

# Meeting Agenda

Annual Member and Board of Directors Meeting

**December 1, 2022**

**10:30 a.m. to 3:00 p.m. Central Time**

*Hybrid Meeting: St. Paul, MN & Webex*



**MIDWEST  
RELIABILITY  
ORGANIZATION**

380 St. Peter St, Suite 800  
Saint Paul, MN 55102

651-855-1760

[www.MRO.net](http://www.MRO.net)



**AGENDA**

Agenda Item	Time
1. <u><a href="#">Call to Order and Determination of Quorum</a></u> <i>Brad Cox, Board Chair</i>	10:30 a.m.
2. <u><a href="#">Standards of Conduct and Antitrust Guidelines</a></u> <i>Lisa Zell, Vice President General Counsel and Corporate Secretary</i>	---
3. <u><a href="#">Consent Agenda</a></u> <i>Lisa Zell, Vice President General Counsel and Corporate Secretary</i>	---
4. <u><a href="#">Chair's Remarks</a></u> <i>Brad Cox, Board Chair</i>	10:35 a.m.
5. <u><a href="#">President's Report</a></u> <i>Sara Patrick, President and CEO</i>	10:45 a.m.
6. <u><a href="#">The Geopolitics of the Energy Transition</a></u> <i>Professor Meghan O'Sullivan, Jeane Kirkpatrick Professor of the Practice of International Affairs, Director of Geopolitics of Energy Project Harvard University Kennedy School of Government</i>	11:00 a.m.
<b>LUNCH</b>	12:00 p.m.
7. <u><a href="#">NERC Remarks</a></u> <i>Jim Robb, NERC President and CEO</i>	1:00 p.m.
8. <u><a href="#">Presentation of 2022 HERO Award</a></u> <i>Paul Crist, OGOC Chair, and Sara Patrick, President and CEO</i>	1:10 p.m.
<b>Board Committee Reports</b>	
9. <u><a href="#">Finance and Audit Committee Reports</a></u> <i>Dr. Dana Born, FAC Chair</i>	1:25 p.m.
10. <u><a href="#">Governance and Personnel Committee Report</a></u> <i>Jeanne Tisinger, GPC Chair</i>	1:35 p.m.
11. <u><a href="#">Organizational Group Oversight Committee Report</a></u> <i>Paul Crist, OGOC Chair</i>	1:45 p.m.
<b>BREAK</b>	1:55 p.m.
<b>Industry Reports</b>	
12. <u><a href="#">Progress Made Following 2021 Cold Weather Event</a></u> <i>Bryan Clark, Director of Reliability Analysis Mark Tiemeier, Principal Technical Advisor</i>	2:05 p.m.
<b>Written Reports</b>	2:35 p.m.
13. <u><a href="#">MRO Operational Activities (Written Report)</a></u> <i>Richard Burt, Senior Vice President and Chief Operating Officer</i>	---
14. <u><a href="#">MRO Outreach Report (Written Report)</a></u> <i>Cris Zimmerman, Manager of Outreach and Stakeholder Engagement</i>	---
15. <u><a href="#">External Affairs (Written Report)</a></u> <i>Tasha Ward, Director of Enforcement and External Affairs</i>	---
16. <u><a href="#">Other Business and Adjourn</a></u> <i>Brad Cox, Board Chair</i>	3:00 p.m.

**Call to Order and Determination of Quorum**  
*Brad Cox, Chair*

A current roster for the MRO Board of Directors is posted on MRO's public website [here](#). The board will follow these guiding principles during the conduct of its work:

**Highly effective and reliable board members:**

1. Support the MRO mission and its values, and understand the role of the board.
2. Exercise their fiduciary duty of care by preparing for, attending, and participating in board and assigned committee meetings. Absent compelling and stated reasons, directors should be present at meetings.
3. Are objective decision makers and avoid participation in board issues that are self-serving or may be perceived as a conflict of interest.
4. Read the materials before board meetings and come prepared with questions.
5. Advocate why MRO is important and why it needs our support.
6. Take leadership roles by chairing a committee and knowing what the committee's responsibilities are, and initiate, as necessary.
7. Respect the different roles of staff and the board.
8. Collaborate and cooperate with other board members.

**Standards of Conduct and Antitrust Guidelines**  
*Lisa Zell, Vice President General Counsel and Corporate Secretary*

**Standards of Conduct Reminder:**

Standards of Conduct prohibit MRO staff, committee, subcommittee, and task force members from sharing non-public transmission sensitive information with anyone who is either an affiliate merchant or could be a conduit of information to an affiliate merchant.

**Antitrust Reminder:**

Participants in Midwest Reliability Organization meeting activities must refrain from the following when acting in their capacity as participants in Midwest Reliability Organization activities (i.e., meetings, conference calls, and informal discussions):

- Discussions involving pricing information; and
- Discussions of a participants marketing strategies; and
- Discussions regarding how customers and geographical areas are to be divided among competitors; and
- Discussions concerning the exclusion of competitors from markets; and
- Discussions concerning boycotting or group refusals to deal with competitors, vendors, or suppliers.

## Consent Agenda

*Lisa Zell, Vice President General Counsel and Corporate Secretary*

### Action

Approve the consent agenda, which includes draft minutes, policies and procedures, and board committee charters.

### Report

#### Draft Minutes

The consent agenda includes draft minutes from the open meeting held on September 22, 2022. These minutes are available on the [MRO website](#), and for board review on [Boardvantage](#). Please provide any edits or comments to [julie.peterson@mro.net](mailto:julie.peterson@mro.net).

#### MRO Policies and Procedures

The consent agenda also includes proposed revisions to the policies and procedures. The proposed revisions were presented to the Governance and Personnel Committee (GPC) and the board in the third quarter. No comments or further revisions were submitted. In the fourth quarter, the GPC unanimously recommended board approval of the policies and procedures as proposed.

The redlined copies of any proposed changes to the Policy and Procedures are included in the packet. Clean copies are included of those policies with only non-material changes, such as typographical, stylistic, or no change except the approval date. Staff maintains copies of all previously approved versions of the Policies and Procedures.

Unless otherwise specified below, the changes proposed are non-substantive.

#### Policies and Procedures with no changes:

- Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups
- Policy and Procedure 7: Whistleblowing
- Policy and Procedure 8: Document Retention and Destruction
- Policy and Procedure 11.1: Executive Officer Employment Agreements

The GPC recommends board approval of Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups, and Policy and Procedure 11.1: Executive Officer Employment Agreements with no changes.

While there are also no proposed changes to Policy and Procedure 7: Whistleblower and Policy and Procedure 8: Document Retention and Destruction, the GPC agreed to recommend the board remove these as board policies and for each to be replaced by internal employee policies (Employee Hotline and Document Retention and Destruction Policy, respectively). The employee policies will be included in the revised Employee Handbook slated to be published in the first quarter of 2023. Removal of Policy and Procedure 7: Whistleblower, and Policy and Procedure 8: Document Retention and Destruction will take effect immediately upon the effective date of the Employee Handbook.

### Policies and Procedures with proposed revisions include the following:

- Policy and Procedure 1: MRO Board of Directors <sup>\*1</sup>
- Policy and Procedure 2: Expense Reimbursement
- Policy and Procedure 4: MRO Antitrust and Standards of Conduct Guidelines
- Policy and Procedure 5: Confidentiality Policy
- Policy and Procedure 6: Dispute Resolution
  - Dispute Resolution Procedures
- Policy and Procedure 9: Consolidated Hearing Process
- Policy and Procedure 10: Conflicts of Interest
- Policy and Procedure 11: Executive Compensation
- Policy and Procedure 12: General Finance Policies
- Policy and Procedure 13: Reserves Policy

All policies and procedures' approval dates will be updated after the board's fourth quarter meeting, reflecting the board's approval, including those with no changes.

### Policies and Procedures with substantive changes:

#### Policy and Procedure 2: Expense Reimbursement

- Proposed change intended to clarify the instructions on submittal of member expense reimbursements.

### **MRO Board Committee Charters**

The consent agenda also includes proposed revisions to the charters of the MRO Board of Director Committees – the Organizational Group Oversight Committee (OGOC), Finance Committee (FAC), and the Governance and Personnel Committee (GPC). A redline copy of each charter is attached. The GPC solicited input from the board in the third quarter, and received no comments or further revisions. In the fourth quarter, the GPC unanimously recommended board approval of the board committee charters as proposed.

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<sup>1</sup> \* **Important Note:** While Policy & Procedure 1: MRO Board of Director is heavily redlined, the changes are not intended to be substantive. Rather, the changes either remove language already captured in other governance documents, or has been revised for other clarity or housekeeping purposes. In cases where the provision has been removed because it is addressed in a different governance document, the primary source for the provision is captured in a margin comment for ready reference. However, because these comments are quite lengthy, Boardvantage does not allow these comments to be expanded for full view. Therefore, to ensure board members are able to view the entirety of each margin comment, additional instructions have been provided for board members [here](#) to facilitate their review. If you would like to reference the MRO Bylaws they are located, on the MRO website, [here](#). Please reach out to Julie Peterson ([julie.peterson@mro.net](mailto:julie.peterson@mro.net)) or Carolina Margaria ([carolina.margaria@mro.net](mailto:carolina.margaria@mro.net)) for any issues viewing the material.



## Policy and Procedure 1: MRO Board of Directors

### Objective

The objective of this policy and procedure is to define the general procedures for board administration. In the case of a conflict between this policy and the Midwest Reliability Organization (MRO) Bylaws, the MRO Bylaws shall control. The board shall conduct an annual review and approval of this policy, set forth the general procedures regarding board composition including responsibilities, compensation for independent directors, and terms. This policy and procedure outlines the processes for selecting, nominating, and electing directors to the board. This policy and procedure also outlines the policies and procedures regarding board administration.

### Guiding Principles

The MRO Board of Directors is guided by the following principles for highly effective and reliable board members. Board members shall:

- Support the MRO mission and its values, and understand the role of the board.
- Exercise their fiduciary duty of care by preparing for, attending, and participating in board and assigned committee meetings. Absent compelling and stated reasons, directors should be present at meetings.
- Exercise objective decision-making and avoid participation in board issues that are self-serving or may be perceived as a conflict of interest.
- Read the materials before board meetings and come prepared with questions.
- Advocate why MRO is important and why it needs our support.
- Take leadership roles by chairing a committee and knowing what the committee's responsibilities are, and take the initiative, as necessary.
- Respect the different roles of staff and the board.
- Collaborate and cooperate with other board members. The purpose of the MRO Board of Directors is to advise, govern, oversee policy and strategic direction, and assist with the leadership and general promotion of MRO, to support the organization's mission and needs. This policy reflects the board structure and board member qualifications as defined by MRO's Bylaws and the board-approved Guiding Principles, as well as the associated procedures to meet these objectives. This policy and procedure is subject to annual review and approval of the board.

### Composition

The composition of the MRO Board of Directors is defined by the MRO Bylaws, a combination independent and balanced stakeholder board comprised of twenty-three members. Seventeen individuals are nominated and elected by Industry Sector Members as follows:

- Three directors from the Transmission System Operator Sector;
- Two directors from the Generator and Power Marketer Sector;
- Five directors from the Investor-Owned Utility Sector;
- Two directors from the Cooperative Sector;
- Two directors from the Municipal Utility Sector;

Approved by the MRO Board: December 2, 2021

Page 1 of 10





- One director from the Federal Power Marketing Agency Sector; and
- Two directors from the Canadian Utility Sector, provided that both directors are not residents of the same Canadian province.

Two board members are Regional Directors, each of whom is an employee of a member and meets the qualifications set out in the Bylaws for directors nominated and elected by Industry Sectors. Regional Directors are nominated by the board and elected by all MRO Members.

Four individuals who meet the qualification to be Independent Directors will be nominated by the board and elected by all MRO Members.

### Qualifications and Ability to Serve

The qualifications to serve as a member of the MRO Board of Directors are defined in the MRO Bylaws for Industry Sector Directors pursuant to Section 7.3 of MRO's Bylaws are:

- There shall not be more directors from a particular Industry Sector than there are actual members of such Industry Sector;
- Industry Sectors shall endeavor to nominate directors from Industry Sectors among individuals holding senior management or officer positions in member organizations;
- The board shall have a view to ensure geographic representation of the Corporate Region on the board; and
- No two Industry Sector Directors may be employees of a single member or employees of members that are affiliates.

Regional Directors must meet the qualifications for Industry Sector Directors. Regional Directors will be nominated with a view to ensure geographic representation of the corporate region on the board.

Independent Directors must have relevant senior management expertise and experience to the reliable operation of the bulk power system in North America.

To be considered an Independent Director, an individual cannot:

- be an officer or employee of MRO;
- be a member, director, officer, or employee of a member or adjunct member of MRO;
- be a director, officer, or employee of any registered entity on the NERC registry;
- have a financial interest in a registered entity that is prohibited by MRO's Conflict of Interest Policy and Procedure; and
- reasonably be perceived as having a direct financial interest in the outcome of a decision by the board of directors, such as a consultant providing professional services to a registered entity.

An Independent Director cannot have any other relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director.

The board has determined that if an Independent Director, or a member of his or her immediate household, provides services and/or products, or is an employee of an entity that provides services and/or products, to

**Commented [JP1] :** Addressed in the following excerpt from Section 7.3 of the Bylaws:

*The board of directors shall consist of twenty-three (23) board members. Seventeen (17) of the board members are nominated and elected by the Industry Sectors as follows:*

- (a) Three (3) directors from the Transmission System Operator Sector;
- (b) Two (2) directors from the Generator and Power Marketer Sector;
- (c) Five (5) directors from the Investor Owned Utility Sector;

**Commented [JP2] :** Addressed by the following excerpt from Section 7.3 of the Bylaws:

*In addition, the board shall nominate two (2) directors from one or two Industry Sectors to be elected by the Members as a Regional Director.*

**Commented [JP3] :** Addressed by the following excerpt of Section 7.3 of the Bylaws:

*Four (4) board members shall be Independent Directors nominated by the board of directors and elected by the Members.*

**Commented [JP4] :** Addressed by following excerpt from Bylaws, Sec. 7.3:

*"Provided, however, that in choosing directors from an Industry Sector, there shall not be more directors from a particular Industry Sector than*

**Commented [JP5] :** Addressed by the following excerpt from the Bylaws, Sec 1.22:

*"Regional Director" means a director who is an employee of a Member and meets the*

**Commented [JP6] :** Referenced in Bylaws, Sec. 7.3 (emphasis added):

*"Members shall endeavor to select directors from Industry Sectors among individuals holding senior management or officer positions in Member*

**Commented [JP7] :** Addressed by excerpt from Bylaws, Sec. 7.3:

*"Independent Directors shall have relevant senior management expertise and experience to the*

**Commented [JP8] :** Addressed by Bylaws, Sec. 1.13:

*"Independent Director" means an individual who is not (1) an officer or employee of the Corporation; (2) a member, director, officer or*





a registered entity in MRO's Region, the Independent Director would have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director;

A director should report any concern the director has about his or her continued ability to serve on the board or another director's ability to serve on the board to the Governance and Personnel Committee Chair. Concerns include matters such as potential conflicts of interest, a change in job responsibilities or employer, health issues, or legal issues including criminal charges of any kind.

## Responsibilities

Duties of the board identified in the MRO Bylaws include Specific responsibilities of the board include the following:

- Govern the corporation and oversee all of its activities;
- Establish and oversee all organizational groups;
- Oversee the accomplishment of all functions set forth in any delegation, or other agreement, with the North American Electric Reliability Corporation (NERC) or any government entity related to development, monitoring, and enforcement of Reliability Standards and related matters;
- Approve, revise, and enforce MRO Member data and information requirements and related confidentiality requirements;
- Establish and approve an annual budget and annual audit reports;
- Represent the corporation in legal and regulatory proceedings; and
- Hire and annually review the performance of the president and CEO;

Additional duties of the board include, but are not limited to, the following:

- Consider the recommendation of the Governance and Personnel Committee in setting the compensation for the president and CEO, remanding to the Governance and Personnel Committee for further consideration and recommendation as needed so that the board is able to accept the recommendation of the Governance and Personnel Committee;
- Establish reasonable compensation for the Independent Directors following IRS rebuttable presumption procedures after considering the recommendation from the Governance and Personnel Committee's directors who are not compensated;
- Participate actively in organizational strategic planning;
- Serve as a resource of knowledge and counsel to the executive staff, committees, and other board members;
- Consider recommendations received from board committees;
- Represent the organization at NERC and industry events;
- Serve on at least one, and no more than two, board committees;
- Chair committees as appointed; and
- Exercise their fiduciary duty of care by preparing for, attending, and participating in board and assigned committee meetings. Absent compelling and stated reasons, directors should be present at meetings; and
- Complete the board self-assessment.

