

# **DRAFT** Minutes Finance and Audit Committee Open Meeting

November 7, 2022 | 11:15-12:00 p.m. Eastern  
Virtual Meeting

## **Call to Order**

Mr. Jim Piro, Chair, called to order a duly noticed open meeting of the Finance and Audit Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (NERC) on November 7, 2022 at approximately 11:15 a.m. Eastern, and a quorum was declared present. He summarized the topics addressed during the November 1, 2022 closed Committee meeting and noted that the Committee held two executive sessions. The first was held with NERC’s independent auditor, RSM, and the second was held with the Director of Internal Audit.

Present at the meeting were:

### **Committee Members**

Jim Piro, Chair  
Robert G. Clarke  
George S. Hawkins  
Susan Kelly  
Colleen Sidford  
Roy Thilly  
Kenneth W. DeFontes, *ex officio*

### **Board Members**

Larry Irving  
Suzanne Keenan  
Robin E. Manning  
Jim Robb

## **NERC Staff**

Tina Buzzard, Assistant Corporate Secretary  
Erika Chanzas, Manager of Business Planning  
Howard Gugel, Vice President, Engineering and Standards  
Kelly Hanson, Senior Vice President and Chief Administrative Officer  
Stan Hoptroff, Vice President, Business Technology  
Nina Johnston, Assistant General Counsel  
Meg Leonard, Controller  
Sônia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary  
Kristin Miller, Director, Internal Audit  
Bryan Preston, Vice President, People and Culture

Andy Sharp, Vice President, Chief Financial Officer

## **Minutes**

Upon motion duly made and seconded, the Committee approved the minutes of the August 17, 2022 open meeting.

### **Fourth Quarter Calendar of Committee Responsibilities**

Ms. Leonard provided a summary of the third quarter statement of activities for NERC, for the quarter ending September 30, 2022. She noted that to date, total funding for NERC is on budget while total expenditures are under budget. Reserves are higher than budgeted. Ms. Leonard also provided a summary of results by category, touching on personnel, meetings and travel, operating expenses, fixed assets, and net financing activity. She also presented year-end projections for the budget. By year-end, total funding for NERC is expected to be over budget, mostly due to CRISP third-party funding, and total expenditures are expected to be on budget. Reserves are expected to increase by \$1.3 million above budget. Of the various categories of expenses, Ms. Leonard highlighted that operating expenses are expected to be over budget due to information technology security contractors, as well as costs associated with CRISP, including equipment replacement for existing participants, start-up costs for new CRISP members, and costs for CRISP technology projects. She did note, however, that these CRISP-related costs will be funded by CRISP participants or CRISP reserves. Ms. Leonard also provided a breakdown of the year-end projections of the various reserve categories.

She presented a similar overview for the ERO Enterprise, inclusive of the six Regional Entities. For the third quarter, the ERO Enterprise is \$11 million under budget. Ms. Leonard also presented results for the various categories of expenses and reserves. By year-end, the ERO Enterprise is expected to be \$2.2 million under budget. For reserves, only NERC and WECC are expected to have an increase in reserve balances by year-end.

Upon motion duly made and seconded, the Committee approved a recommendation to the full Board of Trustees to accept the third quarter statement of activities.

### **2023 Business Plan and Budget Status**

Mr. Sharp discussed that NERC obtained timely approval of its budget and highlighted the areas in which the Federal Energy Regulatory Commission seeks additional information.

### **Proposed 2024 Business Plan and Budget Schedule**

Mr. Sharp provided an overview of the planning for the 2024 business plan and budget cycle, which will focus on four strategic areas – energy, security, agility and sustainability. He discussed the process improvements in place to improve the agility of the budget process as well as the quality of stakeholder engagement.

**Other Matters and Adjournment**

There being no further business, the meeting was adjourned.

Submitted by,



Sônia Mendonça  
Corporate Secretary