheim presented the Load Forecast, Chuck Manning presented the Labor Expense, Jerry Dreyer presented the Hardware and Software Support and Maintenance Expense, Ken McIntyre presented the Outside Services Expense, and Betty Day presented the Revenue-Funded Project Expenditures. Mr. Petterson, Mr. Opheim, Mr. Manning, Mr. Dreyer, Mr. McIntyre and Ms. Day responded to questions and comments from Committee members. Mike Gent commended ERCOT staff on their presentations. Mr. Doggett solicited feedback with regard to the various presentations.

Periodic Meeting with Independent Auditor, Review Requirements for Annual Audit of Financial Statements, Receive Report on Audit Fieldwork and Conclusions, and Review of Audited Financial Statements (Agenda Items 5, 5.1, 5.2 and 5.3)

Sean Taylor presented the Review Requirements for Annual Audit of Financial Statements and introduced Ernst & Young staff, Philip Gunn and Taylor Sisson, who reviewed the Receive Report on Audit Fieldwork and Conclusions presentation. Mr. Gunn and Mr. Sisson highlighted the audit report and included a desirable “unqualified” opinion and responded to questions and comments from Committee members. Mr. Taylor presented the Review of Audited Financial Statements.

Recommendation of Acceptance of Financial Statement Audit Report (Agenda Item 5.4)

Mr. Taylor reviewed the Recommendation of Acceptance of the Financial Statement Audit Report.

Vice Chairman Karnei moved to accept the audited financials and Report on Audit of Financial Statements for the Years Ended December 31, 2012 and 2011 as presented by Ernst & Young LLP. Judy Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Report on Credit Work Group (CWG) Activity (Agenda Item 6)

Simon Castillo, CWG Chair, presented the Periodic Report on CWG Activity. Mr. Castillo responded to questions and comments from Committee members.

Letter of Credit Issuer Concentration Proposal (Agenda Item 7)

Mr. Ruane presented the Letter of Credit Issuer Concentration Proposal and responded to questions and comments from Committee members.

Committee Briefs -- Review 2013 Financial Summary, Periodic Report on Investments (Agenda Items 8, 8.1 and 8.2)

Mr. Petterson presented the Committee Briefs, including the Review of the 2013 Financial Summary and Periodic Report on Investments. There were no questions or comments from Committee members.

Future Agenda Items (Agenda Item 9)

Mr. Petterson reported that management will be recommending approval of the 2014 Budget at the next regularly-scheduled Committee meeting in July 2013.



Other Business (Agenda Item10)

No other business was discussed at this time.

Executive Session

Chairman Bermudez convened Executive Session at approximately 2:29 p.m. and reconvened General Session at approximately 4:28 p.m.

Vote on Matters from Executive Session (Agenda Item 11)

Chairman Bermudez called for a motion to approve matters discussed during Executive Session.

Ms. Walsh moved to recommend Board approval of the selection of Maxwell Locke & Ritter, LLP as the Independent 401(k) Savings Plan Auditor for calendar years 2012, 2013, and 2014 as discussed during Executive Session. Mark Carpenter seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Vice Chairman Karnei moved to recommend Board approval of the selection of Ernst & Young LLP as the Independent Financial Auditor for the years ending December 31, 2013 and December 31, 2014 as discussed during Executive Session. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Vice Chairman Karnei moved to accept the Revised Internal Audit Department Charter as modified and discussed during Executive Session. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjourn (Agenda Item 12)

Chairman Bermudez adjourned the meeting at approximately 4:30 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at <http://www.ercot.com/calendar/2013/05/20130513-FA>

Jamie Schue
Associate Corporate Counsel