Vice Chair Sharon Nelson called to order a duly noticed meeting of the North American Electric Reliability Corporation Board of Trustees on February 10, 2009 at 8 a.m., local time, and a quorum was declared present. The meeting announcement, agenda, and list of attendees are attached as Exhibits A, B, and C, respectively.

NERC Antitrust Compliance Guidelines
David Cook, vice president and general counsel, directed participants’ attention to the NERC Antitrust Compliance Guidelines included in the agenda.

Election of Chairman
On motion of Sharon Nelson, the board elected John Q. Anderson as chairman of the NERC Board of Trustees. Chairman Anderson assumed the chair and stated “The NERC Board of Trustees, along with the entire industry, would like to thank Richard Drouin for his years of leadership. NERC would not be where it is today without his vision and guidance over the past 10 years.”

Executive Session
Chairman Anderson reported that, as is its custom, the board met in executive session before the open meeting, without the CEO present, to review management activities and approve CEO and officer compensation for 2009.

Consent Agenda
On motion of President and CEO Rick Sergel, the board approved the consent agenda, as follows:

Minutes
The board approved the following draft minutes (Exhibit D):

- October 17, 2008 Conference Call
- October 29, 2008 Meeting
- November 13, 2008 Conference Call
- December 12, 2008 Conference Call
Standing Committees
The board approved the proposed appointments and changes to the membership of the standing committees. The board also approved the recommended membership slate from the Personnel Certification Governance Committee Nominating Subcommittee.

Future Meetings
The board approved February 15–16, 2010 (M–T) in Phoenix, Arizona as a future meeting date and location.

President’s Report
Mr. Sergel reviewed NERC’s accomplishments in 2008 and goals for 2009.

2008
Substantial work has been completed on the standards, in particular the culmination of years of work on the ATC standards. The 2008 plan was ambitious but in large measure delivered; the next step is to collectively, as an industry, consider how to get the rest of the necessary work done, like the fill-in-the-blank standards, in a timely manner.

During the year NERC also received notice of recognition as the ERO from the Alberta Minister of Energy and signed additional agreements with Manitoba, New Brunswick, and Saskatchewan. These agreements are absolutely essential to the success of NERC. We look forward to continuing these efforts in 2009 — particularly with respect to having a mandatory overlay to the standards.

NERC began restructuring our critical infrastructure efforts, and the Electricity Sector Steering Group was formed. This group’s goal is to be the go-to group when NERC has policy calls to make. Also, Mike Assante was brought on board as our vice president and chief security officer. Mike has a big job ahead of him, and he has hit the ground running.

Unfortunately we did not resolve our situational awareness effort. The goal is to have a relatively inexpensive, single system, relied upon by all — FERC, NERC, Regions, Reliability Coordinators, etc. We need to have single points of contact, no operational role, properly coordinated with our neighbors to the north, regarding situational awareness only. We will continue to work on this in 2009. Doing nothing is not an option.

Several event analyses were completed in 2008. NERC also issued its first alerts, in the form of recommendations and advisories to the industry; there has been lots of feedback. EEI made comments on continuing to get the right points of contact, which is a good thing because this is all about how to do it better, faster, and more comprehensively. Like so much we do at NERC, each action we take is an opportunity to improve.

In the benchmarking area, we secured our footing on categorizing events, new databases, and a few leading indicators. It may take years for this to be valuable, but our efforts now will pay dividends down the road when we have a robust database upon which to design standards.
Included for the first time in this year’s Long-Term Reliability Assessment (LTRA) were operating results. During the year we also asked the Planning Committee and Reliability Assessment Subcommittee to make changes in the LTRA, most notably to the definitions. That mission was accomplished, the value of which will be seen over time. 2008’s report represents an opportunity to build on in the years ahead.

NERC also set a course within enforcement to establish a culture of 100 percent compliance with the standards and mitigation plans, while still encouraging self reporting. Collectively that is happening. A backlog still exists, but that is the price to pay for 2008’s complete attention to detail. It does leave us needing speed and prioritization, and we have set those as goals in 2009.

