

DOCKET NO. 42548

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PUBLIC UTILITY COMMISSION
REGISTRY CLERK

PETITION OF ELECTRIC § PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF TEXAS, §
INC. FOR APPROVAL OF BYLAWS § OF TEXAS
AMENDMENT §

PETITION OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC. FOR APPROVAL OF BYLAWS AMENDMENT

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT) and, pursuant to P.U.C. SUBST. R. § 25.362, respectfully requests Commission approval of an amendment to the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*¹ (Bylaws). The proposed amendment was approved by ERCOT’s Board of Directors on April 8, 2014, and by vote of ERCOT’s Corporate Members on May 14, 2014. The proposed Bylaws amendment is appended to this Petition as *Attachment A*.

Accordingly, ERCOT respectfully requests that the Commission assign a docket number to this matter and approve this amendment to the Bylaws.

I. BACKGROUND

A. Bylaws Review and Revision Process

ERCOT currently operates pursuant to the Bylaws, which were approved by the Commission on October 7, 2013. Section 13.1 of the Bylaws, Public Utility Regulatory Act (PURA) § 39.151(g),² P.U.C. SUBST. R. § 25.362(c), and the Charter of the Human Resources and Governance (HR&G) Committee of the ERCOT Board of Directors (Board) provide the requirements and process for approval of any Bylaws amendments.

B. History of Approval of the Bylaws Amendment

In 2013, a Corporate Member proposed a Bylaws amendment regarding Board member eligibility requirements included in the current Bylaws. The issue of expanding certain of the

¹ Docket No. 41761 *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*, were approved by the Commission on October 7, 2013.

² Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2013) (PURA), PURA § 39.151(g).

eligibility requirements for Board service was discussed by the members of the Board's HR&G Committee, but not finally resolved, as part of the Board's review of the 2013 Bylaws amendments. Due to continued interest in this issue, the HR&G Committee held the proposal for further review and subsequently instructed the ERCOT Legal Department (ERCOT Legal) to prepare proposed language for further consideration by the HR&G Committee in 2014.

1. HR&G Committee Review and Recommendation

Considering prior HR&G Committee and Board discussions on the topic of Board member eligibility requirements, ERCOT Legal provided its proposal to the HR&G Committee. At its March 27, 2014 meeting, the Technical Advisory Committee (TAC) considered ERCOT Legal's proposed Bylaws amendment. The TAC voted to endorse the proposed amendment with two abstentions (Independent Retail Electric Provider Segment and Independent Power Marketer Segment). At its April 7, 2014 meeting, the HR&G Committee took a vote on the proposed Bylaws amendment and recommended that the Board approve the amendment proposed by ERCOT Legal.

2. Board Acceptance of HR&G Committee Recommendation of Bylaws Amendment to Corporate Members

After consideration and recommendation by the HR&G Committee, at the April 8, 2014 Board meeting, the Board recommended approval of the proposed Bylaws amendment as identified in *Attachment A* to the Corporate Members. At the same meeting, the Board called a Special Meeting of the Corporate Members for a vote to approve the proposed Bylaws amendment as soon as practicable.

C. Corporate Member Approval of Bylaws Amendments

On April 18, 2014, pursuant to the direction of the Board, ERCOT issued its notice of Special Meeting of Corporate Members to be held on May 20, 2014 (Special Meeting) for a vote to approve an amendment to the Bylaws. A copy of the Special Meeting notice is provided for reference as *Attachment B*. Corporate Membership voting for this Bylaws amendment 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). This Bylaws amendment 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, for Corporate Member approval.

II. STATEMENT OF JURISDICTION AND AUTHORITY

The Commission has jurisdiction over this matter pursuant to PURA §39.151 and P.U.C. SUBST. R. 25.362(c)(5).

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
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)
(512) 225-7079 (Fax)
vleady@ercot.com

IV. SUMMARY OF BYLAWS AMENDMENT

This Bylaws amendment solely amends and restates Subsection (a)(4) of Section 4.3 (entitled "Selection, Tenure, and Requirements of Directors and Segment Alternates") of the Bylaws as illustrated in *Attachment A*. This amendment includes language to expand Board member eligibility to employees of service organizations for the Industrial Consumer subsegment, the Independent Generator Segment, the Independent Power Marketer Segment, the Independent Retail Electric Provider Segment and the Investor Owned Utility Market Segment, and to allow continuation of such eligibility in certain circumstances of corporate restructuring.

V. NOTICE PROVIDED BY ERCOT

ERCOT will post its Petition for Approval of Amendments to Amended and Restated Bylaws 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

ERCOT proposes the following procedural schedule, which aims toward approval of the amendment to the Bylaws no later than the October 17, 2014 Commission Open Meeting, but preferably at the September 5, 2014 Commission Open Meeting.

ERCOT requests this schedule so that the amendment to the Bylaws revising the Board member eligibility requirements may be approved by the Commission and, thus, become effective by the record date of November 7, 2014, for Market Segment elections for the 2015 Board.

ERCOT proposes the following procedural schedule:

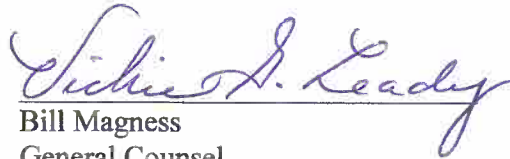
ERCOT posts Petition to its website and provides notice (as described in Section V. herein)	May 23, 2014
<i>Texas Register</i> publication of the Commission’s Notice of Petition for Approval of Bylaws Amendment	June 6, 2014

Deadline to Intervene (within 45 days from the date the Petition is filed with the Commission)	July 7, 2014
Deadline for Intervenors 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 Bylaws amendment approved by the Corporate Members, as described in this Petition and in substantially the same form as identified in *Attachment A*, save and except any scrivener's errors, adopt the procedural schedule requested by ERCOT in this Petition, and grant ERCOT all other relief to which it is entitled.

Respectfully submitted,



Bill Magness
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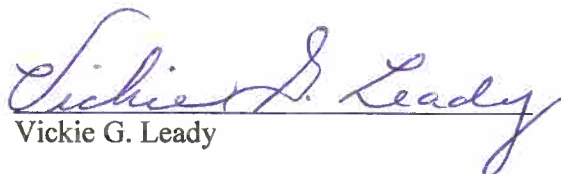
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ERCOT
7620 Metro Center Drive
Austin, Texas 78744

ATTORNEYS FOR ELECTRIC
RELIABILITY COUNCIL OF TEXAS, INC.

CERTIFICATE OF SERVICE

I, Vickie G. Leady, attorney for ERCOT, certify that a copy of this document was served in this proceeding on May 23, 2014 in the following manner: by facsimile or first-class U.S. mail.



Vickie G. Leady

Upon approval by 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.

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

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 - 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.