**Commented [JP9] :** This specific language is not in the Bylaws, but perhaps is derived from the last provision of Sec 1.13(4)(b):

*"Independent Director" means an individual who is not (4) reasonably perceived as having a direct financial interest in the outcome of a decision by the board of directors and who (b) meets any additional requirements of independence established by the board of directors."* (emphasis added).

And, which is also already addressed in PP10: Conflict of Interest.

**Commented [JP10] :** Language not in the Bylaws, but is contemplated in the GPC charter, Sec 2.g.:

*"Address any concerns about a Board member's current or future ability to serve on the Board. Depending on the nature of the concern, the committee chair, the committee, or the Board may address the concern. The committee will*

**Commented [JP11] :** Keep the responsibilities from the bylaws, list first then the others.

**Commented [JP12] :** Language NOT in the Bylaws, but instead already addressed in FAC Charter:

**Commented [JP13] :** Addressed in GPC charter, Sec 3.g.:

**Commented [JP14] :** Addressed by Bylaws, Sec. 7.1:

**Commented [JP15] :** Addressed in GPC charter, Sec 3.g.:

**Commented [JP16] :** Language NOT in GPC charter or elsewhere, but inferred as part of normal procedure.

**Commented [JP17] :** Addressed in GPC charter, Sec 3.h.:

**Commented [JP18] :** Added to address any or all instances where board committees provide recommendations to the board.

**Commented [JP19] :** Addressed in Guiding Principles above.

**Commented [JP20] :** Referenced in Sec 2.k. of GPC charter:



~~Regional and Industry Sector Directors do not receive compensation and are considered volunteers.~~

~~Independent Directors do receive compensation, which is reviewed annually by the Governance and Personnel Committee who will also make recommendations for any compensation changes to the board so that any change can be incorporated in MRO's business plan and budget for the following year.<sup>4</sup>~~

~~The disinterested directors of MRO's GPC evaluate, following the IRS procedures to secure the benefit of a rebuttable presumption that the compensation is reasonable, with staff's assistance and outside consultants as needed, compensation for Independent Directors annually with any adjustments occurring in the following year. The GPC also considers the NERC Board of Trustee compensation study and the compensation for other Regional Entity Independent Directors. If advisable, the disinterested directors of the GPC recommend setting the compensation for MRO Independent Directors as a percent of the NERC Board of Trustee's compensation.~~

~~All directors receive reimbursement of reasonable out-of-pocket expenses incurred in traveling to MRO and NERC meetings pursuant to MRO's Policy and Procedure 2: Expense Reimbursement.~~

## Board Administration

### A. Board Chair and Vice Chair

~~Pursuant to the MRO Bylaws, the board shall select a chair and a vice chair of the board of directors. The term for the board chair and vice chair shall be for a one-year term beginning on January 1 of each calendar year. The board chair and vice chair may serve, and each can be reelected to his or her respective office for no more than two consecutive terms. The chair, or in the chair's absence, the vice-chair shall will preside over board meetings.~~

### B. Lead Director Role

~~The Governance and Personnel Committee Chair, who is shall be an Independent Director and, will serve as the role of the lead director.~~

~~In this role, the Governance and Personnel Committee Chair will provide advice to the board chair on setting the board's agenda and other material or strategic matters, including the independence of MRO's Compliance Monitoring and Enforcement Program.~~

~~At least annually, the Governance and Personnel Committee Chair will meet with the president and CEO to discuss any issues or concerns, including potential undue pressure, that may exist related to the independence of the Compliance Monitoring and Enforcement Program.~~

<sup>4</sup> The annual board retainer will be paid one-half in January and one-half in June. The annual retainer is prorated if a director begins his or her term other than in January.

Commented [JP21] : Addressed by Bylaws, Sec. 7.5:

"The board of directors may set reasonable compensation for the service provided by Independent Directors; directors from a Member shall not receive compensation."

Commented [JP22] : Addressed by GPC charter, Sec 3.h.:

"With staff, annually evaluate the compensation for independent Board members..."

Commented [JP23] : Addressed by GPC charter, Sec 3.i.:

"...Present recommendations to the Board regarding reasonable compensation for independent Board members...."

Commented [JP24] : Addressed by GPC charter, Sec 3.h.:

"Any adjustment to compensation shall occur in the following year."

Commented [JP25] : Addressed by GPC charter, Sec 3.h.

"With staff, annually evaluate the compensation for independent Board members, following the IRS procedures in order to secure the benefit of..."

Commented [JP26] : Addressed by GPC charter, Sec 3.h.:

Commented [JP27] : Addressed by GPC charter, Sec 3.h.:

Commented [JP28] : Addressed in Bylaws, Sec. 7.5:

Commented [JP29] : Addressed by Bylaws, Sec. 7.1:

"The board of directors shall select a chair and a vice chair from among the members of the board..."

Commented [JP30] : The GPC Chair is defined as the lead director:

Commented [JP31] : Addressed in GPC charter, Sec 1.g.:

Commented [JP32] : Addressed in GPC charter, Sec 1.h.:



#### **E.C. Committee Chair and Members**

The board chair will recommend to the board for its approval members of board committees ~~and a chair.~~

#### **F.D. Regular and Executive Session Board Meetings**

Meetings are conducted in accordance with *Robert's Rules of Order (Modern Edition)* unless otherwise specified ~~herein or within~~ the corporate bylaws or Certificate of Incorporation. Attendees at each meeting of the MRO Board or board committee must follow MRO's Antitrust and Standards of Conduct guidelines.

An executive session of the board of directors meeting may be held as a regular or special meeting. Notice provisions for regularly scheduled meetings and special meetings will be given as required by the MRO Bylaws. An executive session may be held prior to, during, or following an open meeting or may be a separate meeting. It may be held in-person or through electronic communication such that the directors may simultaneously hear each other.

The procedures set forth below should be followed when calling an executive session:

1. Executive sessions may be noticed and held in conjunction with the board's regularly scheduled meeting.
2. Special executive sessions of the board may only be held at the request of the MRO President and Chief Executive Officer, the board chair, or any three members of the board of directors. If the executive session is called as a special meeting immediately before, during, or after a public meeting, and the notice required by the bylaws cannot be provided, the membership and the directors will be asked to waive notice.
3. Permissible subjects to be discussed during an executive session include matters such as:
  - a. Budgetary matters before such details become public.
  - b. Litigation, investigations, and other legal matters.
  - c. Personnel or labor actions and discussions involving specific individuals.
  - d. Contractual negotiations and discussions.
  - e. Audit and penalty matters.
  - f. Issues related to a specific registered entity where company confidential information may be disclosed.
  - g. Safety, physical, and cyber security matters.
  - h. Governing document violations.
  - i. Strategic Planning.
  - j. Nonpublic CMEP materials.

The information discussed in executive session shall be kept confidential. Therefore, executive sessions are closed to the public and any persons in attendance who are not members of the board must have executed a Midwest Reliability Organization's Statement of Confidentiality within the calendar year in which the meeting occurs. In addition, meeting minutes are not publicly

**Commented [JP33] :** Removed this reference because the FAC Chair is defined as the board vice chair:

*The vice chair of the Board shall chair the Committee.*

And the GPC Chair is defined as the lead director:

*The chair of the Committee will be an Independent Director who will be elected by the Independent Directors and approved by the Board.*

And, the OGOC just revised its charter to allow it to choose its own chair.



posted, and access and use of the minutes will be limited to board members, MRO executive staff, and legal counsel.

#### **G.E. Approval of Minutes**

Draft minutes will be reviewed by the chair, vice chair, the chairs of each board committee, the president, and the secretary prior to distribution to the entire board. Draft minutes will be available to the entire board within fifteen (15) working days after any scheduled board meeting. After seven (7) working days for board review, the draft minutes will be posted to the MRO website. Approved meeting minutes will be available on the MRO website within seven (7) working days of being approved by the board.

#### **Terms**

~~MRO directors are elected to three-year, staggered terms. At the third regularly, scheduled Governance and Personnel Committee meeting of the year, MRO staff will provide the committee with a list of board members whose terms are expiring the following year and the length of time served by the director.~~

**Commented [JP34] :** Addressed in Bylaws, Sec. 7.4:

*"All directors will serve three-year, staggered terms ending on December 31."*

**Commented [JP35] :** This is NOT addressed in the GPC charter, but could be. It should not be here.



## Nomination and Election Procedures

### Director Nominations – Vacancy

Director Type	Step 1	Step 2	Step 3	Step 4	Other
<b>Industry Sector (“IS”)</b>	Nominations requested from IS within 14 days has been or will be formally vacated.	Nomination period to elect open for at least 14 days.			
<b>Regional Director (“RD”)</b>	GPC Chair calls a special meeting to be held within 30 days of MRO being notified that directorship has been or will be formally vacated.	GPC identifies desired geographic region with a view of the MRO Corporate Region and defines skill set required. GPC will establish timeline to identify and interview candidates.	GPC will present identified candidate(s) to Board to nominate one of these candidate(s) to the MRO members.	If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination a RD candidate.	
<b>Independent Director (“InD”)</b>	GPC Chair calls a special meeting to be held within 30 days of MRO being notified that directorship has been or will be formally vacated.	GPC, in consultation with the Board, will review position description for any changes. GPC will establish timeline to identify and interview candidates. GPC may recommend to the Board that a search firm be engaged.	GPC will present identified candidate(s) to Board to nominate one of these candidate(s) to the Industry Sector members.	If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination an InD candidate.	Annually, the GPC reviews the position description for any changes to be presented at the Q4 Board meeting.

## Director Nominations – Term Expiration

Director Type	Step 1	Step 2	Step 3	Step 4	Other
<b>Industry Sector (“IS”)</b>	Nominations requested from IS in Q4.	If incumbent has served 3 or more terms, GPC will make an effort to identify a different candidate. Regardless of number of terms, IS may nominate and elect incumbent.	Nomination period to elect open for at least 14 days.		
<b>Regional Director (“RD”)</b>	<p>In Q1 of the term expiration, GPC will solicit feedback from Board Chair, Vice Chair, GPC members, and CEO on filling this position.</p> <p>GPC will meet in executive session (without MRO staff or the incumbent if member of GPC) to discuss feedback.</p>	If incumbent has served 3 or more terms, GPC will make an effort to identify a different candidate and may consider incumbent as a candidate.	<p>If the GPC supports having the incumbent as a candidate, GPC will meet with incumbent to determine incumbent’s willingness to serve another term. If the GPC does not support the incumbent as a candidate, the GPC will inform the incumbent.</p> <p>GPC will identify candidates 1) if the incumbent is unwilling to serve; 2) has served 3 or more terms; or 3) not recommended by the GPC to be a candidate.</p>	<p>GPC identifies desired geographic region with a view of the MRO Corporate Region and defines skill set required.</p> <p>GPC will establish timeline to identify and interview candidates for election in Q4.</p>	If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination a RD candidate.

Approved by the MRO Board: December 2, 2021

Page 8 of 10



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651-855-1760

Director Type	Step 1	Step 2	Step 3	Step 4	Other
<b>Independent Director ("InD")</b>	<p>In Q1 of the term expiration, GPC will solicit feedback from Board Chair, Vice Chair, GPC members, and CEO on filling this position.</p> <p>GPC will meet in executive session (without MRO staff or the incumbent if member of GPC) to discuss feedback.</p>	<p>If incumbent has served 3 or more terms, GPC will make an effort to identify a different candidate and may consider incumbent as a candidate.</p>	<p>If the GPC supports having the incumbent as a candidate, GPC will meet with incumbent to determine incumbent's willingness to serve another term.</p> <p>If the GPC does not support the incumbent as a candidate, the GPC will inform the incumbent.</p> <p>GPC will identify candidates if the incumbent is: 1) unwilling to serve; 2) has served 3 or more terms; or 3) not recommended by the GPC to be a candidate.</p>	<p>GPC will establish timeline to identify and interview candidates for election in Q4.</p>	<p>If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination an InD candidate.</p>

Approved by the MRO Board: December 2, 2021

Page 9 of 10





### Elections – All Directors

Election Type	Step 1	Step 2	Step 3	Step 4	Other
<b>Vacancy</b>	<p>After the nomination period has ended, director elections will be held by electronic ballot.</p> <p>The election will be held as soon as practicable for elections to fill a vacancy, in sufficient time for the results to be announced at the next regularly scheduled board meeting.</p>	<p>MRO Members will have at least 14 days to submit a vote.</p>	<p>Newly elected directors will be seated the date the election closes.</p>		
<b>Term Expiration</b>	<p>After the nomination period has ended, director elections will be held by electronic ballot.</p> <p>The election will be held as soon as practicable for elections to fill a vacancy in Q4, in sufficient time for the results to be announced at the last regularly scheduled board meeting of the year.</p>	<p>MRO Members will have at least 14 days to submit a vote.</p>	<p>Newly elected directors will be seated as of January 1, of the following year.</p>		



## Policy and Procedure 2: Expense Reimbursement

### 1. Objective

The objective of this policy and procedure is to ensure that board and organizational group members' expenses are reimbursed consistently and accurately.

### 2. Policy

Pursuant to Section 7.5 of the Midwest Reliability Organization (MRO) Bylaws, MRO board members have the right to reimbursement for actual reasonable travel out of pocket expenses ~~for to~~ board meetings, NERC meetings, or when required specifically selected to represent MRO at a business meeting to attend meetings on behalf of the corporation.

Additionally, members appointed as MRO NERC sponsored representatives or alternates attending NERC organizational group meetings and members of board-approved organizational groups (other than committees of the whole board), are also eligible for reimbursement by the corporation MRO for reasonable travel, meals, and lodging expenses for NERC or MRO organization group meetings or for representation of the corporation MRO at any other business meetings as authorized by the board.

Advisory council members are eligible for reimbursement by the corporation MRO for reasonable travel, meals, and lodging expenses associated with attending a conference sponsored by their advisory council.

Individuals being recognized by the Organizational Group Oversight Committee for their service or for a specific award are eligible for reimbursement by the corporation MRO for reasonable travel, meals, and lodging expenses associated with attending the meeting where they will be recognized.

The board of directors may authorize reimbursement for persons acting on behalf of the corporation MRO, as necessary in the interests of the corporation MRO.

### 3. Responsibilities

Each board member or authorized organizational group member is responsible for submitting documentation of actual reasonable travel expenses to the designated MRO staff member. Member reimbursement requests should be submitted within 90 days of attending a MRO meeting or NERC meeting as a MRO representative, but no later than 60 days after year-end.

The corporation MRO shall reimburse board members or authorized organizational group members within 30 days of receiving the reimbursement request and proper documentation. With the exception of independent directors of the board, reimbursements to all board, and/or committee, and/or organizational group members shall be paid directly to the company represented, and the member in turn requests reimbursement from his/her employer.

### 4. Provisions

The board members or authorized organizational group members shall utilize the expense report form provided by MRO to document a request for reimbursement or a detailed expense report from his or her



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organization with accompanying receipts. Requests for reimbursement must provide enough detail to determine the nature and type of reimbursable expense and receipts should be attached. Please refer to Appendix 2-1 for the appropriate form to request reimbursement.



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## **Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups**

### **1. Objective**

The objective of this policy and procedure is to establish the procedures governing MRO organizational groups, as well as the responsibilities of individuals representing MRO on NERC organizational groups.

### **2. Policy**

This policy and procedure is established pursuant to Section 8.1 of the MRO Bylaws. It establishes the procedures applicable to MRO organizational groups except as may otherwise be noted in the charter for the organizational group.

### **3. Establishment of Organizational Groups**

The Organizational Group Oversight Committee of the MRO Board (OGOC) is responsible for establishing and dissolving organizational groups. Existing organizational groups that report to the OGOC include the Compliance Monitoring and Enforcement Program Advisory Council, the Reliability Advisory Council, and the Security Advisory Council. From time to time, these councils may recommend that the OGOC approve the establishment of subgroups to support the council's work plan and serve under the direction of the council.

### **4. MRO Organizational Group Responsibilities and Procedures**

#### **A. Charter**

Each MRO organizational group shall have a charter describing its purpose and key objectives, as well as its membership, meeting and reporting requirements. The charters and rosters of each MRO organizational group are on MRO's website.

- [Compliance Monitoring and Enforcement Program Advisory Council](#)
- [Reliability Advisory Council](#)
- [Security Advisory Council](#)

#### **B. Quorum Requirements**

A quorum shall consist of a majority of the organizational group members unless otherwise provided in the organizational group's charter. A quorum is required to be present at the meeting, in person or electronically (telephone, webcast, or video), to conduct business. If a quorum is not present, the organizational group may continue to meet and have discussions; however, no actions may be taken. Organizational group members unable to attend a meeting may not designate a proxy or alternate.



