



First Quarter Letter to Members

March 31, 2021



Thomas (Tom) Kent
*NPPD President and CEO,
Board Chair*



Sara Patrick
MRO President and CEO

Dear Members and Stakeholders:

The purpose of this letter is to keep you apprised of the work of the MRO Board of Directors and the different initiatives and activities taking place across the organization.

The board and its Organizational Group Oversight Committee met virtually last week on March 23-25, 2021. It's hard to believe that a year ago we held our first ever fully virtual board meeting as a result of the COVID-19 pandemic. At the time, none of us imagined we would still be virtual today! MRO staff has done a tremendous job of transitioning and making these virtual board meetings efficient and productive.

The board hosts a new director orientation each year (adjacent to the first quarter meetings) for newly elected directors on the board. As you can imagine, this orientation has been a challenge given the virtual environment. On Tuesday, March 23, staff held a New Director Orientation session by WebEx. Our three newest directors heard a detailed overview of the important work MRO does and were also provided training on director fiduciary duties.

The board's Organizational Group Oversight Committee (OGOC) met on Wednesday, March 24. The OGOC is charged with overseeing the work of MRO's organizational groups and provides an important link between these technical groups and the board. The OGOC discussed ways to encourage greater gender diversity on MRO's organizational groups, and agreed to leverage MRO's staff-led Diversity, Equity and Inclusion Committee to help with this effort. The committee also reviewed MRO's current practice of reimbursing the travel expenses of industry representatives that attend NERC organizational group meetings on MRO's behalf. Even though Regional Entity seats have been eliminated on NERC committees as part of its recent committee restructuring, the OGOC still sees value in having industry participants attend these meetings to provide a conduit of information between MRO and NERC. This model of participation contributes to the overall success of MRO's organizational groups and helps to reduce duplication of efforts.

The OGOC also met jointly on March 24 with the Reliability Advisory Council (RAC) to review the RAC's recent activities and proposed 2021 work plan. One of the items discussed at this meeting was the further development of MRO's Risk Matrix. This tool was developed by the RAC in 2019 and with input from the other advisory councils and the OGOC, and was used to rank regional risk in MRO's 2021 Regional Risk Assessment. Staff is working with others across the ERO Enterprise to implement this tool as part of the ERO's risk framework. As part of its 2021 work plan, the RAC will assess recent system events to identify lessons learned that can be shared across the region. The OGOC recommended the RAC consider the interdependence of gas and electric infrastructure, specifically the ability of black-start units to help with recovery in the event there is a lack of gas supply as seen during the February severe cold weather event. These types of discussions highlight the benefits of MRO's advisory council structure.

At the board's executive session on March 25, Vice President General Counsel and Corporate Secretary Lisa Zell presented changes to MRO's Policy and Procedure 10 (Conflict of Interest). This policy was rewritten to broaden the reach of the policy, better define conflicts of interest for board directors, and protect the integrity of board decision-making. The policy was approved during the open board meeting. Information was also provided on MRO's strategy for returning to the office. A voluntary reopening of the office begins on May 10 with a full reopening planned for September 13, 2021. The timing for hosting meetings onsite is still under consideration. Also in closed session, the board reviewed and approved [MRO's 2021 Strategic Metrics](#). These metrics support MRO's Strategic Plan and the ERO Enterprise Long-Term Strategy. In addition, staff develops department and individual goals that tie directly to these corporate metrics. The status of progress made on the metrics will be provided to the board quarterly.

The open board meeting was held on March 25 in the afternoon. We were fortunate to have Jim Piro and Jane Allen from the NERC Board of Trustees attend the meeting and provide their perspectives on issues our industry is facing today. February's severe cold weather event and recent cybersecurity vulnerabilities were key topics of discussion at the meeting. MRO staff provided a presentation on MRO's [2021 Regional Risk Assessment](#) (RRA). This assessment reflects the collaborative work of MRO staff and industry subject matter experts to identify risks to the reliable and secure operations of the bulk power system within MRO's regional footprint. Mitigation strategies are provided for some of the risks identified in the RRA, and we encourage you to review this important report.

Also at the open meeting, staff from the firm Baker Tilly provided a report on the audit of MRO's 2020 financial statements. As part of the audit, Baker Tilly reviewed MRO's remodel and expansion project and held fraud discussions with staff and management. No concerns were identified in either case. The external audit resulted in an unmodified opinion, which is the best form of opinion an organization can receive.

You can read more about the discussions and actions taken at the first quarter OGOC and board meetings in the full meeting minutes, which will be available on [MRO's website](#) soon. MRO's second quarter board meetings will be held by WebEx on June 24-25, 2021, and we encourage you to attend!



Tom Kent, Board Chair



Sara Patrick, President and CEO



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