We began the process of managing the North American Synchrophasor Initiative as a NERC-wide effort, transitioning it from TVA as a service delivery organization. While NERC would like to have someone else step up and pay for this program, we do not believe that sponsor is forthcoming, and this system is absolutely essential.

Finally, NERC put a marker down on climate change to assure that policy makers consider the reliability of the grid when making decisions on climate change.

**2009**

NERC’s number one priority for the year is on-time delivery of the following goals.

The most important is compliance. We need to eliminate the backlog by creating more output. Things are beginning to move in that direction, and we have started to see actions from FERC that require no compliance filings on our part. The Regional and NERC staffs are playing a major part in this move toward output. The Regions and NERC have reorganized and added staff and these actions are paying off.

The industry plays a part in this also — there needs to be more compliance with the reliability standards. NERC continues to receive, on average, approximately 100 potential violations per month. A fair reply to this request is there are too many “ticky-tack” standards. A major goal for 2009 is to address the priority standards, which we will do by establishing a list of the 12 most important cases we are working on. This list will not be public, but it will be known to all those involved with working on them. We also expect to develop a “speeding ticket” type approach for dealing with lesser, administrative violations.

This “output” goal will apply to everything NERC does including, but not limited to: standards, event analysis, compliance violation investigations, regulatory filings, and meeting agendas.

The second goal involves all things related to Critical Infrastructure Protection. The learning curve is so steep, expectations are so high, and the importance is so great it separates itself from most of what we do. NERC’s part in this is to explain, train, and learn what works and what doesn’t. The industry’s part is to recognize the problem and
make it a priority. We need to measure ourselves on consistency, clarity, and compliance; if you are not in compliance, we have failed at this.

Another priority is to add an independent NERC view to the LTRA which currently is bottom up, and make this clear at the outset. Testing is best done by scenarios, and this effort has already been introduced. However, there are ground rules for this effort; no consultants, no new studies — we need to look to other independent load forecasts, nuclear generation, wind generation, coal plants for comparison only and multiple views.

Improving reliability is always part of the mission. It does us no good if we don’t learn. We are beginning a System Protection Initiative Plan, with the priority to address single points of failure this year. Historically, protection system performance has always been a major player in system disturbances, often making the difference between an event being major or minor. We’ve already seen the rewards from our efforts in relay loadability following the 2003 blackout — there have been only four instances of a “zone-three issue” in North America in the last 30 months.

This will be a multi-year effort (the amount of engineering work necessary and the investment involved will make it lengthy). It will be a coordinated effort for the industry, often working in collaboration with the IEEE Power System Relay Committee, among others, to improve the performance of power system protection systems through fostering technical excellence in protection and control system design, coordination, and practices.

The last of NERC’s goals for 2009 is the three-year assessment of the performance of the ERO. This is a regulatory requirement in the U.S., but we view this as a necessary task and we will look at all of NERC from a cross-border point of view. NERC has issued a survey and would like stakeholder input. Once a draft of the report is available, we will post it for public comment. Bear in mind there are two very different tasks on which you measure and compare our performance: 1) how well we establish the line between self and regulatory, and 2) the skill with which we perform the task once we do so. It is important that you comment candidly about NERC’s performance — we look forward to it.

Election and Appointment of Officers
Chairman Anderson asked for the election of officers for 2009. On motion of Sharon Nelson the board elected Fred Gorbet as vice chairman and Rick Sergel as president and CEO. On motion of Rick Sergel, the board approved the following additional officers for 2009:

- **Executive Vice President**
  - David A. Whiteley
- **Senior Vice President**
  - David R. Nevius
- **Vice President and Secretary**
  - David N. Cook
- **Vice President**
  - Gerard Adamski
- **Vice President**
  - David W. Hilt
Vice President and 
Chief Information Officer Lyn P. Costantini
Vice President and 
Chief Security Officer Michael J. Assante
Chief Financial Officer 
and Treasurer Bruce E. Walenczyk
Assistant Secretary-Treasurer Julie A. Morgan

