

Minutes

Finance and Audit Committee

May 25, 2017 | 11:00 a.m. to 1:00 p.m. Eastern

Conference Call

Ms. Jan Schori, Chair, called to order a duly noticed open meeting of the Finance and Audit Committee (the "Committee") of the North American Electric Reliability Corporation ("NERC") on May 25, 2017, at 11:00 a.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Committee Members:

Jan Schori, Chair
Kenneth G. Peterson
Roy Thilly

Board of Trustee Members:

Gerry W. Cauley, President and Chief Executive Officer
Robert G. Clarke
Kenneth W. DeFontes, Jr.
Frederick W. Gorbet
David Goulding

Committee Members Not Present:

Janice B. Case
Deborah S. Parker

NERC Staff:

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Administrative Director
Scott Jones, Vice President, Corporate Treasurer, and Director of Finance
Mark Lauby, Senior Vice President and Chief Reliability Officer
Janet Sena, Senior Vice President and Director of Policy and External Affairs
Susan Turpen, Controller
Michael Walker, Senior Vice President and Chief Financial and Administrative Officer

Also present were representatives of each of the Regional Entities and WIRAB.

Antitrust Compliance Guidelines

Ms. Schori directed the participants' attention to the NERC Antitrust Compliance Guidelines.

Ms. Schori noted that two members of the Committee were not present due to travel schedule conflicts, but also noted that the Committee would not be taking any action today, as the purpose of the conference call was to publicly review the draft business plan and budgets for NERC and each of the Regional Entities as had been posted.

NERC 2018 Draft Business Plan and Budget

Mr. Jones reviewed the draft 2018 Business Plan and Budget, referencing the detailed materials included in the advance agenda package, noting that it was substantially the same as the presentation during the Board's quarterly meeting earlier in May. He reviewed the major areas of focus and the "base case" budget and its major components, including the proposed budget and assessment increases and the major spending areas. Mr. Jones reviewed spending across strategic goals and program areas. He reviewed the preliminary assessments, status of the assessment stabilization reserves and projected reserve balances. He also reviewed the CMEP technology program and the entity registration project and associated potential expenditures, with final Board authorization to occur at a later meeting.

Mr. Jones then reviewed the potential additional budget items not included in the base case, related to GMD research and the E-ISAC strategic plan initiatives. He noted that with respect to the E-ISAC, management intends to integrate the proposed additional spending into the overall Business Plan and Budget after receiving feedback from stakeholders and the E-ISAC Member Executive Committee (the "MEC"), which is scheduled to review the proposed spending plan in June. He reviewed the schedule for the Business Plan and Budget, noting in particular the June 30th date for comments on this draft.

Mr. Thilly requested that management inform stakeholders of the MEC's action with respect to the E-ISAC strategy.

Overview of Regional Entity and WIRAB Draft 2017 Business Plans and Budgets

Each of the Region Entity and WIRAB representatives provided an overview of their draft 2018 business plans and budgets, referencing materials included in the advance agenda package. They also reviewed their process for obtaining stakeholder input to their drafts. Ms. Schori thanked the Regional Entities and WIRAB for their work on their budgets.

Consolidated Budgets and Assessments

Mr. Jones reviewed the consolidated ERO Enterprise budgets and assessments, including changes in budgets, changes in assessments, factors assessing changes in assessments, and spending across programs areas and strategic goals.

Adjournment

There being no further business, upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Charles A. Berardesco
Secretary

Agenda

Finance and Audit Committee Open Conference Call and Webinar

May 25, 2017 | 11:00 a.m.-1:00 p.m. Eastern

Dial-In: 1-888-352-6803

Conference ID Code: 1312849

Webinar: www.readytalk.com; Enter 4469686; Click join

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement

Agenda Items

1. [NERC 2018 Draft Business Plan and Budget](#) – Review
2. **Regional Entities' 2018 Draft Business Plans and Budgets*** – Review
 - a. Western Electricity Coordinating Council
 - i. [2018 WECC Overview Business Plan and Budget](#)
 - ii. [2018 WECC Business Plan and Budget](#)
 - b. SERC Reliability Corporation
 - i. [2018 SERC Overview Business Plan and Budget](#)
 - ii. [2018 SERC Business Plan and Budget](#)
 - c. Northeast Power Coordinating Council, Inc.
 - i. [2018 NPCC Overview Business Plan and Budget](#)
 - ii. [2018 NPCC Business Plan and Budget](#)
 - d. ReliabilityFirst Corporation
 - i. [2018 RF Overview Business Plan and Budget](#)
 - ii. [2018 RF Business Plan and Budget](#)
 - e. Midwest Reliability Organization
 - i. [2018 MRO Overview Business Plan and Budget](#)
 - ii. [2018 MRO Business Plan and Budget](#)
 - f. Florida Reliability Coordinating Council
 - i. [2018 FRCC Overview Business Plan and Budget](#)
 - ii. [2018 FRCC Business Plan and Budget](#)

- g. Southwest Power Pool, RE
 - i. [2018 SPP Overview Business Plan and Budget](#)
 - ii. [2018 SPP Business Plan and Budget](#)
 - h. Texas Reliability Entity, Inc.
 - i. [2018 Texas RE Overview Business Plan and Budget](#)
 - ii. [2018 Texas RE Business Plan and Budget](#)
 - i. Western Interconnection Regional Advisory Body
 - i. [2018 WIRAB Overview Business Plan and Budget](#)
 - ii. [2018 WIRAB Business Plan and Budget](#)
3. [Consolidated \(NERC and Regional Entities'\) Budgets and Assessments*](#) – Review
4. **Adjournment**