### **C. Voting Requirements**

- MRO organizational groups are not sector balanced policy-making groups with the exception of the NERC Standards Review Forum (NSRF). Therefore, significant substantive decisions, for example, work plans, the naming of individuals to organizational subgroups, or to represent MRO on NERC organizational groups, should be made as recommendations to the OGOC for its approval. Decisions on how to execute an approved work plan may be made by the organizational group. Administrative decisions such as the frequency of meetings, whether the meetings will be in-person or by electronic means, may be made by the organizational group. Recommendations require approval of a majority of those members present and casting a vote provided a quorum is present.
- Votes taken electronically will require a majority of the members to cast votes during the time period established for the vote.
- Voting requirements for the NSRF are set out in its charter.

### **D. Conduct Requirements for Organizational Group Members and MRO Sponsored NERC Representatives.**

- Organizational group members and individuals serving as MRO sponsored representatives on NERC organizational groups must comply with MRO's Standards of Conduct, Anti-Trust Guidelines, Policy and Procedure 5: Confidentiality, as well as any applicable guidelines established by the OGOC or NERC.
- When voting and participating on any matter, organizational group members' actions must be consistent with the applicable charter, any direction from the OGOC, and in furtherance of MRO's Mission "To identify, prioritize, and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting Highly Effective Reliability Organizations® (HEROs)." This does not prevent an organizational group member from expressing his or her industry sector's viewpoint, however, organizational group members should recuse from voting on any matter that directly affects his or her company.
- At NERC meetings, the MRO sponsored representative shall understand MRO's position on key matters prior to attending any NERC meetings.
  - For NERC Member Representative Committee and Board of Trustee matters, the MRO President and Chief Executive Officer and/or the chair of the MRO Board of Directors shall be consulted.
  - For other NERC organizational groups, the MRO staff member shall be contacted.
- Following NERC meetings, the MRO sponsored representative shall provide a brief written report to MRO staff and the appropriate designated Advisory Council, which includes the following:
  - Actions taken by the NERC body.
  - Any direction provided pursuant to paragraph c, above
  - Anticipated future actions by the NERC body.

### **E. Selection of Organizational Group Chair and Vice Chair**

The chair and vice chair of an organizational group shall be selected by each respective organizational group.

### **F. Meetings**

- The chair shall preside at meetings and shall have the power to call meetings. The vice chair shall preside at meetings in the absence of the chair.
- Meetings may also be held at such times and places as determined by the organizational group.



- The chair shall call a meeting upon the request of three or more members of the organizational group within sixty (60) days of the request.
- All organizational group meetings shall be open to the MRO members and other interested persons except as may be necessary to discuss personnel issues, litigation or other confidential or sensitive matters as determined by the respective organizational group.

#### **G. Membership**

- No more than two members of an organizational group may be employees of a single registered entity or employees of registered entities that are affiliates, provided there are at least five members on the organizational group. If there are less than five members on the organizational group, no two members may be employees from a single registered entity or employees of registered entities that are affiliates.
- Organizational groups shall consist of three to twenty-one members appointed by the OGOC. Volunteers from MRO Members will be solicited to serve on the organizational groups except that an advisory council may form a subgroup consisting of its existing members. The advisory council will recommend new organizational group members for the advisory council and any sub organizational groups reporting to the advisory council.
  - To ensure consistency in the process used by advisory councils to recommend individuals for MRO organizational groups or to represent MRO on NERC organizational groups, including the recommendation of chairs and vice chairs, the recommendation process shall:
  - utilize the member qualifications listed in the charters as the criteria for selection, in addition to the organizational group requirements and aspirations for the members as stated in the charters (e.g. sectors, entities and affiliates, geographic diversity, etc.); and
  - Ensure that all nominees are provided comparable levels of opportunity with regard to representing their nomination
  - utilize a run-off voting process anytime a single candidate does not receive the majority of the votes cast. Run-off votes will continue until one candidate receives the majority of the votes, with each round of run-off voting eliminating the candidate (or candidates, if tied) with the least amount of votes.
  - The OGOC shall approve organizational group members based on their experience and expertise as recommended by the organizational group. At least three industry sectors will be represented on an organizational group. To the extent practicable, organizational groups will reflect geographical diversity and balanced sector representation.

#### **H. Terms**

Organizational group members shall serve three-year, staggered terms. Upon the formation of an organizational group, one-third of the members will serve for one year, one-third shall serve for two years, and one-third shall serve for three years; thereafter all members shall serve three-year terms. Shorter terms may be established for sub-groups as appropriate given the subgroups' work.

The chair and vice chair of each organizational group shall serve a one-year term with no more than two consecutive terms. However, if there are no members on the organizational group willing to serve as chair or as vice chair, then those members who have served as chair or vice chair may continue to serve until such time as another member of the organizational group is willing to assume the responsibilities of chair or vice chair.





Notwithstanding the above, the OGOC in its sole discretion may remove any organizational group member, including the removal of a member from the chair or vice chair positions, or any MRO sponsored NERC representative, if the OGOC determines the volunteer is not currently or will not in the future be able to meet his or her responsibilities.

#### **I. Conduct of Meetings**

Conduct of meetings is in accordance with Robert's Rules of Order (Modern Edition). Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups governs if there is a conflict between it and Robert's Rules of Order. While minutes will be taken for all organizational group meetings, the level of detail of the minutes will vary given the organizational group's work.

#### **J. Establishment of Subgroups**

The organizational group will determine if there is a need for a subgroup to support the organizational group's work plan, and if so, the work to be done by the subgroup, the time period for the work of the subgroup, the number of members, and the requisite expertise and experience. The organizational group will recommend establishment of the subgroup and its members to the OGOC. The organizational group may authorize the subgroup to initiate its work prior to approval of the subgroup's charter and membership at the OGOC's next regularly scheduled meeting. The subgroup will follow all of the procedures outlined for MRO organizational groups.

### **5. MRO Sponsored Representatives on NERC Organizational Groups**

With input from MRO staff and/or MRO organizational groups, the OGOC determines to which NERC organizational groups MRO will sponsor representatives. MRO shall seek volunteers from MRO Members to be MRO sponsored NERC representatives on NERC organizational groups as identified by the OGOC. The appropriate advisory council will review the expertise and experience of the individuals who volunteered and recommend individuals to serve as MRO sponsored representatives on the NERC organizational group to the OGOC.

When voting and participating on any matter, individuals representing MRO on NERC organizational group members' actions should further MRO's Mission "To identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting Highly Effective Reliability Organizations™ (HEROs)."

These positions will serve a three-year term that begins January 1, irrespective of the election cycle of the NERC organization group. If the individual is approved for a term that begins at time other than January 1, his or her term will end December 31 prior to the year in which a three-year term would end. Incumbents will be eligible for reappointment and generally able to serve up to three, three-year terms.

A list of MRO sponsored representatives on NERC Organizational Groups can be found on the [MRO website](#).

Any MRO sponsored representative on a NERC Organizational Group who is unable to attend a meeting shall contact MRO staff. MRO staff will arrange for a proxy or an alternate member to participate, including voting, consistent with NERC's applicable policies.





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## **6. Reimbursement of Meeting Expenses**

Members of MRO organizational groups, as well as MRO sponsored representatives who serve on NERC organizational groups, and proxies or alternates arranged by MRO staff, are entitled to reimbursement of his or her reasonable expenses incurred in conjunction with the work of the MRO or NERC organizational group. Reasonable expenses are reimbursed pursuant to Policy and Procedure 2: Expense Reimbursement. Preapproval for expenses to be incurred outside normal meeting expenses must be obtained from MRO.



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## Policy and Procedure 4: MRO Antitrust and Standards of Conduct Guidelines

### 1. Objective

The objective of this policy and procedure is to set out the MRO's Antitrust Guidelines and Standards of Conduct for the Midwest Reliability Organization (MRO), which are reviewed and followed at all board and organizational group meetings.

### 2. Policy

MRO's Antitrust Guidelines and Standards of Conduct will be reviewed at all board and organizational group meetings.

### 3. Responsibilities

In furtherance of the above policy, MRO staff is responsible for ensuring that MRO's Antitrust Guidelines and Standards of Conduct are presented and followed at all board and organizational group meetings.

### 4. Provisions

MRO's Antitrust and Standards of Conduct guidelines are as follows.

It is MRO's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every MRO participant and employee who may in any way affect MRO's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert MRO participants and employees of potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the MRO policy contained in these guidelines is stricter than the applicable antitrust laws. Any MRO participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether MRO's antitrust compliance policy is implicated in any situation shall consult the MRO President and Chief Executive Officer or MRO's General Counsel.

Participants in MRO activities (including those of its organizational groups) shall refrain from the following when acting in their capacity as participants in MRO activities (e.g., at MRO meetings, conference calls and in informal discussions):



- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs~~;~~
- Discussions of a participant's marketing strategies~~;~~
- Discussions regarding how customers and geographical areas are to be divided among competitors~~;~~
- Discussions concerning the exclusion of competitors from markets~~;~~ or
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers~~;~~

From time to time, MRO decisions or actions (including those of its organizational groups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by MRO (including its organizational groups) shall only be undertaken for the purpose of promoting and maintaining the reliability, adequacy and security of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, you should refrain from discussing the matter during meetings and in other related communications.

In addition, all discussions in MRO meetings and other MRO-related communications should be within the scope of the mandate for or assignment to the particular MRO organizational groups, as well as within the scope of the published agenda for the meeting.

No decisions shall be made, or any actions taken, in MRO activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with MRO reliability standards shall not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in MRO activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities~~;~~
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity markets on the reliability of the bulk power system~~;~~
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities~~;~~ and
- Matters relating to the internal governance, management and operation of MRO, such as nominations for vacant committee positions, budgeting and assessments, and employment matters, and procedural matters such as planning and scheduling meetings~~;~~ s.

Any other matters that do not clearly fall within these guidelines shall be reviewed with MRO General Counsel or MRO's President and Chief Executive Officer before being discussed

Standards of Conduct prohibit MRO organizational group members and registered entities from sharing non-public transmission sensitive information with anyone who is either an affiliate merchant or could be a conduit of information to an affiliate merchant.



Transmission availability, capacity, maintenance or other operating or reliability information must not be shared with merchants through any method other than publicly, through the Open Access Same-Time Information System (OASIS). Some entities interconnected within MRO have signed a Confidential Data Access Agreement (CDAA) that includes names of employees who have been trained in FERC Standards of Conduct, understand the information sharing prohibitions, and are therefore authorized to receive non-public transmission sensitive information. MRO communications to interconnected entity employees may include non-public transmission sensitive information, only if all such employees present are named on CDAA(s).



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## Appendix 4-12

### **Standards of Conduct Reminder:**

Standards of Conduct prohibit MRO staff and organizational group members from sharing non-public transmission sensitive information with anyone who is either an affiliate merchant or could be a conduit of information to an affiliate merchant.

### **Anti-trust Reminder:**

Participants in Midwest Reliability Organization meeting activities must refrain from the following when acting in their capacity as participants in Midwest Reliability Organization activities (i.e., meetings, conference calls, and informal discussions):

- Discussions involving pricing information; ~~and~~
- Discussions of a participants marketing strategies; ~~and~~
- Discussions regarding how customers and geographical areas are to be divided among competitors; ~~and~~
- Discussions concerning the exclusion of competitors from markets; and
- Discussions concerning boycotting or group refusals to deal with competitors, vendors, or suppliers.



## Policy and Procedure 5: Confidentiality Policy

### 1. Objective

The objective of this policy and procedure is to maintain the confidentiality of the sensitive business information of Midwest Reliability Organization (MRO), MRO Members and others subject to Reliability Standards ("registered entities" on the NERC Registry).

### 2. Policy

In connection with preparing and/or receiving reports and engaging in other duties regarding the delegated responsibilities of MRO, directors and members of any organizational group may gain access to Confidential Information regarding MRO, MRO Members, and registered entities, including personnel and operations information. It shall be the responsibility of every director and organizational group member to maintain the confidentiality of such information in accordance with the policy set forth herein.

### 3. Responsibilities

In furtherance of the above policy, directors and members of any organizational group shall keep in confidence and not copy, disclose, or distribute any information designated as "Confidential Information," except as otherwise directed by a determination of a majority of the board of directors or as required by law.

### 4. Obligation to Review and Agree to Confidentiality Policy

Each director, or agent of MRO, and any member and its representatives who serve on any MRO organizational group shall annually sign a statement which affirms such person:

- Has received a copy of the confidentiality policy;~~17~~ and
- Has read and understands the policy;~~17~~ and
- Has agreed to comply with the policy.

### 5. Provisions

A. "Confidential Information" includes, but is not limited to:

~~i.~~ Proprietary or confidential information, technical data, trade secrets or know-how, including, but not limited to, research, product plans and designs, products, services, customer lists and customers, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, marketing, distribution systems, finances and other business information relating to such entity's operations that is not generally available to the public.

~~i.~~ \_\_\_\_\_

~~ii.~~ Personnel information that identifies or could be used to identify a specific individual or that reveals personnel, financial, medical, or other personal information.

~~ii.~~ \_\_\_\_\_



- iii. Critical energy infrastructure information (CEII), defined as specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that:
  - a. ~~(i)~~ relates details about the production, generation, transportation, transmission, or distribution of energy;
  - b. ~~(ii)~~ could be useful to a person in planning an attack on critical infrastructure; and
  - c. ~~(iii)~~ does not simply give the location of the critical infrastructure.

“Critical infrastructure” consists of existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters. CEII shall not be distributed outside of an organizational group, nor released publicly.

- iii. Knowledge of potential violations of Reliability Standards and Organizational Standards. This includes work papers, including any records produced for an evaluation or audit, and investigative files, including any records produced or created in the course of an investigation.

iv. \_\_\_\_\_

- v. Cybersecurity incident information, consisting of any information related to, describing, or which could be used to plan or cause a cybersecurity incident as defined in 18 C.F.R. § 39.1.

B. “Confidential Information” does not include:

- i. ~~(i)~~ information already known or independently developed by a director or organizational group member; ~~(ii)~~
- ii. information in the public domain through no wrongful act of the director or organizational group member, or ~~(iii)~~
- iii. information received by a director or organizational group member from a third party who was free to disclose it.

This obligation to maintain the confidentiality of Member-related and MRO-related Confidential Information applies both during and after a director’s or organizational group member’s term of service.

## 6. Permitted Disclosures

Nothing in this policy shall prohibit MRO’s disclosure of a violation of a Reliability Standard at the point when the matter is filed with an appropriate governmental authority as a notice of penalty, the “violator” admits to the violation, or the alleged violator and MRO reach a settlement regarding the violation.

Nothing in this policy shall prohibit MRO from exchanging with NERC and other Regional Entities Confidential Information related to evaluations, audits, and investigations in furtherance of the compliance and enforcement program, on condition they continue to maintain the confidentiality of such information.





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## 7. Remedies for Improper Disclosure

If the confidentiality provisions set forth above are violated, the person violating the confidentiality provisions and any member organization with which the individual is associated may be subject to appropriate action by MRO or NERC, including prohibiting participation in future compliance and enforcement activities.



## Policy and Procedure 6: Dispute Resolution

### 1. Objective

Pursuant to Article 18.2 of the Midwest Reliability Organization (MRO) Bylaws, ~~the objective of this policy and procedure is to establish set forth the Midwest Reliability Organization (MRO) dispute resolution procedures for policies regarding disputes and resolution between Members, or between a Member and MRO, for issues arising under the Bylaws.~~

### 2. Policy

Pursuant to Article 18.2 of the MRO Bylaws, ~~the MRO Board shall establish dispute resolution procedures for disputes between Members, or between a Member and the Corporation, for issues arising under these bylaws. Determinations related to violations of Reliability Standards will be resolved in accordance with the NERC Rules of Procedure, except as otherwise provided in applicable agreements and/or law governing a Member's membership in MRO.~~

### 3. Responsibilities

~~The board shall establish dispute resolution procedures in accordance and/or consistent with NERC Rules of Procedure.~~

### 5.3. Provisions

Dispute resolution procedures are ~~provided in attached to this policy as~~ Appendix 6-1. Disputes not involving enforcement of, or compliance with, Reliability Standards shall follow the dispute resolution procedures as outlined in Appendix 6-1.