ReliabilityFirst Bylaws Amendment
David Cook presented proposed changes to the ReliabilityFirst bylaws, which included:

(1) Changes Relating to Independent Directors
The ReliabilityFirst Board of Directors has determined that the Corporation may need the services of a fourth independent director if the workload of its Compliance Committee increases significantly due to hearings for alleged compliance violations. In order to have the flexibility to appoint another independent director in a timely manner, the Bylaws amendment will give the Board the power by resolution to increase the size of the Board to fifteen (15) members.

(2) Changes Relating to Electronic Transmission
The ReliabilityFirst bylaws provide for actions via written correspondence. Several revisions to the bylaws clarify that the use of electronic transmission (e.g., email, facsimile) are valid methods for providing such written correspondence.

ReliabilityFirst also made several changes to correct typographical/technical issues in the ReliabilityFirst bylaws.

On motion of Ken Peterson, the board adopted the following resolution:

WHEREAS, on December 4, 2008, the Board of Directors of ReliabilityFirst Corporation adopted certain amendments to its bylaws, as set forth in Exhibit E (the “Amendments”); and

WHEREAS, on January 12, 2009, ReliabilityFirst Corporation requested that NERC approve the Amendments and file them with the Federal Energy Regulatory Commission (“the Commission”) for approval; and

WHEREAS, the NERC Board of Trustees finds that ReliabilityFirst Corporation followed appropriate procedures in adopting the Amendments and that the Amendments are consistent with ReliabilityFirst Corporation’s obligations and responsibilities under the delegation agreement between NERC and ReliabilityFirst and otherwise meet the requirements set forth in 18 C.F.R. §39.10 of the Commission’s regulations;
RESOLVED, that the NERC Board of Trustees approves the Amendments and directs that they be filed with the Commission for approval.

**Compliance Filing for December 19, 2008 FERC Order**

David Cook asked the board to approve NERC’s draft compliance filing in response to the December 19, 2008 FERC Order approving the amendments to the Compliance Monitoring and Enforcement Program (“CMEP”) and revised delegation agreements that NERC had filed in July 2008.

On motion of Thomas Berry, the board adopted the following resolution:

RESOLVED, that the NERC Board of Trustees approves, substantially in the form distributed and posted on January 30, 2009, as modified with respect to Attachment 4 on February 2, 2009, the draft compliance filing to the December 19, 2008 order of the Federal Energy Regulatory Commission, and attachments thereto, as follows:

Attachment 1 — Revised Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure

Attachment 2 — Amendments to the NERC Rules of Procedure

Attachment 3 — Revised Amended and Restated Delegation Agreement between NERC and Florida Reliability Coordinating Council

Attachment 4 — Revised Amended and Restated Delegation Agreement between NERC and Northeast Power Coordinating Council, Inc. and Scope of Work document for NPCC Compliance Committee

Attachment 5 — Revised Amended and Restated Delegation Agreement between NERC and ReliabilityFirst Corporation

Attachment 6 — Revised Amended and Restated Delegation Agreement between NERC and Western Electricity Coordinating Council

**Reliability Standards**

Gerry Adamski, vice president and director of standards, gave a presentation on the Reliability Standards Program *(Exhibit F.)*

A. **Project 2006-01 — System Personnel Training**

Mr. Adamski presented for approval Reliability Standards PER-005-1 — System Personnel Training; and Reliability Standard PER-004-2 — Reliability Coordination — Staffing, and asked the board to retire PER-002-0 — Operating Personnel Training.

On motion of Paul Barber, the board approved the following resolution:

RESOLVED, the board adopts Reliability Standard PER-005-1 — System Personnel Training and Reliability Standard PER-004-2 — Reliability Coordination — Staffing,
along with the recommended implementation plan, and approves the retirement of Reliability Standard PER-002-0 Requirement R4 and PER-004-1 Requirement R2, with the retirement to be effective upon the effectiveness of PER-005-1 Requirement 3.

