

# Minutes

## Finance and Audit Committee Meeting

October 31, 2019 | 11:00 a.m.-12:00 p.m. Eastern

Conference Call

### Call to Order

Mr. Robert G. Clarke, 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 October 31, 2019, 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

Robert G. Clarke, Chair  
Janice B. Case  
David Goulding  
Colleen Sidford  
Roy Thilly, *ex officio*

#### Board of Trustee Members

Kenneth W. DeFontes  
Frederick W. Gorbet  
George S. Hawkins  
Suzanne Keenan  
Robin E. Manning  
Jan Schori

#### NERC Staff

Tina Buzzard, Associate Director  
Sônia Mendonça, Vice President, Interim General Counsel, Corporate Secretary, and Director of Enforcement  
Lauren Perotti, Senior Counsel  
Janet Sena, Senior Vice President and Director of Policy and External Affairs  
Andy Sharp, Vice President, Controller, and Interim Chief Financial Officer

### Introductions and Chair’s Remarks

Mr. Clarke welcomed the participants to the meeting, stating the purpose of the meeting was to receive results through the third quarter of 2019. He reported on the October 21, 2019 closed session in which the Committee discussed the 2019 audit plan and held a discussion with NERC’s internal auditor, Grant Thornton.

### NERC Antitrust Compliance Guidelines

Mr. Clarke 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 Ms. Mendonça.

**Minutes**

Upon motion duly made and seconded, the minutes from the August 14, 2019 meeting were approved as presented to the Committee.

**Third Quarter Calendar of FAC Responsibilities**

Mr. Sharp reviewed the Third Quarter Unaudited Financial Statements for NERC and the ERO Enterprise, referencing the materials included in the advance agenda package. He noted that in the third quarter, NERC funding was 1 percent over budget and expenditures were 4.3 percent under budget. NERC projects to be slightly over budget for funding and expenditures by the end of 2019. Mr. Sharp also reviewed the projected year-end reserves for 2019. The Committee discussed reserves, overall budget, and risk.

Mr. Sharp reported that NERC and five Regional Entities were under budget in the third quarter; two Regional Entities, FRCC and SERC, were over budget due to costs associated with the FRCC RE transition. The combined ERO Enterprise was under budget for the third quarter and is projected to be approximately 0.2 percent over budget at year end. Mr. Sharp reviewed the combined 2019 ERO Enterprise operating reserves. He also referred to the Regional Entity variance reports.

After discussion, and upon motion duly made and seconded, the Committee recommended the Third Quarter Unaudited Financial Statements for acceptance by the Board.

**2020 Business Plan and Budget Status**

Mr. Sharp provided an update on the 2020 Business Plan and Budget. He reported that the Federal Energy Regulatory Commission approved the 2020 Business Plan and Budget and the 2020 Business Plan and Budget was filed with Canadian authorities. Mr. Clarke thanked the Committee and the Member Representatives Committee Business Plan and Budget Input Group for their work during the annual budget process.

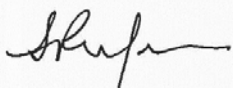
**2021 Business Plan and Budget Schedule**

Mr. Sharp reviewed the high-level schedule for the 2021 Enterprise Business Plan and Budget for the ERO Enterprise. He noted that the process resembles that of prior years and continues to call for extensive feedback from the Board and stakeholder groups.

**Adjournment**

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

Submitted by,



Sônia Mendonça  
Corporate Secretary

## Agenda

# Finance and Audit Committee

October 31, 2019 | 11:00 a.m.-12:00 p.m. Eastern  
Conference Call

**Participant Dial-in:** 1-888-220-8474 | Conference ID: 8210237

**Webex:** [www.readytalk.com](http://www.readytalk.com) | Code: 4469686 | [Click Join](#)

### Call to Order

### Introductions and Chair's Remarks

### NERC Antitrust Compliance Guidelines

### Agenda

1. Minutes\* – **Approve**
  - a. August 14, 2019 Meeting
2. **Third Quarter Calendar of FAC Responsibilities (Andy Sharp)**
  - a. Third Quarter Statement of Activities\* – **Review and Recommend to Board of Trustees for Acceptance**
    - i. NERC Summary of Results as of September 30, 2019
    - ii. Combined ERO Enterprise Summary of Results as of September 30, 2019
    - iii. Regional Entity Variance Reports as of September 30, 2019
3. 2020 Business Plan and Budget Status – **Update (Andy Sharp)**
4. 2021 Business Plan and Budget Schedule\* – **Review (Andy Sharp)**
5. Other Business and Adjournment

\*Background materials included.