**Commented [JP1]:** Section 18.2 Disputes. Dispute resolution procedures will be established by the board of directors for disputes between Members, or between a Member and the Corporation, for issues arising under these Bylaws. Determinations related to violations of Reliability Standards will be resolved in accordance with the NERC Rules of Procedure. **Except as otherwise provided in applicable agreements and/or law governing a Member's membership in the corporation.**



## Appendix 6-1: Dispute Resolution Procedures

### Overview of Dispute Resolution Procedures

Article 18 of the Midwest Reliability Organization (“MRO”) Bylaws establishes provisions for dispute resolution. The Governance and Personnel Committee (GPC), with the assistance of MRO’s General Counsel, manages the process, but does not settle disputes. This document outlines the procedures a Member or the Corporation must take to utilize the Dispute Resolution Process.

### Disputes Not Involving Compliance with Reliability Standards

The dispute resolution procedures in this Part A shall apply only to disputes between Members or between a Member and the Corporation (“Parties”), arising under the bylaws or policies of the Corporation, that do not concern enforcement of or compliance with an Reliability Standard or related policy or requirement of the Corporation. A dispute is considered to arise when a Member or the Corporation asserts that an action, decision or failure to act by the other Party is:

- based on an error of fact; and/or
- inconsistent with the Corporation bylaws, or any policy or requirement approved by the Board; and/or
- inconsistent with applicable regulatory requirements or legal standards.

#### 1. Definitions

Board shall mean the Board of Directors of Midwest Reliability Organization.

Business Day shall mean Monday through Friday, excluding Canadian federal (where the dispute includes a Canadian Party) and United States federal holidays.

Calendar Day shall mean actual calendar days, including weekends and holidays.

Corporation shall mean Midwest Reliability Organization (MRO).

Day shall mean a Calendar Day as defined above, unless otherwise indicated.

Electric Reliability Organization shall mean the entity approved by FERC and Canadian authorities that is responsible for the development of reliability standards for the bulk power system.

Intervenor shall mean a Member who demonstrates that it will be materially affected by the decision of the arbitration and will not be adequately represented by an existing Party to the arbitration. Once an Intervenor has been accepted by the Arbitrator(s), the Intervenor will have input to arbitration schedules and full Party involvement in the arbitration proceedings. An Intervenor shall not have input to the selection of the Arbitrator(s).

Member shall have the same definition as the definition of Member in the MRO bylaws.



Party shall mean either the Initiating Party or the Respondent but shall not include Intervenor, unless specified otherwise. A Party may consist of more than one organization or individual that is appearing jointly.

Procedure Arbitrator shall mean either the sole arbitrator of a dispute or, in the case where a panel of arbitrators is hearing the dispute, the neutral arbitrator selected by the arbitrators named by the Parties.

Reliability Standard shall have the same meaning as defined in the MRO Bylaws.

Respondent shall mean the Party responding to a Request for Arbitration.

Start-the-Clock Date shall mean the date that is established by the GPC, which appears in the Acknowledgment of Request for Arbitration. Such date shall not be earlier than the date of the Acknowledgment. Unless identified otherwise, all deadlines contained in these procedures are measured from the Start-the-Clock Date.

## **2. Informal Dispute Resolution by Parties**

Prior to the submission of a dispute to mediation or arbitration pursuant to these procedures or the submission of a dispute to a court of competent jurisdiction, the Parties shall each appoint a senior representative, with authority to settle the dispute, who shall attempt to resolve the dispute in a manner that meets the interests of each Party.

The Party alleging the dispute ("Initiating Party") shall initiate the informal resolution process by notifying the other Party in writing of the nature of the dispute and the Party's basis for its position. Within ten (10) Business Days of receiving notification of the dispute, the other Party ("Respondent") shall respond in writing to the Initiating Party with its position regarding the dispute and the basis for its position. If within ten (10) Business Days after receiving the Respondent's letter, the Initiating Party does not accept the Respondent's position, the Initiating Party shall request a meeting (by teleconference or in person) between the designated senior representatives of the Parties at a mutually agreed time and location to attempt to resolve the dispute. If a meeting cannot be arranged within ten (10) Business Days or a meeting does not result in a resolution of the dispute, the Parties may, by mutual agreement, proceed to mediation.

## **3. Mediation**

Any dispute, which has not been resolved informally by the Parties, may, by mutual agreement, proceed to voluntary non-binding mediation, in accordance with the Procedures specified herein. Any party may elect to bypass mediation and proceed directly to arbitration, in accordance with the Procedures specified herein.

### **3.1. Notification of the Governance and Personnel Committee**

If the Parties agree to mediation, then the Initiating Party must notify the GPC in writing of a request for mediation of a dispute. This notification shall be sent to the attention of MRO's General Counsel at the MRO corporate office and a copy shall simultaneously be sent to all other Parties.



Notification shall be sent by registered mail or some other type of mail system that provides a proof of receipt. The notice letter shall include, at a minimum, the following information:

- A request for mediation pursuant to these procedures;
- A brief description of the type of dispute (ex. breach of MRO bylaws, incorrect fee assessment);
- The Parties to the dispute (and their addresses); and
- A list of names and full addresses, if known, of the attorney(s) for the Initiating Party and Respondent

As soon as practical after receipt of the letter invoking the mediation process, the General Counsel shall send the disputing Parties notification that the Dispute Resolution Procedures are available on MRO's website, and provide the disputing Parties with a list of five (5) mediator arbitrators and technical advisors.

### **3.2. Selection of Mediator**

Within five (5) Business Days after receipt of the list of mediator arbitrators and technical advisors, the Parties may notify the General Counsel and all other Parties if any individual on the list of mediator arbitrators or technical advisors are objectionable to the Parties because of a conflict of interest. The Parties shall select and notify the General Counsel of their selection of a mutually agreeable mediator and technical advisor, if necessary, within fifteen (15) Business Days after receipt of the list of mediator arbitrators and technical advisors from the General Counsel. If the Parties have not notified the General Counsel of their selection of a mediator and technical advisor within this time frame, the General Counsel will select the mediator and technical advisor from the list compiled, excluding any individuals with conflicts of interest identified by the Parties. The General Counsel shall consult with the disputing Parties regarding the choice of a mediator. The General Counsel shall also consult with other members of the GPC.

### **3.3. Pre-Mediation Conference Call**

Within fifteen (15) Business Days of being selected, the mediator shall advise the Parties of:

- Available dates for the scheduling of a pre-mediation conference call between Parties, their attorneys and the mediator to determine the content of and set deadlines for the submission of materials to be sent directly to the mediator;
- Fee expectations for the mediator's and the technical advisor's time; and
- Administrative costs, if any, of MRO.

### **3.4. Submission of Information**

Each Party shall, within the deadline established by the mediator, submit the following information to the mediator who shall keep it confidential and shall not share it with any other party or anyone else:

- The nature of the dispute including a concise statement of facts and legal issues involved;



- The nature of the relationship between the Parties;
- Past history of the dispute and previous dispute resolution attempts;
- The nature of the resolution desired by the Parties; and,
- Other factors that the mediator considers relevant.

### **3.5. Mediation Conference**

The mediator shall inform the disputing Parties of the date, time and location of the mediation conference. The mediator shall confirm all arrangements with the Parties and the mediation conference shall proceed as scheduled.

The technical advisor shall be available to the mediator for consultation.

Subsequent to the mediation conference and prior to making a recommendation, the mediator may:

- Ask the Parties to meet for face-to-face discussions, with or without the mediator present;
- Act as an intermediary between the disputing Parties; and,
- Request the disputing Parties to submit additional written statements.

### **3.6. Resolution of Dispute**

If resolution of the dispute is not reached within thirty (30) days after the appointment of the mediator (or other date if agreed to by the Parties), the mediator, at the mutual request of the Parties, shall within ten (10) Business Days provide each disputing Party with a written, confidential, non-binding recommendation on resolution of the dispute. The mediator may ask for assistance from the technical advisor in the writing of the recommendation.

After the Parties have received this assessment, they shall meet in good faith, with the mediator (in person or by teleconference), within five (5) Business Days to discuss resolution. Each disputing Party shall be represented at the meeting by a person with authority to settle the dispute and any other persons deemed appropriate by that Party.

If the dispute is still not resolved within five (5) Business Days after a meeting of the Parties, then a disputing Party may commence such arbitration, judicial, regulatory or other proceedings as may be appropriate as provided in these Procedures.

The recommendation of the mediator shall have no further force or effect and shall not be admissible for any purpose in any subsequent proceeding.

### **3.7. Costs of Mediation**

The costs of the time, expenses and other charges of the mediator, the technical advisor and of the mediation process, including the administrative costs of MRO, shall be borne by all Parties to the dispute. The Initiating Party shall bear 50% and the Responding Party shall bear 50% of the costs. Each Party shall bear its own costs and attorney's fees incurred in connection with any mediation



under these Procedures. When mediation is complete, the mediator shall issue final invoices to the Parties within thirty (30) days. Said invoices are payable within thirty (30) days of the date of issuance.

#### **4. Arbitration**

Any dispute that has been referred to mediation and has not been resolved through the mediation process shall be resolved by binding arbitration, if such process is mutually agreed to by the disputing Parties (see Section 18.2 of the MRO bylaws). Arbitration of disputes shall be conducted in accordance with the Procedures specified herein.

##### **4.1. Preservation of Rights**

Any dispute involving matters under FERC jurisdiction may proceed directly to FERC for resolution at the request of at least one disputing Party. Any dispute involving matters under Canadian regulatory jurisdiction may proceed directly to the applicable Canadian regulator for resolution in accordance with applicable law.

Any assertion that any provision of the MRO bylaws, including any principle, policy, requirement, plan or procedure, or that any act or failure to act of the MRO, any Member(s) or other person or entity is contrary to any United States federal or state law or regulation, or any Canadian federal or provincial law or regulation, shall be heard by any court or agency having jurisdiction thereof and over the Parties, unless all Parties consent to binding arbitration of such an assertion.

##### **4.2. Governing Law**

Disputes between United States Members of MRO or between a United States Member(s) and MRO shall be governed by United States law and arbitration procedures for such disputes shall be governed by American Arbitration Association (and/or Federal Arbitration Association) rules, except as specified otherwise in these Procedures. Disputes between Canadian Members of MRO or between a Canadian Member and MRO shall be governed by the law (including arbitration legislation) of the provincial jurisdiction of the Canadian Member involved, or where more than one Canadian Member is involved, the law of the jurisdiction agreed to by the Parties.

##### **4.3. Initiation of Arbitration**

If any Party to a dispute wishes to commence arbitration, it must send three (3) copies of a written Request for Arbitration to the attention of the General Counsel, and simultaneously to each Party to the dispute. The Request for Arbitration shall be sent by registered mail or some other type of mail system that provides a proof of receipt.

At a minimum, the Request for Arbitration must contain:

- A brief summary of the dispute.
- A brief summary of the pertinent MRO decisions and the dispute resolution processes that have been completed.
- A statement setting forth each claim to be considered in the arbitration.





- A statement setting forth the basis for arbitration of the claim under the terms of the MRO bylaws and policies or procedures. Parties must cite the pertinent article and section of the relevant document, precedential decision, or other relevant authority.
- The type and amount of relief requested for each claim.
- A statement setting forth the basis for relief for each claim.

#### **4.4. Acknowledgement of Request for Arbitration**

Within fifteen (15) Business Days of receipt of the Request for Arbitration, the General Counsel shall review the Request to ensure the Request for Arbitration is complete.

When the General Counsel determines that the Request for Arbitration is complete, the General Counsel shall send the Parties an Acknowledgment of Request for Arbitration. This Acknowledgment of Request for Arbitration will contain the Start-the-Clock Date and a list of qualified Arbitrators.

#### **4.5. Response to Request for Arbitration**

The Party(s) named in the Request for Arbitration shall have ten (10) Business Days following the Start-the-Clock Date to respond to the Request for Arbitration. The Respondent(s) must send three (3) copies of a written Response to the Request for Arbitration to the attention of the General Counsel and simultaneously copy all other Parties named in the Request for Arbitration. The Response to the Request for Arbitration shall be sent by registered mail or some other type of mail system that provides a proof of receipt.

The Response to the Request for Arbitration must respond to each of the claims in the Request for Arbitration. The Response to the Request for Arbitration must include a statement indicating whether the Respondent agrees to arbitration and if so:

- A brief summary of the dispute if different from the summary contained in the Request for Arbitration.
- A brief summary of MRO decisions and dispute resolution processes that have been completed, if different from the summary contained in the Request for Arbitration.
- A statement responding to each claim to be considered in the arbitration.
- A statement responding to any claimed basis for arbitration of any claim under the terms of the MRO bylaws, policies or procedures. The Respondent must cite the article and section of the relevant document, precedential decision or other relevant authority.
- A statement responding to the type and amount of relief requested for each claim.
- A statement responding to the basis for relief for each claim. The Respondent must cite any article and section of the relevant document, precedential decision, or other relevant authority.

#### **4.6. Notification to Membership**



If MRO is a Party to the dispute and agrees to arbitration, the General Counsel shall publish the Request for Arbitration and the Response to Request for Arbitration to the MRO membership.

#### **4.7. Counterclaims**

If the Respondent has a counterclaim relating to the matters asserted in the Request for Arbitration, such counterclaim must be included with the Response to the Request for Arbitration. Failure to assert such counterclaim will constitute a waiver of the right to assert such counterclaim during the arbitration process. The counterclaim must contain:

- A brief summary of the dispute giving rise to counterclaim.
- A brief summary of the MRO decisions and dispute resolution processes related specifically to the counterclaim.
- A statement setting forth each counterclaim to be considered in the arbitration.
- A statement setting forth the basis for arbitration of the counterclaim under the terms of the MRO bylaws, policies and procedures. The Respondent must cite the article and section of the relevant document, precedential decision, or other relevant authority.
- The type and amount of relief requested for each counterclaim.
- A statement setting forth the basis for relief for each counterclaim. The Respondent must cite the article and section of the relevant document, precedential decision, or other relevant authority.

#### **4.8. Invocation of FERC Jurisdiction**

Notwithstanding any prior agreement by the Parties to arbitrate, within twenty (20) Business Days of the Start-the-Clock Date, any Party to the arbitration may invoke FERC or applicable Canadian regulatory jurisdiction over the dispute. The Party shall simultaneously notify, in writing, the General Counsel and all of the other Parties to the arbitration that the Party is invoking FERC or applicable Canadian regulatory jurisdiction.

If FERC or applicable Canadian regulatory jurisdiction is properly invoked, the General Counsel will “stop the clock” for sixty (60) Calendar Days.

The Party that notifies the General Counsel that it is invoking FERC or applicable Canadian regulatory jurisdiction in the dispute must, within the sixty-day (60-day) period, provide the General Counsel with evidence that it has made the requisite filing to commence proceedings at FERC or applicable Canadian regulatory agency.

If the General Counsel does not receive evidence that the Party has made the requisite filing to commence proceedings at FERC or applicable Canadian regulatory agency within that sixty-day (60-day) period, the dispute shall revert to arbitration.

The notice of invocation of FERC or applicable Canadian regulatory jurisdiction shall be sent by registered mail or some other type of mail system that provides a proof of receipt.



#### **4.9. Selection of Arbitrator(s)**

The Parties to a dispute may unanimously agree on any person to serve as a single Arbitrator or shall endeavor in good faith to agree on an Arbitrator from the list of qualified Arbitrators provided with the Acknowledgement of Request for Arbitration.

If, within twenty (20) Business Days from the Start-the-Clock date, the Parties are unable to agree on a single Arbitrator, then, not later than five (5) Business Days thereafter, each Party shall select an individual to act as an Arbitrator, provided that person meets the criteria of a qualified neutral, or a similar equivalent, in at least one jurisdiction. The Arbitrators so chosen shall choose a third Arbitrator within five (5) Business Days. The Arbitrators shall try and select the third Arbitrator from the list, but if such a selection is infeasible, the Arbitrators may select any individual to act as an Arbitrator, provided that person meets the criteria of a qualified neutral, or a similar equivalent, in at least one jurisdiction. This Arbitrator shall be the Procedure Arbitrator. A panel of three Arbitrators shall hear the dispute unless the Parties mutually agree that the Procedure Arbitrator shall act as the Sole Arbitrator.

The Arbitrator(s) shall disclose any real or perceived conflict of interest prior to their appointment. If the selection of such Arbitrator(s) is not objected to by any Party within five (5) Business Days based upon the disclosure, the Arbitrator(s) shall be officially notified of their appointment to hear the case and provided with the MRO Dispute Resolution Procedures by the Initiating Party. The Arbitrator(s) shall send a signed acceptance of appointment and acknowledgment of the receipt of these Procedures to all Parties and the General Counsel within five (5) Business Days.

The Parties and Intervenors are prohibited from having ex parte communication with the Arbitrator(s) regardless of whether that communication is oral, written, or by email.