**B. Project 2006-07 — ATC/TTC/AFC and CBM/TRM Revisions**

Mr. Adamski presented for approval Reliability Standard MOD-030-2 — Flowgate Methodology.

On motion of Fred Gorbet, the board approved the following resolution:

RESOLVED, the board adopts Reliability Standard MOD-030-2 — Flowgate Methodology, to replace Reliability Standard MOD-030-1.

**C. IRO-006-WECC-1 — Qualified Transfer Path Unscheduled Flow Relief**

Mr. Adamski presented for approval Reliability Standard IRO-006-WECC-1 — Qualified Transfer Path Unscheduled Flow Relief.

On motion of Ken Peterson, the board approved the following resolution:

RESOLVED, the board adopts Reliability Standard IRO-006-WECC-1 — Qualified Transfer Path Unscheduled Flow Relief.

**D. Project 2008-11 — Interpretation — VAR-002-1a — Generator Operation for Maintaining Network Voltage Schedules**

Mr. Adamski presented for approval Reliability Standard interpretation to VAR-002-1a — Generator Operation for Maintaining Network Voltage Schedules.

On motion of Fred Gorbet, the board approved the following resolution:

RESOLVED, the board adopts the proposed interpretation to Reliability Standard VAR-002-1 — Generator Operation for Maintaining Network Voltage Schedules, to be designated VAR-002-1a.


On motion of Paul Barber, the board approved the following resolution:


**F. Project 2008-16 — TOP-004-2 — Transmission Operations — Violation Severity Levels**

Mr. Adamski presented for approval Reliability Standard TOP-004-2 — Transmission Operations — Violation Severity Levels.
On motion of Rick Sergel, the board approved the following resolution:

RESOLVED, the board adopts the proposed conforming changes to the Violation Severity Levels for TOP-004-2 — Transmission Operations.

G. Field Test — Interpretation Process
Mr. Adamski asked the board to endorse a field test for processing requests for formal interpretation utilizing a newly approved procedure by the Standards Committee.

On motion of Ken Peterson, the board approved the following resolution:

RESOLVED, that the board endorses conducting a field test for processing requests for formal interpretation using the procedure developed by the Standards Committee and directs staff to make an informational filing with FERC and applicable governmental authorities in Canada of NERC’s intention to use the new procedure, noting the departures from the current interpretations procedure in the Reliability Standards Development Process.

H. Project 2006-9 — Facility Ratings
Mr. Adamski presented the results of the balloting from Project 2006-9 — Facility Ratings. He described the plan to reballot the standard, with the one requirement that appeared to draw most of the opposition removed. The board discussed the matter at some length. It was the consensus of the board that when the re-balloted standard is presented to the board for approval, it must be accompanied by a memorandum providing the merits of both sides of the question:

- Why FERC staff thinks the omitted requirement will improve reliability;
- Why the industry thinks it will not.

I. Status of Standards Development
Mr. Adamski reviewed the status of key standards development projects with the board.

Recommendations from Corporate Governance and Human Resources Committee on Standards Mandate
Chairman Anderson, as chair of the Corporate Governance and Human Resources Committee, began his report by thanking the members of the committee and others that participated in this project. The Corporate Governance and Human Resources Committee was asked by Chairman Drouin at the May 2008 Board of Trustees meeting to review the standards process. NERC management developed the mandate for that review by soliciting input from members of the board, regions, and stakeholders (Exhibit G.) The committee focused its initial attention on three high-priority, short-term issues:

- How the compliance elements of standards should be developed and approved;
- What process should NERC use to develop standards in emergency situations; and
• What should be NERC’s relationship with FERC regarding standards development and approval.

