



To: Human Resources and Governance (HR&G) Committee
From: Diane M. Williams, ERCOT Vice President of Human Resources
Date: February 2, 2015
Re: Annual Status Report from Benefits Committee

Annual Status Report from Benefits Committee

For the HR&G Committee's review and consideration, the *Electric Reliability Council of Texas, Inc. Annual Status Report to the Board of Directors Concerning Activities of the Benefits Committee* is being provided with the Committee's meeting materials.

HR&G Committee Charter Requires Annual Review of Such Status Report

The HR&G Committee Charter, effective February 11, 2014 (Charter), includes the following Committee duty and responsibility:

Review the ERCOT Benefits Committee's annual status report and performance of the duties delegated to it by the Board, including the design, operation and maintenance of employee benefits plans. Report to the Board if there is any disagreement between a Committee Member, a member of the Benefits Committee or the CEO regarding any aspect of the Benefits Committee's performance of the duties delegated to it by the Board¹

The Charter further provides for such review at a minimum frequency of "as needed, but no less than annually". The Charter does not require that the Committee or the Board of Directors approve or accept this Annual Status Report from the Benefits Committee.

I look forward to answering any questions you may have at the Committee meeting.

¹ Section 1.a.(8) [*Human Resources Matters – Compensation of ERCOT's CEO, all other ERCOT officers and employees*] of the Charter.

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
ANNUAL STATUS REPORT TO THE BOARD OF DIRECTORS
CONCERNING ACTIVITIES OF THE BENEFITS COMMITTEE

December 31, 2014

This report is provided to inform the Board of Directors of the activities of the Benefits Committee ("Committee") during the 12-month period ending December 31, 2014.

The Committee met five times during 2014. Minutes were kept of each Committee Meeting, including copies of materials reviewed by the Committee.

The Committee determined that all current benefits plans are functioning effectively and at reasonable cost for their intended purposes. Except for the underperformance of a mutual fund within the 401(k) Savings Plan, as described herein, the Committee identified no deficiencies with respect to the operations and compliance of any of the current benefits plans.

The Committee actively performed its duties during this period, as highlighted herein:

ERCOT 401(k) Savings Plan ("Plan")

1. The Committee continued to retain Aon Hewitt Investment Consulting, f/k/a Hewitt EnnisKnupp, Inc. ("HEK") to provide independent guidance on the Plan's investments and to serve as co-fiduciary with respect to the investment advice provided.
2. HEK provided detailed quarterly reports on the investments in the Plan, reviewing the following criteria, among others: (a) performance on a rolling and trailing return basis relative to benchmarks and the appropriate universes of actively managed investments; (b) changes in the management teams of investment managers; (c) significant issues affecting the firms within which the investment managers operate; (d) investment quality of fixed-income investments; (e) diversification of holdings; (f) the amount of risk taken; (g) changes in investment style; and (h) cost.
3. The Committee noted ongoing concerns about the performance of the Thornburg International Value Fund and requested that HEK provide recommendations for an alternative.
4. The Committee received periodic updates on current legal and regulatory developments that could affect the Plan and the Committee's work.
5. The Committee reviewed the audit report for the Plan.
6. HEK provided the annual Fiduciary Training on April 10, 2014 to the Committee members.
7. The Committee voted to recommend to the Board the removal of the Vice President Legal and General Counsel as a voting member and to add the Vice President Commercial Operations as a voting member of the Committee.
8. The Committee accepted HEK's recommendation to add the T. Rowe Price Target Date 2055 and 2060 funds to the Plan in early 2015.
9. The Committee reviewed HEK's proposed changes to the Investment Policy Statement and requested additional revisions for consideration at the next Committee meeting.

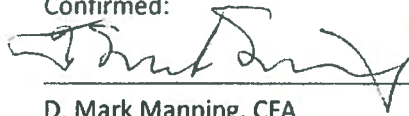
Employee Welfare Plans

10. The Committee received periodic updates on the activities of the Employee Health & Wellness Committee.
11. The Committee received a report on employee welfare plan costs.
12. The Committee reviewed and approved proposed changes to the employee medical, dental and visions plans for the 2014-2015 plan year.
13. The Committee approved the addition of voluntary workplace products from Unum and the addition of the Compass Professional Health Services consulting services.



Susan M. Westbrook
Director – Human Resources

Confirmed:



D. Mark Manning, CFA
Aon Hewitt Investment Consulting f/k/a Hewitt Ennisknupp, Inc.
Independent Investment Advisor to the Benefits Committee