#### **4.10. Intervention in the Arbitration**

Within twenty (20) Business Days of the Start-the-Clock Date, and upon a showing of good cause, any Member who demonstrates that it will be materially affected by the arbitration and will not be adequately represented by an existing Party to the arbitration may request the Right to Intervene in the Arbitration. The Arbitrator(s) will determine whether the Member will be permitted to intervene, based upon good cause shown. The intervention procedure may be modified or adapted by the Arbitrator(s) for use in a particular proceeding.

In order for a Request for the Right to Intervene to be considered, each Member wishing to intervene in arbitration of the dispute must simultaneously notify in writing the Corporate Secretary and all original Parties to the dispute of its intent to intervene. Such notice shall be sent by registered mail or some other type of mail system that provides proof of receipt.

At a minimum, the Request for the Right to Intervene must contain:

- A brief summary of the prospective Intervenor's interests in the dispute, which may be affected by the outcome of the arbitration.
- A brief summary evidencing good cause for intervention.



- A brief summary of the MRO decisions and dispute resolution processes that have been completed.
- Whether the prospective Intervenor has a separate but related dispute with any of the original Parties under consideration, or with any MRO organizational group.
- A statement setting forth each claim or counterclaim that the prospective Intervenor wishes to have resolved in the arbitration.
- A statement setting forth the basis for arbitration of the prospective Intervenor's claim(s) and/or counterclaim(s) under the terms of the MRO bylaws, policies or procedures. The prospective Intervenor must cite the article and section of the relevant document, precedential decision or other relevant authority.
- The type and amount of relief requested for each claim/counterclaim.
- A statement setting forth the basis for relief for each claim/counterclaim. The prospective Intervenor must cite the article and section of the relevant document, precedential decision, or other relevant authority.
- An acknowledgment that the Intervenor will bear a pro-rata share of the cost of the arbitration assessed to all Parties to the dispute.

Within ten (10) Business Days of the selection of the Arbitrator(s), the Procedure Arbitrator shall notify Intervenors and Parties of acceptance or denial of the Intervention request(s).

#### **4.11. Changes/Amendments to Claim or Counterclaim**

Parties to the arbitration shall have the right to add, delete, change or amend claims or counterclaims at will until the Arbitrator has been selected. Once the Arbitrator(s) is selected, additions, deletions, changes or amendments to claims and counterclaims will be accepted or denied at the discretion of the Arbitrator(s).

Notice, in writing, of additions, deletions, changes or amendments to claims and counterclaims must be simultaneously made to the General Counsel, the Arbitrator(s), if selected, and all Parties and Intervenors.

#### **4.12. Administrative Conference**

Within fifteen (15) Business Days of the selection of the Arbitrator(s), the Procedure Arbitrator shall contact the Parties and Intervenors, to schedule an administrative conference. The administrative conference may be conducted by conference call at the discretion of the Arbitrator(s).

The administrative conference shall address:

- The applicable rules for discovery and evidence.
- The schedules for discovery.
- The date for submission of documents.
- The date for the arbitration's evidentiary hearing, unless waived by the Parties pursuant to Section 4.13.



- The Arbitrator shall set the date for the issuance of the arbitral decision. The arbitral decision shall be issued not later than eight (8) months from the date of the selection of the Arbitrator(s), unless agreed otherwise by the Parties and Intervenor(s). While the Parties and Intervenor(s), may agree to an arbitration schedule that allows the Arbitrator(s) to prepare a decision earlier than eight (8) months after selection of the Arbitrator(s), the Arbitrator(s) shall manage the arbitration calendar to allow a maximum of forty-five (45) days, following the close of the evidentiary hearing, for the preparation of the decision.

Additional meetings, such as a preliminary hearing on the admissibility of witnesses and/or evidence, shall be arranged at this time.

The Arbitrator(s) shall have the power to impose sanctions for dilatory tactics or undue delays in completing the arbitral proceedings.

#### **4.13. Date, Time and Place of Hearing**

After consultation with the Parties and Intervenor(s), the Arbitrator(s) shall set the date, time and place for each hearing and notify the Parties, Intervenor(s) and the General Counsel in writing. The Parties and Intervenor(s) may provide, by written agreement, for the waiver of oral hearings.

#### **4.14. Representation**

Any Party or Intervenor may be represented by counsel or other representative. A Party intending to be represented shall notify the Arbitrator(s) and all other Parties and Intervenor(s) of the name and address of the representative at least five (5) Business Days prior to the date set for the hearing at which that person is first to appear. When such a representative initiates arbitration or responds for a Party or Intervenor, notice is deemed to have been given.

#### **4.15. Stenographic Record**

The Arbitrator(s) shall make arrangements for the preparation of a Stenographic Record and shall notify the Parties and Intervenor(s) of these arrangements in advance of the hearing. The Parties and Intervenor(s) shall pay the cost of the record. At the request of any Party or Intervenor, the Arbitrator(s) shall determine a fair and equitable allocation of the cost of the preparation of a record between or among Parties and Intervenor(s) to the proceeding. The transcript shall be the official record of the proceeding and it must be made available to the Arbitrator(s) for inspection at a date, time, and place determined by the Arbitrator(s).

#### **4.16. Interpreters**

Any Party or Intervenor wishing an interpreter shall make arrangements directly with the interpreter and shall be responsible for the costs thereof.

#### **4.17. Attendance at Hearings**

The Arbitrator(s) shall maintain the privacy of the proceedings. The original Parties and Intervenor(s) are entitled to attend hearings. The Arbitrator(s) shall otherwise have the power to require the exclusion of any witness, other than a Party or Intervenor, or other essential person, during the



testimony of any witness. It shall be discretionary with the Arbitrator(s) to determine the propriety of the attendance of any person.

#### **4.18. Postponements**

The Arbitrator(s), for good cause shown, may postpone any hearing upon the request of a Party, Intervenor, or upon the Arbitrator(s)' own initiative and shall also grant such postponement when all Parties and Intervenors agree thereto.

#### **4.19. Oaths**

Before proceeding with any hearing, each Arbitrator shall take an oath of office. The Arbitrator(s) shall require witnesses to testify under oath or solemn affirmation administered by any qualified person.

#### **4.20. Majority Decision**

All decisions of the Arbitrators must be by a majority.

#### **4.21. Order of Proceedings and Communication with Arbitrator**

A hearing shall be opened by:

- The filing of the oath of the Arbitrator(s).
- Recording of the date, time and place of the hearing.
- The presence of the Parties, Intervenors and their representatives, if any.
- The receipt into evidence by the Arbitrator(s) of the Request for Arbitration and the Response(s) to the Request for Arbitration, Counterclaim(s), and Request(s) for Right to Intervene in Arbitration (if any).

The Arbitrator(s) may, at the beginning of the hearing, ask for statements clarifying the issues involved. In some cases, part or all of the above will have been accomplished at the administrative conference conducted by the Arbitrator(s) pursuant to Section 4.12, above.

The Initiating Party shall then present evidence to support its claim. The Respondent(s) shall then present evidence supporting its defense and counterclaims. Each Intervenor shall present evidence to support its claims and counterclaims. Witnesses for each Party or Intervenor shall submit to questions or other examination under oath. The Arbitrator(s) shall afford a full and equal opportunity to all Parties and Intervenors for the presentation of material and relevant evidence.

Exhibits, when offered by Parties or Intervenors, may be received in evidence by the Arbitrator(s).

The names and addresses of all witnesses and a description of the exhibits in the order received shall be made a part of the record.

There shall be no direct communication between any Party or Intervenor and an Arbitrator(s) other than at oral hearing.





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#### **4.22. Arbitration in the Absence of a Party or Representative**

Unless the governing law provides to the contrary, the arbitration may proceed in the absence of any Party or Intervenor, or representative who, after due notice, fails to be present or fails to obtain a postponement. The Arbitrator(s) shall require the Party or Intervenor, who is present to submit such evidence as the Arbitrator(s) may require for the making of a decision.

#### **4.23. Evidence**

The Parties and Intervenors may offer such evidence as is relevant and material to the dispute and shall produce such evidence as the Arbitrator(s) may deem necessary to an understanding and determination of the dispute. An Arbitrator or other person authorized by law to subpoena witnesses or documents may do so independently or upon the request of any Party or Intervenor. The requesting Party is responsible for subpoena service and any charges related thereto.

Subject to the following paragraph, the forms and methods for taking evidence shall be as described in the Federal Rules of Evidence. Notwithstanding the previous sentence, the Arbitrator(s) may admit hearsay evidence if the evidence is the type of evidence a reasonable person would rely upon. The Arbitrator(s) shall be the judge of the relevance and materiality of the evidence offered.

The rules of evidence for the arbitration of disputes involving Members that are Canadian shall be governed by the provincial Evidence Act of the Canadian Member's jurisdiction.

The Arbitrator(s) may require submissions from the Parties and Intervenors, as shall be deemed appropriate, including submission of the direct testimony of witnesses, which shall be in written form and served on the other Parties and Intervenors in advance of the hearing. The Arbitrator(s) may exclude any evidence that is irrelevant, immaterial, or privileged.

#### **4.24. Confidentiality**

Any document or other information obtained from another Party or Intervenor in the course of an arbitral proceeding and not otherwise available to the receiving Party or Intervenor, including any such information contained in documents or other means of recording information created during the course of the proceeding, may be designated "Confidential" by the producing Party.

The Party producing documents or other information marked "Confidential" shall have twenty-one (21) days from the production of such material to submit a request to the Procedure Arbitrator to establish such requirements for the protection of such documents or other information designated as "Confidential" as may be reasonable and necessary to protect the confidentiality and commercial value of such information and the rights of the Parties and Intervenors.

Prior to the decision of the Procedure Arbitrator on a request for confidential treatment, documents or other information designated as "Confidential".





- Shall not be used by the receiving Party or Parties, Intervenor(s), the Arbitrator(s) or anyone working for or on behalf of any of the foregoing, for any purpose other than the arbitration proceeding.
- Shall not be disclosed in any form to any person not involved in the arbitration proceeding without the prior written consent of the Party producing the information or as permitted by the Arbitrator(s).

Any person or entity receiving a request or demand for disclosure, whether by compulsory process, discovery request, or otherwise, of documents or information obtained in the course of an arbitration proceeding that have been designated “Confidential” and that are subject to a non-disclosure requirement under the decision of the Arbitrator(s), shall immediately inform the person or entity from whom the information was obtained, and shall take all reasonable steps to afford the person or entity from whom the information was obtained an opportunity to protect the information from disclosure.

Any person disclosing information in violation of the requirements established by the Arbitrator(s) shall thereby waive any right to introduce or otherwise use such information in any judicial, regulatory or other legal dispute resolution proceeding, including the proceeding in which the information was obtained.

Nothing in these procedures shall preclude any person or entity from using documents or information properly obtained outside of an arbitral proceeding, or otherwise public, for any legitimate purpose, notwithstanding that the information was also obtained in the course of the arbitral proceeding.

#### **4.25. Inspection or Investigation**

An Arbitrator, finding it necessary to make an inspection or investigation in connection with the arbitration, shall so advise the Parties and Intervenors and set the date and time of such inspection or investigation. Any Party or Intervenor who so desires may be present at such an inspection or investigation. In the event that one or all Parties or Intervenors are not present at the inspection or investigation, the Arbitrator shall make a verbal or written report to the Parties and Intervenors and afford them an opportunity to comment. All Parties or Intervenors have the opportunity to be present for or receive a copy of the Arbitrator’s verbal or written report.

#### **4.26. Summary Disposition**

If it appears at any time there are no disputed issues as to any material fact, any Party or Intervenor may request the Arbitrator’s summary decision, and the Arbitrator(s) shall proceed to determine the same under the provision of Rule 56, Fed R. Civ. P. or applicable Provincial Evidence Act.

The forum for such argument, allowable discovery, and the timing for the summary decision shall be determined by the Arbitrator(s) at the administrative conference.

#### **4.27. Interim Measures**



At any time during the arbitration process, any Party or Intervenor may request (in writing, with copies to all other Parties and Intervenors) that the Arbitrator(s) render a written interim decision requiring that any action or decision that is the subject of a dispute not be put into effect, or imposing such other interim measures as the Arbitrator(s) may deem necessary or appropriate, to preserve the rights and obligations of the Parties and Intervenors during the arbitration process.

The Arbitrator(s) may issue such orders for interim relief as may be deemed necessary or appropriate to preserve the rights and obligations of the Parties and Intervenors during the arbitration process. The Arbitrator(s) shall not issue an interim decision or impose interim measures that exceed the scope of decision described in Section 4.34, below.

The Arbitrator(s) shall determine the urgency of a request for interim measures based upon the content of the request.

Not later than two (2) Business Days from the Arbitrator(s)' receipt of a request for interim measures, the Arbitrator(s) shall set an appropriate hearing time.

The delivery of the decision shall be as soon as possible, but not more than five (5) Business Days after the hearing.

#### **4.28. Closing of Hearing**

The Arbitrator(s) shall specifically inquire of all Parties and Intervenors whether they have any further proofs to offer or witnesses to be heard. Upon receiving negative replies, or if satisfied that the record is complete, the Arbitrator(s) shall declare the hearing closed.

If briefs are to be filed, the hearing shall be declared closed as of the final date set by the Arbitrator(s) for the receipt of briefs. The time limit within which the Arbitrator(s) is required to make the decision shall commence to run, in the absence of other agreements by the Parties and Intervenors, upon the closing of the hearing.

#### **4.29. Reopening of Hearing**

The hearing may be reopened on the Arbitrator's initiative or upon showing of good cause by a Party or Intervenor to reopen, at any time before the decision is made. If reopening the hearing would prevent making the decision within the eight (8) month time limit specified by these Procedures, the matter may not be reopened unless the Parties and Intervenors agree in writing to an extension of time.

#### **4.30. Waiver of Rules**

Any Party or Intervenor that proceeds with the arbitration after knowledge that any provision or requirement of these procedures has not been complied with and who fails to state an objection in writing within five (5) Business Days shall be deemed to have waived the right to object.

#### **4.31. Serving of Notice**



Each Party and Intervenor shall be deemed to have consented that any papers, notices or process necessary or proper for the initiation or continuation of an arbitration under these procedures, for any court action in connection therewith, or for the entry of judgment on any decision made under these rules may be served on a Party or Intervenor by registered mail addressed to an officer of the Party, Intervenor or its representative at its last known address or by personal service, in or outside the state where the arbitration is to be held, provided that reasonable opportunity to be heard with regard thereto has been granted to the Party or Intervenor.

The Parties and Intervenors may agree to use facsimile transmission, telegram or other written forms of electronic communication to give the notices required by these rules. However, the Request for Arbitration must be sent by registered mail or some other type of mail system that provides a proof of receipt.

#### **4.32. Time of Decision**

The decision shall be made promptly by the Arbitrator(s). The decision shall be issued no later than eight (8) months from the date of the selection of the Arbitrator(s) and, unless otherwise agreed to by the Parties and Intervenors or specified by law, no later than forty-five (45) Calendar Days from the date of the closing of the hearing, or, if oral hearings have been waived, from the date of the Parties' and Intervenors' transmittal of the final statements and proofs to the Arbitrator(s).

#### **4.33. Form of Decision**

The decision shall be in writing and shall be signed by a majority of the Arbitrators. It shall be executed in the manner required by law. The decision shall include findings of fact and conclusions of law for the decision.

#### **4.34. Scope of Decision**

The arbitral decision shall be based on:

- The evidence in the record.
- The terms of the MRO bylaws, including any policy, requirement, procedure, plan or other right or obligation established by or pursuant to the MRO bylaws.
- Applicable United States federal and state and Canadian federal and provincial laws, including the Federal Power Act and any applicable regulations and decisions and international treaties or agreements as applicable.
- Relevant decisions in previous arbitration proceedings under the MRO bylaws.

The Arbitrator(s) shall have no authority to amend any provision of the MRO bylaws, policies, procedures or other requirements.

#### **4.35. Enforcement**

The decision of the Arbitrator(s) shall be binding as allowed by law, provided that any Party or Intervenor affected thereby may request FERC or any other federal, state, or Canadian provincial regulatory or judicial authority having jurisdiction to vacate, modify or take such other action as may



be appropriate with respect to any arbitral decision that is based upon an error of law or is contrary to the statutes, rules or regulations administered by such authority.

Any Party or Intervenor making, responding to or intervening in proceedings resulting from any such request to vacate, modify or take such other action as may be appropriate with respect to any arbitral decision, shall request the authority to adopt the resolution, if not clearly erroneous, of any issue of fact expressly or necessarily decided in the arbitral proceeding, whether or not the Party participated in the arbitral proceeding.

Parties and Intervenors to the Arbitration shall be deemed to have consented that judgment upon the arbitration decision may be entered in any United States federal or state or Canadian federal or provincial court having jurisdiction thereof.