A subgroup of committee members and other participants were assigned to each issue, with each subgroup holding several conference calls in August and September to discuss and flesh out their respective Issue Summaries. These summaries were then coordinated and sent to the rest of the committee members and other participants for review and comment.

In October, the entire committee and other participants met by conference call to review and discuss comments on all three Issue Summaries, resolve open issues, and agree on final recommendations and background material for board consideration at its October 29 meeting.

At its October 29 meeting, the board approved committee recommendations on three issues:

• What should be NERC’s process for developing standards in national security emergency situations, especially for cyber security?
• How should NERC manage FERC staff participation in Standards Drafting Team activities while maintaining adherence to ANSI principles?
• How should NERC manage FERC staff verbal feedback not associated with directives in an Order?

At that same board meeting, the committee had extensive discussion and stakeholder input on the issue of how Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) should be developed and approved, but had not yet agreed on a recommendation to the board.

The remaining issues and questions posed in the mandate were judged to already be within the scope of the Standards Committee, its Standards Process Subcommittee, or NERC staff, so the committee concluded that there was no need for it to provide policy guidance for these issues and questions.

Based on input from committee members and stakeholders, and serious deliberation by the committee, the committee recommends that the board take steps to do two things:

(1) amend the NERC Rules of Procedure to establish the policy framework within which VRFs and VSLs associated with NERC Reliability Standards would be developed and recommended to the board for approval; and

(2) direct the Standards Committee, with the assistance of NERC staff, to develop the specific modifications to the Reliability Standards Development Procedure necessary to implement this policy.
After discussion among trustees and stakeholders, on motion of Sharon Nelson the board adopted the following resolution:

WHEREAS, the Corporate Governance and Human Resources Committee of the NERC Board of Trustees was directed by the board to review and recommend how NERC should develop and approve Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) associated with NERC Reliability Standards;

WHEREAS, the Federal Energy Regulatory Commission has ruled that VRFs and VSLs are not part of Reliability Standards, and that ruling has not been challenged on appeal;

WHEREAS, the NERC board has an independent requirement and authority to make final decisions on VRF and VSL assignments;

WHEREAS, the use of VRFs and VSLs in Canada will vary from jurisdiction to jurisdiction and will not be automatically applied in any jurisdiction;

WHEREAS, the committee, in formulating its recommendation, posted and actively sought stakeholder input on several options for addressing this policy issue; and

WHEREAS, the committee believes that it is necessary and appropriate to amend the NERC Rules of Procedure to specify the overall policy context in which VRFs and VSLs will be developed and approved, as well as direct the Standards Committee, with the assistance of NERC staff, to develop the necessary procedural changes required in the Reliability Standards Development Procedure to implement the intent of this policy framework, while ensuring that these changes present no new gaps, conflicts, or inconsistencies.

RESOLVED, that the Board of Trustees concludes that the amended NERC Rules of Procedure should be based on the following basic tenets: (1) stakeholders and NERC staff will be provided ample opportunity to provide input on VRFs and VSLs as they are developed concurrently and in parallel with the associated Reliability Standards; (2) Reliability Standards will be balloted independent of the VRFs and VSLs; (3) a separate, non-binding poll of industry stakeholders will be conducted to gather input on proposed VRFs and VSLs; and (4) the process for finalizing VRFs and VSLs to be presented to the board for approval should not present the board with a “governance” dilemma; i.e., the process should not request a formal ballot or vote of the stakeholders and the board may accept, reject, or modify the VRF and VSL assignments recommended by NERC staff; and

FURTHER RESOLVED, that the NERC Board of Trustees: (1) directs management to take all steps necessary to propose and approve amendments to Sections 320 and 1403 of the NERC Rules of Procedure as set forth in (Exhibit H), as recommended by the Corporate Governance and Human Resources Committee, following the procedure described in Sections 1401 and 1402; (2) directs management to file the approved revised Sections 320 and 1403 with applicable governmental authorities in the United States and Canada; and (3) directs the Standards Committee, with the assistance of NERC staff, to develop all necessary conforming procedural changes to the Reliability Standards Development Procedure to implement these changes.
Committee, Group, and Forum Reports

Compliance and Certification Committee
Chairman Tom Abrams reported the committee has posted its confidentiality protocol and comments are due March 19. He also stated the committee has developed its first work plan, and continues to monitor NERC’s accordance with the Rules of Procedure and stakeholder perception.

