

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Atlanta Lease and 2022 Budget Update

Finance and Audit Committee Meeting
September 28, 2021

RELIABILITY | RESILIENCE | SECURITY



- Current Atlanta office lease
 - Expires in October 2025
 - Offers a one-time early termination option
 - Must be exercised by October 31, 2021
 - Effective October 31, 2022
- Proposed new office space
 - 40% reduction of leased space to support new workforce model
 - Attractive financial offer
 - Landlord incentives cover a majority of construction, furnishing and move costs
 - Annual rent and facility cost savings in future budgets (over \$900k savings in 2023)
 - Stakeholder and employee benefits

- 2021 – Up to \$2.0M for early termination payment
 - Funded by OCR, no impact to assessments
- 2022 Budget Amendment
 - Additional \$800k in OOP costs, budgeted as fixed asset expenditures in Administrative Program area
 - No impact to overall 2022 assessments; costs funded by
 - \$700k Future Obligation Reserve (Atlanta deferred rent)
 - \$100k Operating Contingency Reserve
 - Additional fixed asset allocation from Administrative to statutory programs slightly increases Canadian credits for 2022 Budget
 - Propose to incorporate additional credit in 2023 calculations
 - Only impacts four entities, with a total amount of \$14k or 0.02% of total assessments
- **No impact to overall assessments related to OOP costs**

- Amended 2022 budget posted for comment
 - Abbreviated two-week comment period starting on September 14
- Seeking FAC recommendation of Board approval for
 - Authority to execute mutually acceptable lease, based term sheet parameters
 - 2022 budget amendment for
 - \$800k in capital expenditures related to the new lease
 - Funded by combination of Future Obligation and Operating Contingency reserves
- File 2022 budget amendment with FERC by end of September



Questions and Answers