#### **4.36. Decision upon Settlement**

If all the Parties and Intervenors settle their dispute during the course of arbitration, the Arbitrator may set forth the terms of the agreed settlement in a decision. Such a decision is referred to as a consent decision and shall have no precedential effect for future arbitrations under the MRO bylaws.

#### **4.37. Delivery of Decision to Parties**

Parties and Intervenors shall accept as legal delivery of the decision the placing of the decision or a true copy thereof in the registered mail addressed to the last known address of an officer of the Party or its representative, personal service of the decision, or the filing of the decision in any other manner that is permitted by law. If delivery by one of these means is not possible, the Parties and Intervenors shall accept as legal delivery of the decision in any other manner that is permitted by law.

The Arbitrator(s) shall deliver the decision or a true copy thereof to the General Counsel. All decisions of the Arbitrator(s) shall be maintained by the General Counsel and shall, subject to any applicable confidentiality provisions, be made available to all MRO Members and regulatory authorities on request.

#### **4.38. Release of Documents for Judicial Proceedings**

The Arbitrator(s) shall, upon written request of a Party or Intervenor furnish to the Party or Intervenor, at that Party's or Intervenor's expense, certified copies of any papers in the Arbitrator's possession that may be required in judicial proceedings relating to the arbitration.

#### **4.39. Exclusion of Liability**

Neither the GPC members nor any Arbitrator in a proceeding under these rules is a necessary Party in judicial proceedings relating to the arbitration.

Neither the GPC nor any Arbitrator shall be liable to any Party or Intervenor for any act or omission in connection with any arbitration conducted under these procedures. Additionally, the mediator and arbitrator are immune from any subsequent subpoenas from the Parties or Intervenors.



#### **4.40. Expenses**

Unless the Arbitrator(s) shall decide otherwise, the costs of the time, expenses and other charges of the Arbitrator(s) and MRO, in its capacity as an administer of these procedures, be borne by the Parties to the dispute, with each Party and Intervenor on an arbitrated issue bearing a pro-rata share of such costs. These MRO administration costs shall include, but not be limited to:

- Initial paperwork
- Conference calls
- Overnight mail delivery
- Facility location and scheduling of meeting room(s)
- Selection and scheduling of mediator or arbitrator(s)
- Selection and scheduling of technical advisor
- Billing and collection costs
- Database maintenance

Each Party and Intervenor to an arbitral proceeding shall bear its own costs and fees.

The expenses of witnesses for either side shall be paid by the Party or Intervenor producing such witnesses. All other expenses of the arbitration, including required travel and other expenses of the Arbitrator(s), shall be borne equally by each side, unless they agree otherwise or unless the Arbitrator(s), in the decision, assesses such expenses or any part thereof against any specified Party, Parties or Intervenors.

If, in the reasoned opinion of the Arbitrator(s), the Request for Arbitration, Response to a Request for Arbitration or Counterclaim does not have a good faith basis in either law or fact, the Arbitrator(s) has the discretion to award the costs, expenses and other charges, including attorney(s)' fees and wages of persons involved, and the Arbitrators (s)' fees to the prevailing Party.

The Arbitrator(s) may also assign all or a portion of the costs of the time, expenses and other charges of the Arbitrator(s), the cost of arbitration, attorney(s)' fees, and the costs of mediation, if any, to any Party that substantially prevails on an issue determined by the Arbitrator(s) to have been raised without a substantial basis.

#### **4.41. Arbitrator's Compensation**

Arbitrators shall charge a rate consistent with the Arbitrator's stated hourly rate of compensation beginning with preparatory meetings through the delivery of the decision.

#### **4.42. Captions**

All captions used in these Procedures are for convenience only and shall not control or affect the meaning of any of the provisions thereof.



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*If you have questions or comments about the Midwest Reliability Organization (Midwest Reliability Organization) Dispute Resolution Process, contact the Midwest Reliability Organization General Counsel, 380 St. Peter Street, Suite 800, Saint Paul, Minnesota 55102, or at [generalcounsel@mro.net](mailto:generalcounsel@mro.net)*

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**[Attachments/Exhibits/etc.](#)**





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## Policy and Procedure 7: Whistleblowing

### 1. Objective

The objective of this policy and procedure is to set forth the Midwest Reliability Organization (MRO) policies and procedures regarding whistleblowing.

### 2. Policy

Any MRO director, officer, employee, agent or member and its representative who serves on any MRO organizational group ("covered persons") or other interested person who reasonably believes that there has been a violation of a Reliability Standard or of an MRO Policy and Procedure can report it using the procedures described below.

### 3. Responsibilities

- Any covered person who in good faith reports a suspected violation of a Reliability Standard or MRO's Policies and Procedures under this Whistleblowing Policy will be protected from threats of retaliation, discharge, or other types of discrimination. A covered person may not make a statement knowing it is false or in reckless disregard of the truth.
- Reports of suspected violations of a Reliability Standard or MRO's Policies and Procedures can be made to MRO's Chief Compliance Officer or third party "Hotline" provider. Suspected violations of a Reliability Standard may also be made pursuant to the North American Electric Reliability Corporation's (NERC's) Compliance Hotline Procedure, see <https://www.nerc.net/hotline>. The identity of a person making a report shall not be disclosed if such person requests anonymity. Reports of suspected violations of a Reliability Standard or MRO's Policies and Procedures can be made to:

**Corporate Compliance Officer, Midwest Reliability Organization**

Mr. Lam Chung  
380 St. Peter Street  
Saint Paul, Minnesota 55102  
Tel: (651) 256-5187  
Fax: (651) 855-1712  
[Lam.Chung@mro.net](mailto:Lam.Chung@mro.net)

**Hotlines**

MRO's Third Party Hotline, Lighthouse Services  
[reports@lighthouse-service.com](mailto:reports@lighthouse-service.com) (Reference MRO)  
(877) 472-2110

NERC's Compliance Hotline (suspected violations of Reliability Standards)  
[hotline@nerc.net](mailto:hotline@nerc.net)  
(609) 524-7029

- Reports should include as much specific information as possible such as names, dates, places, and a description of the event that took place; the person's belief of why the incident(s) is a suspected



violation of a Reliability Standard or MRO's Policies and Procedures; and the action the person recommends be taken.

- Upon receipt of a report of suspected violation directly or through one of the hotlines, the Chief Compliance Officer will determine whether to initiate an investigation. The Chief Compliance Officer will direct the investigation, if any, of the allegations in the report or designate MRO staff and/or third parties to conduct the investigation or refer the matter to NERC for investigation.
- Responses to a report will be made within 20 working days or as soon as practicable thereafter either directly to the person making the report if he or she has disclosed his or her identity. If the person makes the report anonymously through MRO's third party hotline or NERC's Compliance Hotline, the response will be provided to the person through the same hotline. If the person makes the report anonymously to MRO's Compliance Officer in such a manner that the person can be contacted, an account will be established on MRO's third party hotline and the anonymous person will be provided access information and the response will be provided through the third party hotline. If a person makes the report anonymously to MRO's Compliance Officer and MRO is not able to contact the person, MRO will complete its response and maintain it pursuant to its normal record retention policies.
- If MRO determines that a Compliance Violation Investigation is not warranted, it will document its supporting reasons and notify the interested person, NERC, and the Registered Entity involved that no further action will be taken.
- The Chief Compliance Officer will provide a quarterly report to the Governance and Personnel Committee of any complaints made pursuant to MRO's Policy and Procedure 7: Whistleblowing.



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## Policy and Procedure 8: Document Retention and Destruction

### 1. Objective

The objective of this policy and procedure is to set forth the Midwest Reliability Organization (MRO) policies regarding the retention and destruction of corporate documents.

### 2. Policy

MRO shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements.

“Records” and documents governed by this policy include paper, electronic files (including e-mail), and voicemail records, regardless of where the document is stored, including network servers, desktop or laptop computers, and handheld computers and other wireless devices with text messaging capabilities.

### 3. Responsibilities

- In accordance with 18 U.S.C. Section 1519 and the Sarbanes Oxley Act, MRO shall not knowingly destroy a document with the intent to obstruct or influence an “investigation or proper administration of any matter within the jurisdiction of any department agency of the United States [...] or in relation to or contemplation of such matter or case.” If an official investigation is underway or even suspended, document purging must stop in order to avoid criminal obstruction.
- If any MRO employee is asked to falsify, alter, or destroy any records, he or she shall immediately inform the Chief Compliance Officer.
- Immediately upon learning of an investigation or court proceeding involving a particular MRO matter or subject, MRO shall notify all employees to preserve all documents and records pertaining to that matter or subject and to cease and avoid any destruction of the documents and records pertaining to that matter or subject that would otherwise be authorized by this record retention and destruction policy.
- In order to eliminate accidental or innocent destruction, MRO has the following document retention policy.

### 4. Compliance Monitoring and Enforcement Records Policy

Information and data generated or received pursuant to Compliance Program activities, including Compliance Audits, Self-Certifications, Spot Checking, Compliance Violation Investigations, Self-Reporting, Periodic Data Submittals, Exception Reporting, and Complaints, as well as a hearing process, will be retained for the longer of (i) five years or (ii) any retention period specified in an applicable Reliability Standard or by the Federal Energy Regulatory Commission or another Applicable Governmental Authority.

Note that the obligation to retain information and data commences upon the initiation of the Compliance Program activity that produces the data or information. If the information or data is material to the resolution of a controversy, the retention period for such data shall not commence until after the controversy is resolved.



Department	Retention Period	Document Type
<b>Certification</b>	Permanent	<ul style="list-style-type: none"><li>Final certification reports</li><li>Final certification review reports</li><li>Certification Reports led by other Regional Entities</li><li>NERC Approval Letters to registered entities</li></ul>
	6 years	<ul style="list-style-type: none"><li>Data received from registered entities</li><li>Completed questionnaires</li><li>General correspondences</li><li>Correspondences<ul style="list-style-type: none"><li>Requests from registered entities</li></ul></li><li>Confirmation from registered entity that report was reviewed</li></ul>
	Destroy	<ul style="list-style-type: none"><li>Notes (after time to appeal is expired)</li><li>All supporting documentation of reviews led by other Regional Entities (items are retained by Lead Regional Entity for 5 years)</li><li>Transmittal correspondence (i.e., "see attached" emails)</li></ul>
<b>Registration</b>	Permanent	<ul style="list-style-type: none"><li>Requests for registration, letters and/or registration forms<ul style="list-style-type: none"><li>Including Coordinated Functional Registration and Joint Registration Organizations</li></ul></li><li>Requests for changes in registration</li><li>Denials of registration requests</li><li>NERC registration letters</li><li>Final notifications of appeals results</li><li>Registration metrics (started in 2015)</li></ul>
	6 Years	<ul style="list-style-type: none"><li>Coordinated Functional Registration updates</li></ul>
	6 Years	<ul style="list-style-type: none"><li>Facility verification forms</li><li>Contracts</li><li>System schematics</li><li>Facility specifications</li><li>Results of surveys</li></ul>
	Destroy	<ul style="list-style-type: none"><li>General questions</li><li>Requests from NERC to review registration letters</li></ul>
<b>Standards</b>	Permanent	<ul style="list-style-type: none"><li>MRO Regional Reliability Standards Process Manuals, all versions</li><li>Regional Reliability Standards (should be archived elsewhere)</li><li>Regional ballots (should be archived elsewhere)</li><li>Application Guides with broad applicability</li><li>Application Guides regarding specific Reliability Standards</li></ul>
	7 Years	<ul style="list-style-type: none"><li>General correspondences</li><li>Committee meeting minutes</li></ul>
	3 Years after the standard is retired	<ul style="list-style-type: none"><li>MRO Internal Guidance documents</li></ul>



Department	Retention Period	Document Type
	2 Years	<ul style="list-style-type: none"><li>• MRO NERC Standard Review Forum (NSRF) meeting minutes</li><li>• MRO NSRF Standards comments submitted to NERC</li></ul>
	Destroy	<ul style="list-style-type: none"><li>• Transmittal correspondences</li><li>• Application Guides draft documents</li></ul>
<b>Net Energy Load</b>	3 years	<ul style="list-style-type: none"><li>• Annual reports to Finance Department, Finance Department is record holder</li><li>• Annual numbers reported to MRO</li></ul>
	Destroy	<ul style="list-style-type: none"><li>• Requests for annual submittals</li><li>• Transmittal correspondences</li></ul>
<b>Administrative</b>	Permanent	<ul style="list-style-type: none"><li>• MRO position papers</li></ul>
	3 Years after the version is retired	<ul style="list-style-type: none"><li>• MRO procedures MRO responses to NERC data requests</li></ul>
	Destroy	<ul style="list-style-type: none"><li>• Transmittal correspondences</li></ul>

## 5. Other Records Policy

Document Type	Retention Period <sup>1</sup>
<b>Accounts Receivable/Payable Ledgers/ Schedules and correspondence with vendors.</b>	7 years
<b>Annual audited financial statements, audit reports, general ledgers, internal audit reports, trial balance journals</b>	Permanently
<b>Certificate of Incorporation, Charter, Bylaws, minutes, and other incorporation records</b>	Permanently
<b>Bank Reconciliation</b>	7 years
<b>Bank statements, deposit records, electronic fund transfer documents, and cancelled checks</b>	7 years
<b>Chart of Accounts</b>	Permanently
<b>Company policy &amp; practice manuals</b>	Permanently
<b>Contracts, mortgages, notes and leases (still in effect)</b>	Permanently
<b>Contracts, mortgages, notes and leases (expired)</b>	7 years
<b>Correspondence (general)</b>	7 years
<b>Correspondence (legal and important matters)</b>	Permanently
<b>Correspondence (with customers and vendors)</b>	7 years
<b>Depreciation schedules</b>	Permanently

<sup>1</sup> For records subject to seven-year retention periods, these records shall be retained until entry of a final FERC order, no longer subject to judicial review, on the NERC performance assessment covering the year in which the record was generated.



Document Type	Retention Period <sup>1</sup>
Election records	Permanently
Employment applications	2 years from making the record or taking the personnel action
Garnishments	7 years
Insurance policies, records, current accident reports, claims (still in effect)	Permanently
Insurance policies, records, accident reports, claims (expired)	Permanently
Inventory records	7 years
Invoices to customers and from vendors (including purchase orders and receipt records)	7 years
Loan documents and notes	Permanently
Ownership of property and real estate	Permanently
Patents, trademark registrations, and copyrights	7 years
Personnel files (employee demographic information and compensation records)	7 years
Personnel files (I-9's)	7 years after date of hire or 7 years after termination
Personnel files (payroll records and summaries including records related to employee's leave)	7 years
Petty cash vouchers	7 years
Retirement and pension records including Summary Plan Descriptions (ERISA)	Permanently
Sales records and journals	7 years
Subsidiary ledgers	7 years
Tax returns and worksheets	Permanently
Timesheets	7 years
Vouchers for payments to employees for reimbursements	7 years
Workers Compensation documentation	10 years after first closure





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## Policy and Procedure 9: Consolidated Hearing Process

### 1. Objective

The objective of this policy and procedure is to set forth the Midwest Reliability Organization (MRO) policies regarding the selection and compensation of MRO Regional Representatives to serve on an ERO Hearing Body as described in in Section 403.15B (“Consolidated Hearing Process”) of the NERC Rules of Procedure (ROP) and detailed in Attachment 2 (“Hearing Procedures”) of Appendix 4C of the NERC Rules of Procedure (“Compliance Monitoring and Enforcement Program” or “CMEP” established to address MRO matters.

### 2. Policy

The ERO Hearing Body will have the authority to conduct hearings and render decisions on compliance issues in which a registered entity contests the finding of an alleged violation, proposed penalty or sanction, or a proposed mitigation plan. The details of the hearing process and duties of the Hearing Body are identified in the applicable NERC ROPs.

### 3. Responsibilities

#### A. Selection of MRO Regional Representatives:

When selecting individuals to serve as MRO Regional Representatives on an ERO Hearing Body, the Governance and Personnel Committee will appoint individuals with the requisite expertise related to the technical or procedural aspect(s) of the contested issue. The Governance and Personnel Committee may appoint individuals who have previously served on the MRO Board of Directors or on a MRO organizational group.

If the Governance and Personnel Committee determines that there are no former MRO board members or organizational group members available to serve on an ERO Hearing Body, the Governance and Personnel Committee may appoint one or more individuals who have industry experience in the MRO region. If the Governance and Personnel Committee is not able to identify individuals with the requisite knowledge and expertise, the Governance and Personnel Committee may seek nominations from the current list of MRO members.

