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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 Ms. Judy W. Walsh to a second term as an Unaffiliated Director of the ERCOT Board of Directors (Board). Ms. Walsh 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 Ms. Walsh to service on the ERCOT Board for a second term, beginning January 1, 2015.

**I. BACKGROUND**

In order for ERCOT to maintain certification as an independent organization under §39.151(g) of PURA<sup>1</sup>, 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.”<sup>2</sup> 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 shall consist of all of the voting Directors, other than the CEO.<sup>3</sup>
- 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.”<sup>4</sup>

<sup>1</sup> Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.-16 (Vernon 2013) (PURA).

<sup>2</sup> PURA § 39.151(g)(7).

<sup>3</sup> See Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc., approved on October 7, 2013 (ERCOT Bylaws) § 4.3(b)(1).

<sup>4</sup> P.U.C. SUBST. R. § 25.362(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.<sup>5</sup>
- Unaffiliated Director nominees approved by ERCOT’s Corporate Members are submitted to the Commission for final approval. An Unaffiliated Director may not be seated as a Board member until his or her selection is approved by the Commission.<sup>6</sup>

## **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:

Bill Magness  
 General Counsel  
 ERCOT  
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 Austin, Texas 78744  
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 (512) 225-7079 (Fax)  
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 ERCOT  
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<sup>5</sup> ERCOT Bylaws, §§ 3.7(g), 4.3(b)(4).

<sup>6</sup> P.U.C. SUBST. R. § 25.362(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.”

#### IV. THE SELECTION PROCESS FOR MS. WALSH COMPLIED WITH COMMISSION AND ERCOT GOVERNING RULES

The ERCOT Bylaws provide that Unaffiliated Directors shall serve three-year terms. An Unaffiliated Director may serve up to three terms.<sup>7</sup> The selection process for Unaffiliated Directors is set forth in section 4.3(b) of the ERCOT Bylaws, and includes the requirements mandated by PURA and the Commission's SUBST. R. § 25.362.

Ms. Walsh's first term as an Unaffiliated Director on the ERCOT Board expires on December 31, 2014. The re-election of Ms. Walsh to a second term, beginning on January 1, 2015 (to avoid a break in service on the ERCOT Board), subject to approval by the Commission, complied with the criteria established in PURA, Commission rules, and the ERCOT Bylaws. The ERCOT Bylaws require that Unaffiliated Directors must have "[e]xperience 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."<sup>8</sup> An Unaffiliated Director must also demonstrate "[i]ndependence of any Market Participant in the ERCOT Region," including compliance with specific standards enumerated in the ERCOT Bylaws.<sup>9</sup> Ms. Walsh has met ERCOT's qualification and independence requirements. The Nominating Committee unanimously selected Ms. Walsh for presentation to ERCOT's Corporate Members for re-election as an Unaffiliated Director. A summary of Ms. Walsh's professional qualifications and credentials is attached hereto as *Attachment A*.

On April 18, 2014, pursuant to the direction of the ERCOT Board, ERCOT issued its notice of Special Meeting of Corporate Members to be held on May 20, 2014 (Special Meeting) for the re-election of Ms. Walsh (*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). Ms. Walsh received the requisite number of Corporate Member votes by ballot upon the conclusion of voting on May 14, 2014, in lieu of the Special Meeting, to be re-elected as an Unaffiliated Director for a second three-year term.

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<sup>7</sup> See ERCOT Bylaws Section 4.3 (c).

<sup>8</sup> ERCOT Bylaws § 4.3(b)(2)(i).

<sup>9</sup> *Id.*, § 4.3(b)(2)(ii)(a)-(b).

Having completed all other steps in the nomination and election process, ERCOT now requests Commission approval of Ms. Walsh for re-election to a second three-year term, beginning on January 1, 2015, as an Unaffiliated Director.

## **V. NOTICE PROVIDED BY ERCOT**

ERCOT will post its Petition for Approval of Re-election of an Unaffiliated Director to its website at [http://www.ercot.com/about/governance/legal\\_notices](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 Ms. Walsh's original term expires on December 31, 2014, ERCOT seeks to seat Ms. Walsh as a re-elected Unaffiliated Director by January 1, 2015, if possible, to avoid any disruption in Ms. Walsh's service to the Board. In order to facilitate Commission approval of Ms. Walsh 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 September 5, 2014 Open Meeting.