Critical Infrastructure Protection Committee
Chairman Barry Lawson informed the board the committee continues to work with NERC CSO Michael Assante. Plans are being made for a joint CIPC and Electricity Sector Steering Group (ESSG) meeting. Mr. Lawson reported CIPC will be meeting with its government counterparts in May, and will ask the ESSG for guidance prior to the meeting. He also stated the CIPC Executive Committee continues to work with Mr. Assante on the alerts process, giving feedback and advice. Mr. Lawson reported that recent Webcasts have been helpful for the industry. Finally, CIPC will be providing feedback on the cyber risk initiative.

Member Representatives Committee
Chairman Steve Naumann reported the MRC performed their duty of electing the trustees in accordance with the bylaws. He stated the committee is discussing the possibility of holding a workshop dealing with NERC’s three-year performance assessment.

Operating Committee
Chair Gayle Mayo informed the board the OC is working to increase their involvement in assessments and metrics, as well as undertaking an effort to review operating reliability tools. Ms. Mayo further stated the committee is expanding its 2009–10 workplan for greater involvement in Events Analysis Working Group, and has also been asked to get more involved in the standards process.

Planning Committee
Chairman Scott Helyer reported the Integration of Variable Generation Task Force is continuing its good work. He stated the Special Protection and Control Task Force has been an integral part of the PC and has now become a subcommittee. Mr. Helyer further reported that the PC has formed new task forces to explore the issue of generation availability investigating methods. The committee has also been asked to assist in the reliability impact of the climate change issues that have been addressed. The OC may need to get involved in this task also. Mr. Helyer informed the board that the Reliability Assessment Guidebook has been posted for public comment and the committee has received comments and will address them. Finally, Mr. Helyer reported the PC had received a recommendation from the Reliability Assessment Subcommittee on capacity margins and how they are defined in assessments. The PC agreed to move to the term reserve margins instead of capacity margins.

Regional Entity Management Group
Chairman Dan Skaar reported on the development of common performance expectations between NERC and the Regions, and stated the Regions are committed to the process of
transparency and feedback. Mr. Skaar also announced the new chairman of the REMG is Gerry Cauley, and Louise McCarren is vice chair.

**Electricity Sector Steering Group**

Janice Case reported this group was assembled last summer to provide strategic and policy guidance to the Electricity Sector. In September 2008 the ESSG had its first in-person meeting in Washington, D.C. In December 2008 the group met to discuss a number of things with the focus on tier 1 and tier 2 lists of critical infrastructure and key resources. The ESSG went with a number of CEOs, including Canadian representation, to a classified meeting with government officials; the group gained top secret sector clearances. Government officials were very candid about the threats to the electric sector, and shared insights.

**Standards Committee**

Chairman Scott Henry reported he was reelected as chairman of the committee and Allen Mosher was elected vice chairman. Mr. Henry thanked the board for approving the interpretation field test. Finally, he asked for board support on three priority items:

- Continued work on the cyber security process;
- A Roles and Responsibilities document the committee is working on; and
- NERC’s responsiveness to FERC orders within the 30 days for rehearing or clarification.

**NAESB**

Michael Desselle reported NAESB and NERC continue working on the joint development of standards.

**Transmission Owners and Operators Forum**

Sue Ivey, Exelon, reported there are now 51 members of the Forum. Ms. Ivey stated the Forum is working with Mike Assante to provide a pool of subject matter experts for developing ES-ISAC alerts and mitigation procedures. The Forum’s Vegetation Management Practices Group has implemented new vegetation management inspection practices and practices for developing vegetation management annual work plans. Ms. Ivey informed the board the Forum also continues to discuss compliance topics. Finally, she reported the Forum has added Barbara Bogenrief to its staff as office manager and Mark Fidrych to manage the Peer Review and Metrics Program.