The Governance and Personnel Committee will not appoint two individuals whose most recent employer, or the employer with which the individual spent the majority of his/her career, are from the same industry sector. In appointing Representatives, the Governance and Personnel Committee will consider any real, or perceived, conflicts of interest an individual may have in serving as a Representative. Representatives may not be employed by, or conducting work for, any entity on the NERC Registry. Representatives may not have more than a *de minimus* equity interest (as defined in MRO’s Policy and Procedure 10: Conflict of Interest) in the registered entity that is the party to the hearing.





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## **B. Compensation:**

Individuals appointed to serve as a MRO Regional Representative on an ERO Hearing Body will be compensated as follows:

- For time spent in reviewing documentation and preparing for a hearing, including time to obtain necessary training, a MRO Regional Representative will receive compensation of \$5,000.
- For attendance at a hearing, a MRO Regional Representative will receive a flat per day rate of \$3,000 for each day of the hearing<sup>1</sup> for each of the first 10 days during which the hearing is conducted. Starting on day 11, and for each day after, the flat per day rate will be \$1,500 for each day of hearing until the maximum compensation amount has been reached.
- The maximum compensation per hearing appointment to be paid to MRO Regional Representatives is \$50,000. Requests for compensation for reasonable time spent in excess of the maximum total amount will be subject to review and approval of the MRO Finance and Audit Committee.
- In addition to compensation outlined above, MRO Regional Representatives will receive reimbursement of reasonable out-of-pocket expenses incurred in attending a hearing including, but not limited to, travel, meals, and accommodations.

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<sup>1</sup> Travel to and from the hearing the day before or the day after the hearing is not considered a hearing day for purpose of this fee. A day(s) spent in post-hearing deliberations required by the hearing is considered a hearing day for the purpose of this fee.



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## Policy and Procedure 10: Conflicts of Interest

### 1. Objective

The objective purpose of this Conflict of Interest Policy (Policy) is as follows:

- To protect the reputation and integrity of MRO's business and the exercise of its delegated responsibilities from the North American Electric Reliability Corporation from real or perceived Conflicts of Interest.
- To protect MRO's tax-exempt interest when MRO is contemplating entering into a transaction or arrangement that might benefit the private interest of a MRO director might result in a possible excess benefit transaction.<sup>1</sup>
- To provide for a procedure to identify, disclose, and resolve Conflicts of Interest.

This policy is intended to supplement, but not replace, any applicable state and federal laws governing Conflict of Interest applicable to nonprofit corporations.

### 2. Policy Application

This policy and procedure is applicable to Midwest Reliability Organization's (MRO) directors.

### 3. Definitions

#### A. Conflict of Interest:

A "Conflict of Interest" is:

- A director or a Family Member is a party to a contract with MRO;
- A director or a Family Member is a party to a contract with MRO and an entity in which the director or Family Member is also a director, officer or other legal representative;
- A director is involved or participating in a Particular Matter directly or indirectly involving MRO; or
- A director or a Family Member has a Material Financial Interest in a transaction or a Particular Matter between MRO and an entity in which the director or Family Member is also a director, officer, or other legal representative.

In situations where you are uncertain, err on the side of caution and disclose the potential conflict as set forth in the Policy. A potential conflict is not necessarily a Conflict of Interest.

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<sup>1</sup> An "excess benefit transaction" is defined by the I.R.S. as "the amount by which the value of the economic benefit provided by an applicable tax-exempt organization directly or indirectly to or for the use of any disqualified person exceeds the value of the consideration (including the performance of services) received for providing such benefit." 26 C.F.R. § 53.4958-1(b) (2013) <http://www.law.cornell.edu/cfr/text/26/53.4958-1>



#### **B. Family Member:**

A “Family Member” is a spouse, parent, child, or spouse of a child of a director, and includes other members of the household of a director whereby the director’s impartiality may be influenced by the interests of Family Members and thus be imputed to the director for Conflict of Interest purposes.

#### **C. Material Financial Interest:**

A “Material Financial Interest” is a financial interest of any kind, which in view of a reasonable person, there is a predictable (real, as opposed to speculative possibility) that the matter will affect the financial interests of the director or Family Member to a level greater than a Di Minimis Interest.

#### **D. Particular Matter:**

A “Particular Matter” is a matter where MRO is directly or indirectly involved where in the view of a reasonable person the participation or involvement of the director may cause concerns a director is not acting in good faith and in the best interest of MRO.

#### **E. Disclosure:**

A “Disclosure” is the Conflict of Interest Disclosure Questionnaire in the form attached to this Policy.

#### **F. Gift:**

A “Gift” is anything of a value, which includes cash, loans, personal favors, discounts, contributions or goods or services from an industry stakeholder or any other person or entity doing business with MRO except to the extent such Gift is offered to the general public on the same terms and conditions.

#### **G. Independent Director:**

An “Independent Director” is a director who meets the criteria provided in Section 1.13 of included in the MRO’s Bylaws and any other requirements as approved by the board.

#### **H. Di Minimis Interest:**

A “Di Minimis Interest” means: (a) it is not more than .0005 of that equity’s outstanding equity interests; (b) no more than 5% of the equity’s consolidated gross revenues come from activities related to the work that requires the entity to be on the NERC Compliance Registry; or (c) the investment is held in a (i) diversified fund; (ii) a blind trust; or (iii) unified investment trust.

### **4. Disclosure Process - Disclosing Potential Conflicts of Interest**

**A.** If a director believes he or she may have a potential Conflict of Interest, the director shall first bring the matter to the Governance and Personnel Committee (GPC) Chair and the Vice President General Counsel to discuss the potential Conflict of Interest.<sup>i</sup> The director shall provide an updated Disclosure and a written statement describing the potential Conflict of Interest and detailing all material facts. If as a result of the review of the written statement and resulting discussion, all the parties involved agree there is a real Conflict of Interest, the director shall recuse him or herself from voting on the matter giving rise to the Conflict of Interest. If the director does not agree with the recusal decision, the matter will proceed to the Governance Process.



**A.B.** Annually all directors shall review this Policy and sign the Disclosure in the form attached to this Policy. New directors must submit the Disclosure prior to first board meeting. The Disclosure shall be submitted to the Assistant Corporate Secretary.

**B.C.** If the director or an MRO employee, has reasonable cause to believe that a director has failed to disclose a Conflict of Interest as required by this Policy, that individual shall inform the GPC Chair and the Vice President General Counsel of the basis for such belief in a written statement and these individuals will investigate the matter.

## **5. Governance Process - Determining Whether a Conflict of Interest Exists**

**A.** In the event there is a potential Conflict of Interest and the director disputes the recusal decision in the Disclosure Process, such director may bring the matter forward to the GPC.

**A.B.** The GPC will ensure that the director has an opportunity to disclose all material facts and make a presentation related to the potential Conflict of Interest. After disclosure and an opportunity for the governing body to discuss the issue with the director, he or she will leave the meeting. The GPC will deliberate and determine if a Conflict of Interest exists.

**B.C.** In determining whether a Conflict of Interest exists, the GPC shall consider whether the potential Conflict of Interest would cause the transaction entered into by MRO to raise questions concerning good faith, fair dealing, or acting in the best interest of MRO or any other impropriety. The person asserting the validity of contract or transaction has the burden of proof establishing the contract or transaction is fair and reasonable to MRO.

**C.D.** After the material facts of the contract or transaction are fully disclosed and made known to the GPC, the GPC may determine by a majority vote of disinterested GPC members, that there is or is not a Conflict of Interest. If the GPC determines there is a Conflict of Interest, the director shall recuse him or herself from voting on the matter giving rise to the Conflict of Interest, or proceed to bring the matter before the MRO board.

**D.E.** The MRO board may accept the GPC's decision or allow the director to fully disclose to the board the material facts of the potential Conflict of Interest and the director's interest. After such disclosure, the board will determine if it believes a real Conflict of Interest exists by a majority of the directors entitled to vote. If the board vote finds a Conflict of Interest, the director must recuse him or herself from voting on the matter giving rise to the Conflict of Interest.

## **6. Record of Procedures**

The minutes of the governing body addressing the Conflict of Interests or any other matter under this Policy and Procedure shall be specific and where applicable contain:

- A.** The names of the person(s) who disclosed or was otherwise found to have actual or possible Conflict of Interest, the nature of the Conflict of Interest, any action taken to determine whether a Conflict of Interest was present, and the governing body's decision as to whether a Conflict of Interest in fact existed.



- B.** The names of the persons who were present for discussions and votes relating to the contract or transaction, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **7. Prohibitions Regarding Gifts**

- ~~A.~~ Directors shall not accept any Gifts except to the extent such Gift is offered to the general public on the same terms and conditions or is a gift given by MRO. Gifts should be returned or offers declined with an explanation of these Policy requirements. If the Gift is perishable, it should be donated.

~~A.~~

~~B.~~

- ~~C.B.~~ The acceptance of payment of a vested benefit by an Independent Director who has retired from an entity (including predecessor or successor entities) on the NERC Compliance Registry is not prohibited provided the benefit does not result in more than a Di Minimis equity interest.

## **8. Prohibitions for Directors Regarding MRO's Compliance Monitoring and Enforcement Program (CMEP)**

- ~~A.~~ No director may participate in any manner in MRO's investigations related to a potential violation, compliance audits, reports, sanction determinations, or other matters within the CMEP.

- ~~A.B.~~ MRO Industry Sector and Regional Directors may engage in actions on behalf of their employer regarding a compliance monitoring, mitigation and/or enforcement matter where MRO is involved. Concerns about the participation of any MRO Industry Sector or Regional Director may be raised by any director or MRO employee and should be brought to the attention of the MRO President and CEO who will seek an appropriate resolution of the matter with the advice and counsel of the Independent Directors.

<sup>i</sup> If the matter involves the GPC Chair making such disclosure, the Disclosure and written statement shall be submitted to the MRO Board Chair and the Vice President, General Counsel.



Midwest Reliability Organization (MRO)

Conflict of Interest Disclosure Questionnaire

If a section does not apply, please use “None” or “N/A”

A. Please list any Registered Entities in North America in which are you a director, officer, or employee:

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B. Please list any businesses from the electricity sector in which you or a Family Member have a Material Financial interest, including, but not limited to, stocks or options, pension, savings, or 401(k) plans. You need not list diversified mutual funds that may have electricity sector holdings. **Please indicate the type of items in this section, such as stocks, pension, savings, or 401(k).**

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C. Please describe any business arrangements that you or a Family Member has with an electricity sector business. Please include consulting or other professional service relationships, vendor relationships, banking relationships, or other relationships that could provide financial remuneration or gain. **Please describe the nature of the business arrangement.**

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D. Do you have any other business or personal relationships, not covered in your answers to Questions A through C that could appear to be a Conflict of Interest?

Yes ☐ No ☐

If yes, please explain.

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I hereby certify that my responses to the above questions are accurate and complete. I also acknowledge my ongoing responsibility to disclose to Midwest Reliability Organization, Inc. any Conflict of Interest that may arise during the course of my service.

Name (Please Print): \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





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## Policy and Procedure 11.1: Executive Officer Employment Agreements

### 1. Objective

~~The objective of this policy is Midwest Reliability Organization's (MRO) Executive Officer Employment Agreements Policy is designed~~ to provide the criteria for the use, review, and approval of employment agreements for executive officers and executive staff.

### 2. Policy

Executive officer and executive staff employment agreements are subject to the approval of the board. Such employment agreements should be reasonable in terms, conditions, and duration.

### 3. Procedures

Executive officer and executive staff employment agreements shall be presented to the board for consideration and approval in executive session. Agreements may be executed by the board chair, a designate of the board chair, or the President and CEO, after board approval.



## Policy and Procedure 12: General Finance Policies

### 1. Objective

The ~~objective~~purpose of this ~~policy and procedure is to define how~~section is to present the policies the Midwest Reliability Organization (MRO) ~~follows in managing~~esing its financial, operational, and budgetary affairs. These are general policy statements representing long-standing principles, traditions, and practices that have guided MRO in maintaining its financial stability.

### 2. Policy

These financial policies are intended to cultivate a culture of success and awareness of the vital need for prudent, informed and sound judgment in managing the financial and physical resources of MRO.

### 3. Provisions

#### A. Access to Records:

Members may inspect all books and records and voting agreements for any proper purpose at any reasonable time.

#### B. Accounting Method:

MRO utilizes the accrual basis of accounting that recognizes revenues when they have been earned and expenses when they have been incurred consistent with generally accepted accounting principles (GAAP).

#### C. Fiscal Year:

MRO's Calendar Year is January 1 ~~to~~— December 31.

#### D. Accounts Payable Accruals:

MRO accrues unpaid expenses at the end of the year on its financial records. Expenses have no minimum dollar limit and include accounting for estimates.

#### E. Accounts Receivable Write-Off Procedures and Authority:

All reasonable means of collecting accounts receivable will be exhausted before write-off procedures are initiated. If write-off procedures have been initiated, the following accounting treatment applies:

- i. Invoices written off that are dated during the current year will be treated as a reduction of the appropriate revenue account.
- ii. Invoices written off that are dated prior to the current year will be treated as bad debt.

#### F. Annual Audit:

MRO ~~shall will~~ retain an independent accounting firm to conduct an annual audit. The MRO Board of Directors ~~shall will~~ approve the accounting firm. The MRO Finance and Audit Committee may review proposals received from accounting firms and make recommendations to the board of directors.



#### **G. Bank Accounts:**

The board of directors shall approve the financial institutions in which MRO maintains funds unless such account is mandated by regulations. No accounts may be established without a resolution of the board unless such account is mandated by regulations. The board of directors will be notified of any accounts mandated by regulations. Accounts for the collection of financial penalties under Section 215 of the Federal Power Act (U.S.) shall be segregated in a separate interest bearing account and released into general funds consistent with regulations or other rules.

#### **H. MRO Retiree Medical Trust Funding, Reserves, and Budget:**

The annual retiree medical trust funding, reserves, and operating and capital budget, shall be prepared by the MRO staff in conjunction with the standing committees and submitted to the Finance and Audit Committee for approval by April 15. The Finance and Audit Committee will recommend the approved retiree medical trust funding, reserves, and budget, to the board of directors for adoption (typically the second board of directors meeting prior to the due date to NERC in the month of July). The MRO Retiree Medical Trust funding amount will be based on an actuarial study that is reviewed during the annual independent financial audit. The funding amount will be included in the budget as part of the personnel expense. The reserves will include a balance necessary to satisfy projected annual cash flow and cash balance requirements or as required by regulations. MRO staff may propose to set aside funds in a separate reserve account to be released in future periods to mitigate year-to-year variations in assessments. The reserves shall be reviewed annually to evaluate the sufficiency of the balance. The budget will include all resources necessary to complete the activities indicated in the annual implementation of the business plan. Committee chairs and vice chairs shall be included in the budgeting process to obtain action plans that may be helpful in ensuring a complete budget. The budget will reflect revenues equal to expenses unless specifically adopted by the board of directors to reflect a reserve in any particular year or if required by regulations. The budget will be monitored by MRO staff and the MRO Finance and Audit Committee for financial performance to ensure program goals are met consistent with the business plan and budget.

#### **I. Capital Expenditures:**

MRO purchases will be made by competitive bid on all expenditures of \$10,000 or more. Exceptions are to be noted by memorandum and provided along with appropriate purchasing documentation to the approving authority. In evaluating competitive bids, MRO shall give due consideration to each bidder's policies regarding supplier's diversity and use of local business.

#### **J. Capitalization Cutoff Points:**

MRO will expense assets in the period purchased if these assets cost less than \$3,000. Assets costing in excess of \$3,000 will be capitalized and depreciated in accordance with MRO's depreciation policies. Capitalization of intangible assets will be limited to assets of a significant monetary nature at no less than \$15,000. These assets must meet the definition of an intangible asset and be identified as having significant relevance to the operation of the organization. Any previously recognized intangible found to be impaired and no longer meeting the monetary threshold will be a write-off due to loss in value.

#### **K. Check Disbursements<sup>1</sup>:**

All check disbursements will require approved invoices or expense vouchers. The resulting checks will be signed by an authorized check signer.



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**L. Check Endorsement Policy:**

All checks shall be endorsed immediately upon receipt with a stamp for deposit only into the MRO checking account. The stamp will include the appropriate bank name and account number.

**M. Check Signers:**

Check signing authority is granted to the President and CEO and the Treasurer. Two alternate staff have authority as secondary signers for checks requiring two signatures. The department directors review invoices relating to their area of responsibility to ensure that proper documentation and authorization are included prior to payment. The Treasurer reviews all invoices to ensure that proper documentation and authorization are included prior to payment.

**N. Expense Checks for MRO Staff:**

Expenses will be reviewed and approved by the responsible manager or department director. The President and CEO's expenses will be reviewed and approved by the Governance and Personnel Committee Chair. This review and approval may occur via electronic means.