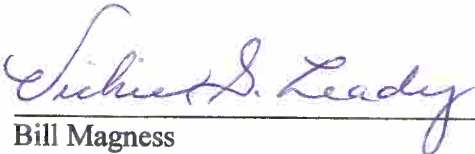
ERCOT proposes the following procedural schedule:

ERCOT posts Petition to its website and provides notice (as described in Section V. herein)	May 22, 2014
<i>Texas Register</i> publication of the Commission's Notice of Petition for Approval of an Unaffiliated Director	June 6, 2014
Deadline to Intervene (within 45 days from the date the Petition is filed with the Commission)	July 7, 2014
Deadline for Intervenor to request a hearing; Deadline for Intervenor comments on the merits if no hearing requested	July 14, 2014
Deadline for Commission Staff to request a hearing; Deadline for Commission Staff's recommendation if no hearing requested	July 21, 2014
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	August 4, 2014
Proposed Order filed by Presiding Officer for approval, pursuant to P.U.C. PROC. R. § 22.35(b)(2)	August 26, 2014
Consideration of Proposed Order at Commission Open Meeting	September 5, 2014

## VII. CONCLUSION

ERCOT respectfully requests that the Commission approve the re-election of Ms. Walsh to a second three-year term, beginning on January 1, 2015, 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: 

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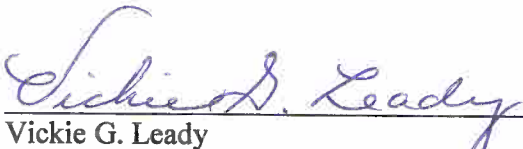
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ERCOT  
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ATTORNEYS FOR ELECTRIC RELIABILITY  
COUNCIL OF TEXAS, INC.

### CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record in this proceeding on May 22, 2014 in the following manner: by facsimile, email, or first-class U.S. mail.

  
Vickie G. Leady



## **Attachment A**

### **Biography of Judy Walsh**

Judy Walsh is a certified public accountant and retired partner of Deloitte, where her career spanned 30 years. She joined Electric Reliability Council of Texas, Inc., as an independent board member in 2012. She currently serves on the board of directors of the Midcontinent Independent System Operator and chairs its audit committee.

Ms. Walsh previously served on the board of directors of the Western Electricity Coordinating Council and chaired its audit committee.

She is a former commissioner for the Public Utility Commission of Texas, appointed by then-Texas Governor George W. Bush. She is well-versed in public policy issues concerning the electric industry including energy markets, resource adequacy, wind integration and others.

Ms. Walsh was also a founding director of the Bank of Whittier in Whittier, CA, and was the senior vice president of government affairs and regulatory policy at SBC Communications in San Antonio, Texas.

Ms. Walsh earned a master of science degree in taxation from the University of Texas, San Antonio, and a bachelor of arts degree in economics and business administration from Rice University.

April 18, 2014

ERCOT Corporate Member:

Your participation in voting matters is hereby requested.

### **Recommendations to the Corporate Members on Voting Items**

#### ***Re-Election of Three Unaffiliated Directors for Their Second Terms***

On April 7, 2014, the ERCOT Nominating Committee (Committee) of the ERCOT Board of Directors (Board) unanimously selected Craven Crowell, Karl Pfirrmann and Judy Walsh for re-election as Unaffiliated Directors to serve their second term on the Board, beginning January 1, 2015, subject to approval by the ERCOT Corporate Members (Members) and the Public Utility Commission of Texas (PUCT). Information regarding the three Unaffiliated Director nominees' professional experience is attached for your review and consideration as *Attachment 1*.

#### ***Bylaws Amendment on Board Member Eligibility***

On April 8, 2014, the Board unanimously voted to approve and recommend a proposed amendment to the ERCOT Amended and Restated Bylaws (Bylaws) regarding Board member eligibility. The proposed amendment is attached for your review and consideration as *Attachment 2*. Additional information on this amendment may be found in the materials under "Key Documents" associated with Agenda Item 11.1 of the April 8, 2014 Board meeting at: <http://www.ercot.com/calendar/2014/04/20140408-BOD>.

### **Special Meeting of Corporate Members Called by the ERCOT Board**

According to Sections 3.7(b) and (g) of the Bylaws, the Board may call a Special Meeting of the Corporate Members (Special Meeting) to seek approval without an in-person 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 April 8, 2014, the Board called a Special Meeting as soon as practicable. Thus, on Tuesday, May 20, 2014, 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 above-mentioned re-election of the three Unaffiliated Directors and the Bylaws amendment.

### **Request for Corporate Members to Submit Consent and Ballot Form in Lieu of Meeting**

We are seeking Corporate Membership approval to have each vote in writing, in lieu of a Special Meeting. Please review the enclosed Official Consent and Ballot form. If you agree to take action on the re-election of the three Unaffiliated Directors and the Bylaws amendment without a Special Meeting, please indicate your voting preference, and sign the Consent and Ballot form and return it to ERCOT by 5:00 p.m. on Wednesday, May 14, 2014. After 5:00 p.m. on Wednesday, May 14, 2014, we will count Consent and Ballot forms received to determine if we have sufficient number to allow a vote on the three Unaffiliated Directors and Bylaws amendment in lieu of the Special Meeting. We will post a notice of either a successful vote or of the need to have the May 20, 2014 Special Meeting on the





website at <http://www.ercot.com/calendar/2014/05/20140520-CORPORATEME>, no later than Thursday, May 15, 2014 at 12:00 p.m.

