



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

7620 Metro Center Drive, Room 206  
Austin, Texas 78744  
June 8, 2015

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:**

<b>Director</b>	<b>Affiliation</b>	<b>Segment</b>
Bermudez, Jorge (Chairman)	Unaffiliated	Unaffiliated Director
Comstock, Read	Direct Energy	Independent Retail Electric Provider
Fehrenbach, Nick	City of Dallas	Consumer – Commercial ( <i>Proxy for Clifton Karnei</i> )
Gresham, Kevin	E.ON North America LLC	Independent Generator ( <i>Not Present for Agenda Items 9 – 10</i> )
Walsh, Judy	Unaffiliated	Unaffiliated Director

**Guest Board Members and Segment Alternates:**

<b>Director/ Segment Alternate</b>	<b>Affiliation</b>	<b>Segment</b>
Ashley, Kristy	Exelon Corporation	Independent Generator Segment Alternate ( <i>Not Present for Agenda Items 1 – 2</i> )
Carpenter, Mark	Oncor Electric Delivery Company	Investor-Owned Utility
Crowell, Craven	Unaffiliated	Unaffiliated Director ( <i>Not Present for Agenda Items 4 – 10</i> )
Doggett, H.B. "Trip"	ERCOT	President and Chief Executive Officer (CEO)
Durland, Jack	Valero Services, Inc.	Consumer – Industrial ( <i>Not Present for Agenda Items 1 – 2</i> )
Emery, Keith	Tenaska Power Services	Independent Power Marketer ( <i>Not Present for Agenda Items 6 – 10</i> )
Pfaffmann, Karl	Unaffiliated	Unaffiliated Director ( <i>Not Present for Agenda Items 4 – 10</i> )
Shellman, Carolyn	CPS Energy	Municipal ( <i>Present Only for Agenda</i>



		<i>Item 3)</i>
Smith, Wade	American Electric Power Service Corporation	Investor-Owned Utility Segment Alternate
Werner, John	Source Power & Gas LLC	Independent Retail Electric Provider Segment Alternate

**Officers and Guests:**

Day, Betty	ERCOT Vice President of Governance, Risk and Compliance
Dreyer, Jerry	ERCOT Sr. Vice President and Chief Information Officer
Gage, Theresa	ERCOT Vice President of External Affairs and Corporate Communications
Jones, Brad	ERCOT Sr. Vice President and Chief Operating Officer
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT General Counsel, Sr. Vice President – Governance, Risk and Compliance & Corporate Secretary
Meek, Donald	Austin Energy, Credit Work Group (CWG) Chair
Petterson, Michael	ERCOT Vice President and Chief Financial Officer
Ruane, Mark	ERCOT Director of Settlements, Retail and Credit
Seely, Chad	ERCOT Assistant General Counsel
Tamby, Jeyant	ERCOT Chief of Staff
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer
Wullenjohn, Bill	ERCOT Director of 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 1:00 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions, announced that Cooperative Segment Director Clifton Karnei provided his proxy to Commercial Consumer Director Nick Fehrenbach, and addressed the following Agenda Items in the order below.

**April 13, 2015 General Session Meeting Minutes (Agenda Item 2)**

Chairman Bermudez entertained a motion to approve the April 13, 2015 General Session Meeting Minutes (Minutes).

**Judy Walsh moved to approve the Minutes as presented. Read Comstock seconded the motion. The motion passed by unanimous voice vote with one abstention (Chairman Bermudez).**

**Recommendation regarding 2016-2017 Budget and Fee (Agenda Item 3)**

Sean Taylor presented the recommendation regarding the 2016-2017 Budget and Fee. During a lengthy discussion of the budget, Mr. Taylor, Jerry Dreyer, Trip Doggett and Bill Magness responded to questions and comments from Committee members.

**Ms. Walsh moved to recommend for Board approval the 2016-2017 Budget and Fee as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with one**



**abstention (Read Comstock).** Mr. Comstock commented that he abstained not because he was opposed to the authorization of the increase, but because he would like the Committee, prior to voting, to either review an additional scenario that relies on more debt to decrease the 2016 fee increase or consider delaying the approval in order to provide more time for Market Participants to make business process adjustments.

Mr. Magness requested that Mr. Fehrenbach confirm that his proxy vote for Clifton Karnei was in favor of the motion, which Mr. Fehrenbach did.

#### **Confirmation of Credit Work Group Vice Chair (Agenda Item 4)**

Mark Ruane presented the confirmation of CWG Vice Chair. He explained that CWG Vice Chair Loretto Martin recently resigned as CWG Vice Chair after resigning her position at Lower Colorado River Authority (LCRA) to assume a new role at Direct Energy, but that CWG subsequently re-elected Ms. Martin as Vice Chair. There were no questions or comments from Committee members. Chairman Bermudez entertained a motion for the confirmation.

**Mr. Fehrenbach moved to confirm Loretto Martin, Direct Energy, as CWG Vice Chair. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with one abstention (Read Comstock).** Mr. Comstock noted that his abstention was due to his employment with Direct Energy, Ms. Martin's employer.

#### **Periodic Report on Credit Work Group Activity (Agenda Item 5)**

Donald Meek, CWG Chair, presented the Periodic Report on Credit Work Group Activity. Mr. Meek and Brad Jones responded to questions and comments from Committee members.

#### **Committee Briefs (Agenda Item 6)**

Michael Petterson invited Mr. Taylor and Leslie Wiley to present the Committee Briefs.

#### **Review 2015 Financial Summary (Agenda Item 6.1)**

Mr. Taylor presented the 2015 Financial Summary. Mr. Taylor, Mr. Doggett and Mr. Magness responded to questions and comments from Committee members.

#### **Periodic Report on Investments (Agenda Item 6.2)**

Ms. Wiley presented the Periodic Report on Investments. There were no questions or comments from Committee members.

#### **Future Agenda Items (Agenda Item 7)**

Mr. Petterson presented the Future Agenda Items. In response to Chairman Bermudez's request that in the future the debt strategy discussion precede the budget approval, Mr. Petterson agreed to consider such a schedule.

#### **Other Business (Agenda Item 8)**

No other business was discussed at this time.



### **Executive Session**

Chairman Bermudez recessed the General Session at approximately 1:35 p.m. and convened Executive Session at approximately 1:46 p.m. Chairman Bermudez reconvened General Session at approximately 4:28 p.m.

### **Vote on Matters from Executive Session (Agenda Item 9)**


Chairman Bermudez announced that there was one voting item discussed during Executive Session. He entertained a motion on the selection of an Independent Financial Auditor.

**Mr. Fehrenbach moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 3.3 as Independent Financial Auditor for years ending December 31, 2015, 2016, 2017, 2018 and 2019. Ms. Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Adjournment (Agenda Item 10)**

Chairman Bermudez adjourned the meeting at approximately 4:29 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at [http://www.ercot.com/committees/board/finance\\_audit/](http://www.ercot.com/committees/board/finance_audit/)

  
Jonathan Levine  
Corporate Counsel