**Board Committee Reports**

**Finance and Audit**

Chairman Bruce Scherr reported that on the February 3, 2009 FAC conference call the committee:

- Approved minutes from October 14, November 24, and December 12, 2008 conference calls.
• Reviewed and approved the FAC Annual Calendar of Activities, which was modified to include a review of assumptions and guidelines for the Business Plan and Budget in the first quarter and a review of the Form 990 tax return in the second quarter.

• Reviewed and approved the FAC Mandate which was also modified to include a review of the Form 990 tax return.

• Reviewed and approved the 2010 Business Plan and Budget Timeline.

• Reviewed and approved the unaudited December 31, 2008 Statement of Activities.

• Reviewed the regional entities’ consolidated December 31, 2008 unaudited Statement of Activities.

• Reviewed the collective results of the annual self-assessment and discussed two areas receiving a “2” rating. The first area had to do with receiving a report from management assessing internal controls. In the future, this report will be produced in conjunction with a to-be implemented internal audit function. Secondly, a review of the financial statements of the 401(k) plan will be implemented along with Investment Policy Guidelines.

• Reviewed and approved an engagement letter with Mercadien, P.C. to conduct the audit of our 2008 financial statements.

On motion of Bruce Scherr, the board approved the fourth quarter statement of activities.

Compliance
Chairman Paul Barber reported the committee is fully engaged with its duties to monitor and participate in the compliance process. He stated there are still backlogs, but they appear to be coming under control now, and there is evidence of much regional activity. He informed the board the committee continues to push forward in working on the special mandate items related to the CMEP.

Corporate Governance and Human Resources
Chairman John Anderson reported that in the open session of the CGHRC the committee reviewed all of the committee mandates and accepted all the changes. On motion of John Q. Anderson, the board approved the proposed revisions to the mandates of the Corporate Governance and Human Resources Committee, the Finance and Audit Committee, and the Technology Committee (Exhibit I.)

Chairman Anderson also reported the committee reviewed the composition of the board committees (Exhibit J.) On motion of John Q. Anderson, the board approved the proposed board committee membership and chairs for 2009.

The committee also recommended that the board approve the annual contribution to the Defined Contribution Plan for 2008. On motion of John Q. Anderson, the board approved the following resolution:
RESOLVED, that on recommendation of the Corporate Governance and Human Resources Committee, the board authorizes the 2008 contribution equal to 10 percent of eligible compensation to the Defined Contribution portion of the Savings and Investment Plan for all eligible employees be authorized for the plan year ending December 31, 2008.

Chairman Anderson informed the board the committee reviewed the board self-assessment and there were several items taken under advisement. The committee also reviewed the individual committee self-assessments.

In closed session the committee approved executive compensation for NERC senior management other than the CEO. President and CEO Rick Sergel’s compensation was approved during a closed meeting of the board.

Technology
Chairman Jim Goodrich reported on the committee’s February 2, 2009 conference call. He stated the major issue that was addressed was the North American Synchrophasor Initiative (NASPI), and the committee was joined by Terry Boston. The committee discussed its leadership model and reviewed the 2008 progress report of NASPI project. Chairman Goodrich also briefed the board on the status of NERC’s reliability tools and the OC’s continuing support on the subject.

Closing Remarks
Chairman Anderson expressed his appreciation for the support NERC continues to receive from the stakeholders. As he assumes the chairmanship, he stated the following:

- “NERC is committed to maintaining and improving reliability;
- Continuing stakeholder input and participation is critical to NERC’s success;
- NERC will maintain a North American focus to its activities.”

Adjournment
There being no further business, Chairman Anderson terminated the meeting at 11:20 a.m.

Submitted by,

[Signature]

Corporate Secretary