

## Minutes

# Finance and Audit Committee Meeting

February 6, 2019 | 10:45 - 11:15 a.m. Pacific

westdrift Manhattan Beach, Autograph Collection  
1400 Park View Avenue  
Manhattan Beach, California 90266

### Introduction and Chair's Remarks

Ms. Jan Schori, 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" or the "Company") on February 6, 2019, at 10:45 a.m. Pacific, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

#### Committee Members

Jan Schori, Chair  
Robert G. Clarke  
David Goulding  
Suzanne Keenan  
Roy Thilly

#### Board of Trustee Members

Janice B. Case  
Kenneth W. DeFontes, Jr.  
Frederick W. Gorbet  
George S. Hawkins  
Robin E. Manning  
James B. Robb, President and Chief Executive Officer

#### NERC Staff

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

### NERC Antitrust Compliance Guidelines

Ms. Schori directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda, and indicated that all questions regarding antitrust compliance or related matters should be directed to Mr. Berardesco.

### Minutes

Upon motion duly made and seconded, the minutes from the November 6, 2018 meeting were approved as presented to the Committee.

### 2018 Year-End Unaudited Results of Operations

Mr. Jones reviewed the 2018 Year-End Unaudited Results of Operations for NERC and the ERO Enterprise, referencing the materials included in the advance agenda package. He reported that NERC

was 2.8 percent under budget at year end (1.2 percent excluding CRISP), had a \$1.6 million increase in operating reserves, and did not undertake any acquisition borrowing in 2018. Mr. Jones reported that the ERO Enterprise ended the year under budget by 4 percent, primarily due to the SPP RE transition, and that combined reserves were higher than budgeted. The Committee discussed reserves accumulation and true-up processes. Mr. Jones reported that the ERO finance group was working on process improvements. Ms. Schori then called attention to the Regional Entity financial reports included in the advance agenda package.

After discussion, and upon motion duly made and seconded, the Committee recommended the 2018 Year-End Unaudited Results of Operations for acceptance by the Board.

#### **Annual Review of Committee Mandate**

Mr. Berardesco noted that the Committee is required to review its mandate on an annual basis. Based on Legal department's review, no changes are recommended. The Committee concurred with the approach.

#### **Other Business**

Ms. Schori reflected on the evolution of the budget process during her tenure as Committee Chair, highlighting the establishment of the assessment stabilization reserve. She also remarked upon the improved quality of budget filings, noting the three clean budget approval orders from FERC and three clean audit reports. She thanked the MRC budget input group and NERC and Regional Entity finance staff.

#### **Adjournment**

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

Submitted by,



Charles A. Berardesco  
Corporate Secretary

## Agenda

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**(Please note the Schedule may be adjusted real-time should meetings conclude early and/or extend past their scheduled end time.)**

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Conference Room: Loftlight – Lobby

### Introduction and Chair's Remarks

### NERC Antitrust Compliance Guidelines and Public Announcement\*

### Agenda Items

- 1. Minutes\* — Approve**
  - a. November 6, 2018 Meeting
- 2. 2018 Year-End Unaudited Results of Operations\* — Review and Recommend Board Acceptance**
  - a. NERC 2018 Unaudited Results
  - b. Combined ERO Enterprise 2018 Unaudited Results
  - c. Regional Entity Reports
- 3. Annual Review of Committee Mandate\* — Review**
- 4. Other Business**
- 5. Adjournment**

\*Background materials included.