**ACTION NEEDED: Submit Consent and Ballot Form by 5:00 p.m., Wednesday, May 14, 2014**

**Please note that all of the requested votes require approval by the Members and the PUCT prior to becoming effective. So that the votes may be approved as soon as possible by the Members and the PUCT, please review the proposed votes, sign the ballot, and make every effort to return it to ERCOT as noted in the Ballot no later than 5:00 p.m., Wednesday, May 14, 2014.**

Sincerely,

*Tisa Wilkins*

Tisa Wilkins  
Regulatory Legal Specialist  
ERCOT

## Attachment 1

### **Biography of Craven Crowell**

Craven Crowell served in the federal government for 25 years in various capacities, including eight years as chairman of the Tennessee Valley Authority (TVA) after being appointed by the President and confirmed by the U. S. Senate. During his tenure at TVA, Crowell focused primarily on upgrading the organization's operational systems, achieving excellence in its nuclear power program, and strengthening TVA's financial position, including capping and reducing TVA's substantial debt after 35 years of continuous increases.

Following his government service, Crowell has been an energy and water resources consultant, most recently as a partner at Oliver Wyman, an international consulting firm with offices in 16 countries.

Crowell also has served as an independent director and chair of the Texas Reliability Entity; board chairman of the Electric Power Research Institute, Palo Alto, CA; and member of the board and executive committee of the Nuclear Energy Institute, Washington, DC.

During his government career, Crowell served for four years as chief of staff to the chairman of the U. S. Senate budget committee. In 1997, he was the first non-Chinese citizen to receive the honor of being named Honorary President of Hohai University in Nanjing, China.

Crowell served in the U. S. Marine Corps and was a commissioned officer in the Naval Reserve. He received his bachelor's degree from Lipscomb University and was named Alumnus of the Year in 1995.

## **Biography of Judy Walsh**

Judy Walsh is a certified public accountant and retired partner of Deloitte, where her career spanned 30 years. She joined Electric Reliability Council of Texas, Inc., as an independent board member in 2012. She currently serves on the board of directors of the Midcontinent Independent System Operator and chairs its audit committee.

Ms. Walsh previously served on the board of directors of the Western Electricity Coordinating Council and chaired its audit committee.

She is a former commissioner for the Public Utility Commission of Texas, appointed by then-Texas Governor George W. Bush. She is well-versed in public policy issues concerning the electric industry including energy markets, resource adequacy, wind integration and others.

Ms. Walsh was also a founding director of the Bank of Whittier in Whittier, CA, and was the senior vice president of government affairs and regulatory policy at SBC Communications in San Antonio, Texas.

Ms. Walsh earned a master of science degree in taxation from the University of Texas, San Antonio, and a bachelor of arts degree in economics and business administration from Rice University.

## **Biography of Karl Pfirrmann**

Karl Pfirrmann served in the electric utility industry for more than 38 years in leadership positions at Allegheny Energy and later the PJM Interconnection. During his tenure with PJM, he focused on expanding PJM from its traditional eastern seaboard presence to its current operating area encompassing much of the Mid-Atlantic and Mid-Western regions, developing PJM's operational capabilities, and leading PJM during its transition between CEO's. At Allegheny, Mr. Pfirrmann held leadership positions in engineering, construction, and operations in both the transmission and distribution areas of the business. Since his retirement in 2010, Mr. Pfirrmann has continued to advise clients on electric industry technical and public policy issues.

Mr. Pfirrmann is a resident of Greensburg, Pennsylvania, holds a bachelor of science degree in electrical engineering from Carnegie-Mellon University, and is a Registered Professional Engineer in Pennsylvania.

## Attachment 2

Upon approval by the Members and the PUCT, the current subsection (a)(4) of Section 4.3 (entitled “Selection, Tenure, and Requirements of Directors and Segment Alternates”) of the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*, approved on October 7, 2013 (Bylaws), would be replaced in its entirety by the Amended and Restated Subsection (a)(4) of Section 4.3 noted immediately below.

### Amended and Restated Subsection (a)(4) of Section 4.3

With regard to eligibility of Consumer Directors (other than the *ex officio* Consumer Director representing Residential and Small Commercial Consumers), Market Segment Directors and Segment Alternates, the following shall apply:

- (i) Each Director and Segment Alternate respectively elected by the Industrial Consumer subsegment or the Independent Generator, Independent Power Marketer, Independent Retail Electric Provider, or Investor Owned Utility Market Segments must be an employee of:
  - a. a Corporate or Associate Member; or
  - b. an Affiliate of a Corporate or Associate Member of the respective Market Segment or subsegment which provides services through the Affiliate’s employees to such Corporate or Associate Member.
- (ii) Each Director and Segment Alternate respectively elected by the Large Commercial Consumer subsegment [as described in Section 4.3(a)(1)] or by the Cooperative or Municipal Market Segments must be an employee of a Corporate or Associate Member.
- (iii) Unless otherwise provided in these Bylaws, if a Director or Segment Alternate is elected or appointed to serve on the Board, such person is only eligible to serve in such capacity so long as he or she is an employee of the same Member or Affiliate as described in Section 4.3(a)(4)(i)(b) (as applicable), as he or she was at the time of such election or appointment. If the Member or Affiliate as described in Section 4.3(a)(4)(i)(b) (as applicable) is subject to a corporate restructure for tax or operational purposes which is not the result of a merger or acquisition, then such restructure shall not affect the eligibility of the Director or Segment Alternate.