



## Third Quarter Letter to Members

October 9, 2018



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*NextEra Energy Senior Director  
NERC Standards & Compliance  
and MRO Board Chair*



**Sara Patrick**  
*MRO President and CEO*

### From the Board Chair

Dear Members and Stakeholders:

The Midwest Reliability Organization (MRO) Board of Directors held its third meeting of the year on October 4, 2018, at the MRO office in Saint Paul, Minnesota. At this meeting, we were pleased to have NERC Trustee Fred Gorbet, former NERC board chair and chair of the NERC Nominating Committee, and David Ortiz, Acting Director of FERC's Office of Electric Reliability, join us. It was helpful to hear about NERC's priorities and the investments NERC is making to achieve a reliable and secure bulk power system, as well as FERC's role in the regulatory process.

In my opening remarks, I reflected on the significant work MRO has undertaken this year with both the transition in leadership and the transition of entities from the former Southwest Power Pool Regional Entity (SPP RE) to MRO. Both the board and staff have proven to be adaptive and continue to embrace new changes as they arise. At the June meeting, I stated that with change comes opportunity. With the SPP RE transition, MRO has had the opportunity to strengthen and improve its governance and organizational group structure to be more effective and efficient and align with the ERO. These changes are well underway. At the board's closed executive session on October 3, we voted unanimously to nominate the following candidates to the MRO Members for election to the board for three-year terms beginning on January 1, 2019:

- *Jennifer Flandermeyer*, Director Federal Regulatory Policy for Kansas City Power & Light, an Evergy Company (Regional Director)
- *Stuart Lowry*, President and CEO, Sunflower Electric Power Corporation (Regional Director)

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- *Dr. Paul Barber*, Principal, Barber Energy (incumbent, Independent Director)
- *Julius Cox*, Former Executive Vice President & Chief Transformation Officer, Dynegy Inc. (Independent Director)
- *Jeanne Tisinger*, Founder, JCT Consulting and former Deputy Director of CIA for Support (Independent Director)

Over 35 very qualified individuals were considered for these positions. As a board, we sought talented and diverse candidates with CEO or governance experience, particularly as it relates to the ERO, human resources, cybersecurity, and distributed energy resources. The individuals chosen will bring a wealth of knowledge and experience in their fields and will be tremendous assets to our board.

The board also furthered its work with staff to restructure MRO's organizational groups by approving charters for three advisory councils, the Security Advisory Council, the Reliability Advisory Council, and the CMEP Advisory Council. The councils consolidate certain responsibilities from MRO's Compliance, Operating, Planning and Standards committees and those committees will be dissolved as of December 31, 2018. Staff is currently [soliciting nominations](#) from MRO members to fill open positions on the councils, which will begin work on January 1, 2019.

These very positive changes were born from significant challenge. There are many other challenges facing the ERO and industry, and regardless of sector or role, they affect us all. By focusing on our shared vision of *a reliable and secure bulk power system*, we can find solutions for the common good.

I look forward to the exciting work that lies ahead of us in 2019.

## From the President and CEO

At the October board meeting, I opened my president's report by reviewing several leadership changes at MRO over the past few months. These changes are part of a new organizational structure that not only prepares us well for the future, but also allows us to focus on the immediate challenges we have at hand as we **integrate** new entities into MRO, **execute** our delegated functions in a much larger footprint, and **align** with the ERO enterprise long-term strategy and goals.

These were the three strategies I laid out for MRO when I was appointed President and CEO earlier this year. I shared with meeting attendees that I've been thinking a lot lately about the last one, **alignment**. Both within the MRO organization as we consider how best to structure ourselves to accomplish our objectives in an efficient and effective way, and externally, as we consider how to align our expanded footprint in support of our vision of a reliable and secure bulk power system. In addition, how do we align ourselves across the ERO Enterprise as we fully implement and expand our risk-based approach to regulation, when the sheer complexity of our industry and what we do makes alignment difficult?

A recent Harvard Business Review article I read argues that curiosity is a critical component for success. Curiosity is the master of invention. We wouldn't have electricity if Ben Franklin hadn't been curious about the relationship between lightning, a key, and his kite.

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Curiosity is important in the workplace because it reduces bias, which results in fewer decision-making errors. Because we are curious, we question the status quo and fully consider alternatives. Curiosity leads us to think more deeply and rationally about problems and come up with innovative and creative solutions. Curiosity is at the root of high-performing teams—there is less conflict when we are curious because we are interested in one another’s perspectives, and we share information more readily and listen more carefully to our peers.

Curiosity is essential for continuous improvement and alignment. For instance, asking how we could be more effective and efficient and integrate the entities who transitioned into our expanded MRO region, led us to restructure our organizational groups. With our curiosity peaked, the executive team had a brainstorming session where we questioned the status quo and considered creative alternatives. This is truly curiosity in action! Curiosity is also an essential quality in Highly Effective Reliability Organizations™ (or HEROs, as we call them). It’s what prompts us to focus on failures instead of successes. It’s the driver behind root cause analysis of system events and it allows us to find creative, more reliable solutions to common system anomalies. Curious leaders reward learning, instead of just performance, and listen closely to their experts on the frontline.

Unfortunately, over time we can become less curious. We are quick to judge new ideas and others’ perspectives and lack the willingness to try something that hasn’t been done before. We become so focused on completing tasks that we don’t ask “why” and “what if” and “how about this...”

High reliability requires us to exercise curiosity and think more deeply about the challenges we face before considering a solution. I will be thinking more about how I can help nurture curiosity throughout MRO, and I encourage you to do the same in your organizations.

Please stay curious—***our future is bright!***

## **Actions Taken at the Meeting**

In addition to discussing important policy and operational matters, the board heard reports from each board and technical committee. As a result, the board took the following actions:

- Approved the consent agenda, which included:
  - Minutes from the June 20, 2018 board meeting
  - New organizational group appointments
- Approved revisions to MRO’s Investment Policy Statement
- Approved the following effective December 31, 2018/January 1, 2019:
  - Revisions to the charters for the board’s Governance and Personnel, Finance and Audit, and Organizational Group Oversight committees
  - Adopted the NERC Consolidated Hearing Process and dissolved the board’s Hearing Body
  - Dissolved the board’s Dispute Resolution Committee
  - Approved charters for the CMEP, Reliability and Security Advisory Councils
  - Dissolved MRO’s Compliance, Operating, Planning, and Standards Committees

Additional information on these and other reports to the board can be found in the full draft meeting minutes, which will be available soon on [MRO’s website](#). MRO’s next regularly scheduled board meeting is Thursday, November 29, 2018, in Saint Paul, Minnesota. MRO Board meetings are available to attend in person and are live streamed by web--the board encourages your attendance.