**O. Prepaid purchases:**

MRO records prepaid service costs of a short-term nature on its financial records that are in excess of \$3,600 or the equivalent of \$300/month.

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<sup>i</sup> Electronic disbursements also require approved invoices or expense vouchers. The resulting payment is electronically approved by an authorized check signer.



## Policy and Procedure 13: Reserves Policy

### 1. Objective

The ~~objective~~purpose of this policy and procedure is to identify and communicate Midwest Reliability Organization's (MRO) policy for the determination of the company's annual targeted operating reserves, the requirements and the authorization of management to access these funds, as well as, the use of reserve funds for asset stabilization.

### 2. Policy

MRO's annual targeted operating reserves requirement shall be an amount necessary to satisfy projected cash flow and cash balance requirement to support planned operations, including reasonable contingencies. Each year MRO staff will propose the amount for the targeted operating reserves as part of the business plan and budget process to the Finance and Audit Committee (FAC), which will make a recommendation to the MRO Board of Directors for its approval. In addition, MRO staff may propose to set aside funds in a separate reserve account to be released in future periods to mitigate year-to-year variations in assessments.

#### A. Guidelines Applicable to Determination of Reserves

The targeted operating reserves requirement will be determined based on the additional cash-on-hand necessary to meet unplanned, short-term financial needs resulting from changes in the level of expenditures that would adversely affect the company's total annual operating budget during the budget year, where the total budget reflects prudent fiscal discipline and good stewardship of resources.

Additionally, operating reserve funds may be used, when available, to mitigate year-to-year variations in assessments. Variations can result from a variety of factors, including but not limited to the application of penalty funds, surplus funds available from a prior period, or significant, and relatively short-term, operating or capital spending needs. Except as otherwise approved by the board, reserve funds may not be used for any purpose inconsistent with this policy.

#### B. Guidelines and Authorities Applicable to Expenditures of Reserves

The following guidelines, limitation, and authorities shall apply to reserve expenditures.

- i. MRO staff shall have the authority to reduce or reallocate funding within the approved annual budget when such reduction or re-allocation does not result in the need for additional funding in the current or future years. Use of operating reserves is not considered "additional funding." Such reductions or reallocations in funding shall be reported to the FAC.
- ii. MRO staff shall have the authority to access operating reserves and reallocate funding if it does not result in the need for additional current or future funding beyond the operating reserves. Accessing the operating reserves and the reallocation in funding shall be reported to the FAC.

*Approved by the MRO Board: December 2, 2021*

Page 1 of 2



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- iii. MRO staff shall request FAC and board approval with respect to the use of operating reserves and the reallocation of funding due to the following:
    - a. Reallocation of approved budget funds and/or use of reserve funds, which have budget implications in future years.
    - b. Reallocation of approved budget funds and/or use of reserve funds, which materially impact the organizations ability to meet its functions under the Delegation Agreement.
  - iv. Any expenditure of funds that would deplete all short-term cash resources requires staff to evaluate the need to acquire funds for cash management from the credit line and/or request for supplemental funding from NERC as approved by FERC. Prior approval by the FAC and the board of directors is required before accessing the line of credit or seeking supplemental funding from NERC.

All expenditures of funds are subject to other applicable company policies and procedures, including currently effective procurement policies.





## Finance and Audit Committee Charter

### I. Organization

Pursuant to the authority granted in Article 8 of the Bylaws of the Midwest Reliability Organization (Bylaws), ~~There shall be a committee of the board of directors (Board) of the Midwest Reliability Organization (MRO or Company) Board of Directors (board) known as the Finance and Audit Committee (FAC or Committee). This c~~Charter shall govern the Committee with regard to its duties and responsibilities.

### II. Purpose

The ~~purpose of the FAC is to assist the board in the discharge of its fiduciary duty regarding the financial status of the Company, and to monitor the component parts of the audit process and the integrity of the Company's financial reporting.~~ Committee shall report to the Board. The purposes of the Committee are to:

~~Assist the Board in the discharge of its responsibility to monitor the component parts of the audit process and the integrity of the Company's financial reporting.~~

~~Provide independent communication between the Board and the external auditor.~~

~~Monitor the independence of the external auditor to ensure the external auditor remains ultimately accountable to the Board and the Committee.~~

~~Maintain the quality, credibility, and objectivity of financial reports and satisfy itself as to the adequacy of the supporting systems of internal accounting controls; monitor the Company's defined contribution plan, benefits, and other legal and regulatory matters of a financial concern.~~

~~Ensure that the external independent auditor conducts a review of management's internal control structure and confirms that the review is consistent with the size and complexity of the organization.~~

~~Oversee the implementation and operation of the Corporate Compliance and Ethics Program.~~

Commented [JP1]: These are all responsibilities, not purposes. They have each been captured below.

### III. Responsibilities

~~In carrying out the above purposes, the Committee shall:~~

~~A. Review the Company's annual financial statements. This review will include:~~

~~1. Discussions with management and the external auditor and a consideration of a report by the external auditor to the Committee of matters related to the conduct of the audit.~~

~~2. Discussions with the external auditor with respect to the auditor's judgment with regard to:~~

~~a. both the acceptability and quality of the financial statements;~~

~~b. the selection of changes in significant accounting policies;~~

~~c. the method used to account for significant unusual transactions;~~

~~d. the effect of significant accounting policies in controversial or emerging areas;~~

~~e. the degree of aggressiveness or conservatism, as the case may be, of the accounting policies adopted by the Company;~~

~~f. the process used by management in formulating particularly significant accounting estimates; and~~

~~g. the basis for the external auditor's conclusions regarding the reasonableness of those estimates.~~

~~3. Review significant adjustments arising from the audit.~~

Approved by the MRO Board: December 2, 2021

Page 1 of 6



4. Review disagreements with management over the application of accounting policies and the disclosures in the financial statements.
5. Review the external auditor's suggestions for improvements to the Company's operations and internal controls.
6. Review the Company's compliance with the Sarbanes-Oxley Act of 2002, as appropriate for a non-profit, non-issuer organization.
7. In any reviews, the Committee may rely on MRO staff expertise and/or the professional or expert competence of those persons selected in the management of MRO's financial management, including retirement plans.
- B. Based on its review and discussion, determine whether to recommend the acceptance by the Board of such audited financial statements.
- C. Review existing covenants of current financing agreements and/or long-term contractual agreements of material value.
- D. Review and/or recommend approval of Company management to authorize new financing agreements and renewal of existing financing agreement(s) including compliance with various covenants and any long-term contractual agreements of material value.
- E. Review with management, the external auditor and legal counsel, the Company's procedures to ensure compliance with applicable laws and regulations, and any significant litigation, claim, or other contingency, including tax assessments, that would have a material effect upon the financial position or operating results of the Company and the disclosure or impact on the results of these matters in the annual financial statements.
- F. Meet privately with:
  1. Management to assess the performance of the external auditor.
  2. The external auditor to inquire about time pressures on the external auditor, to understand any restrictions placed on them or other difficulties encountered in the course of the audit, including restrictions on the scope of their work and access to requested information and the level of cooperation received from management during the performance of their work and their evaluation of the Company's financial, accounting, and personnel systems.
- G. Evaluate the performance of the external auditor and, if so determined, recommend to the Board the reappointment of the external auditor or steps to replace the external auditor.
- H. Obtain from the Company's external auditor the major audit findings and internal control recommendations reported during the period under review, the response of management to those recommendations, and review the follow-up performed by management in order to monitor whether management has implemented an effective system of internal accounting control.
- I. Review significant emerging accounting and reporting issues, including recent professional and regulatory pronouncements, and assess their impact on the Company's financial statements.
- J. Pursuant to Policy and Procedure 12: General Finance Policies, recommend a reserves, budget, and the retiree medical trust funding to the Board for adoption.
- K. Review the investment performance of the Midwest Reliability Organization Thrift Savings Plan (TSP).
  1. Review annually the report from the Midwest Reliability Organization TSP Investment Committee regarding investment performance, the associated fees and the performance of the investment manager each year.
  2. Review any changes to the Midwest Reliability Organization TSP Investment Committee Charter made by the Committee.
- L. Review the investment performance of Midwest Reliability Organization Retiree Medical Plan.
  1. Review annually the report from the Midwest Reliability Organization Investment Committee regarding investment performance, the associated fees and the performance of the investment manager each year.

Approved by the MRO Board: December 2, 2021

Page 2 of 6



- ~~2. Review any changes to the Midwest Reliability Organization Investment Committee Charter made by the Committee.~~
- ~~M. Review Midwest Reliability Organization 457B Plan and Trust.~~
  - ~~1. Review annually a written report from the Trustee regarding the administration of the Rabbi Trust during the preceding year setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of the such year.~~
- ~~N. Report to the Board annually on activities, findings, and conclusions of the Committee.~~
- ~~O. Review MRO's annual Form 990 tax filing. This includes posting the draft filing for board member comments prior to being filed with the IRS.~~
- ~~P. Review the Committee Charter. Any changes shall be approved by the Committee and recommended for approval to the Governance and Personnel Committee.~~
- ~~Q. Review all finance related board policies and procedures. Any changes shall be approved by the Committee and recommended for approval to the Governance and Personnel Committee.~~
- ~~R. Review any substantive changes to the internal compliance and ethics document for appropriateness.~~
- ~~S. Review the business insurance coverage and any recommended changes or additions as deemed necessary by Company staff or its advisors.~~
- ~~T. Perform such other functions as may be delegated from time to time by the Board.~~

Commented [JP2] : All of this text was kept, just reorganized below.

The FAC shall be responsible for the following duties:

**A. Annual Audited Financial Statements.**

- 1. Review Annual Audited Financial Statements. The FAC shall review the annual audited financial statements of the Company. Such review shall include the following:
  - a. Discussions between the FAC, management, and the external auditor regarding a report of the external auditor related to the conduct of the audit;
  - b. Discussion between the FAC and the external auditor as to the auditor's judgement regarding:
    - i. both the acceptability and quality of the financial statements,
    - ii. the selection of changes in significant accounting policies,
    - iii. the method used to account for significant unusual transactions,
    - iv. the effect of significant accounting policies in controversial or emerging areas,
    - v. the degree of aggressiveness or conservatism, as the case may be, of the accounting policies adopted by the Company,
    - vi. the process used by management in formulating particularly significant accounting estimates, and
    - vii. the basis for the external auditor's conclusions regarding the reasonableness of those estimates.
  - c. Review of significant adjustments arising from the audit,
  - d. Review of disagreements with management over the application of accounting policies and the disclosures in the financial statements.
  - e. Review of the external auditor's suggestions for improvements to the Company's operations and internal controls.
  - f. Review of the Company's compliance with the Sarbanes-Oxley Act of 2002, as appropriate for a non-profit, non-issuer organization.



In the exercise of its duties pursuant to this section, the FAC may rely on MRO staff expertise and/or the professional or expert competence of those persons selected in the management of MRO's financial management, including retirement plans.

2. *Recommendation to the Board.* Based on its review, the FAC shall determine whether to recommend the acceptance by the board of such audited financial statements.

#### **B. Independent External Auditor.**

1. *Conduct Audit.* The FAC shall engage an independent external auditor for the Company. Such engagement shall include the following:
  - a. Ensure that the external independent auditor conducts a review of management's internal control structure and confirms that the review is consistent with the size and complexity of the organization.
  - b. Obtain from the Company's external auditor the major audit findings and internal control recommendations reported during the period under review, the response of management to those recommendations, and review the follow-up performed by management in order to monitor whether management has implemented an effective system of internal accounting control.
  - c. Review significant emerging accounting and reporting issues, including recent professional and regulatory pronouncements, and assess their impact on the Company's financial statements.

The FAC shall provide independent communication between the board and the external auditor.

2. *Assess Auditor.* The FAC shall assess the performance of the independent internal auditor. Such assessment shall include the following:
  - a. Meet privately with:
    - i. Management to assess the performance of the external auditor.
    - ii. The external auditor to inquire about time pressures on the external auditor, to understand any restrictions placed on them or other difficulties encountered in the course of the audit, including restrictions on the scope of their work and access to requested information and the level of cooperation received from management during the performance of their work and their evaluation of the Company's financial, accounting, and personnel systems.
  - b. Evaluate the performance of the external auditor and, if so determined, recommend to the board the reappointment of the external auditor or steps to replace the external auditor.
  - c. Monitor the independence of the external auditor to ensure the external auditor remains ultimately accountable to the board and the Committee.

#### **C. Compliance and Internal Controls.**

1. *Compliance.* The FAC shall review with management, the external auditor and legal counsel, the Company's procedures to ensure compliance with applicable laws and regulations, and any significant litigation, claim, or other contingency, including tax assessments, that would have a material effect upon the financial position or operating results of the Company and the disclosure or impact on the results of these matters in the annual financial statements.
2. *Internal Controls.* The FAC shall maintain the quality, credibility, and objectivity of financial reports and satisfy itself as to the adequacy of the supporting systems of internal accounting controls; monitor the Company's defined contribution plan, benefits, and other legal and regulatory matters of a financial concern.



#### **D. General Finance and Investments.**

1. Budget, Reserves, and Retiree Medical Trust. Pursuant to Policy and Procedure 12: General Finance Policies, the FAC shall recommend a reserves, budget, and the retiree medical trust funding to the board for approval.
2. Thrift Savings Plan. The FAC shall review the investment performance of the Midwest Reliability Organization Thrift Savings Plan (TSP). Such review shall include a(n):
  1. Annual review of the report from the Midwest Reliability Organization TSP Investment Committee regarding investment performance, the associated fees and the performance of the investment manager each year; and
  2. Review of any changes to the Midwest Reliability Organization TSP Investment Committee Charter made by the Thrift Savings Plan Investment Committee.
3. Retiree Medical Plan. The FAC shall review the investment performance of Midwest Reliability Organization Retiree Medical Plan (RMP). Such review shall include a(n):
  1. Annual review of the report from the Midwest Reliability Organization RMP Investment Committee regarding investment performance, the associated fees and the performance of the investment manager each year; and
  2. Review of any changes to the Midwest Reliability Organization RMP Investment Committee Charter made by the Retiree Medical Plan Investment Committee.
4. 457(b) Plan and Trust. The FAC shall review the Midwest Reliability Organization 457(b) Plan and Trust. Such review shall include an annual review of a written report from the Trustee regarding the administration of the Rabbi Trust during the preceding year setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of the such year.

#### **E. Taxes and Insurance.**

1. Taxes. The FAC shall review MRO's annual Form 990 tax filing. This includes posting the draft filing for board member comments prior to being filed with the IRS.
2. Insurance. The FAC shall review the business insurance coverage and any recommended changes or additions as deemed necessary by Company staff or its advisors.

#### **F. Covenants.**

1. Existing Covenants. The FAC shall review existing covenants of current financing agreements and/or long-term contractual agreements of material value.
2. New Covenants. The FAC shall review new financing agreements and renewal of existing financing agreement(s) including compliance with various covenants and any long-term contractual agreements of material value. Upon such review, if the new covenant is acceptable to the FAC, the shall authorize Company management to execute.

#### **G. Corporate Compliance and Ethics Program.**

1. Oversee Implementation and Operation. The FAC shall oversee the implementation and operation of the Corporate Compliance and Ethics Program.
2. Review "MRO Internal Program for Compliance and Ethics" Framework Document. The FAC shall review any substantive changes to the internal compliance and ethics framework document for appropriateness.

#### **H. Governance.**



1. Report to Board. The FAC shall report to the board annually on activities, findings, and conclusions of the Committee.
2. Review Charter. The FAC shall review the FAC charter. Any changes shall be approved by the FAC and recommended for approval to the Governance and Personnel Committee.
3. Review Board Policies and Procedures. The FAC shall review all finance-related board policies and procedures. Any changes shall be approved by the FAC and recommended for approval to the Governance and Personnel Committee.
4. Other Functions. The FAC shall perform such other functions as may be delegated from time to time by the board

#### **IV. Membership**

The ~~FACCommittee~~ shall be comprised of the vice chair of the ~~b~~Board, and seven other ~~b~~Board members appointed by the ~~b~~Board chair, two of whom will be Independent Directors. The ~~Treasurerfinancial officer~~ of the corporation will be a nonvoting *ex officio* member. The vice chair of the ~~B~~board shall chair the ~~FACCommittee~~. Other members of the ~~FACCommittee~~ shall be appointed by the chair of the ~~b~~Board to serve a term of up to two years with terms beginning at the start of the following calendar year or until successors shall be duly appointed and qualified. Terms of members shall be staggered so that the terms of all members ~~do~~shall not expire in the same year. If a member of the ~~FACCommittee~~ resigns before the end of his or her term, a replacement shall be appointed by the chair of the ~~b~~Board for the duration of the term.

#### **V. Meetings**

The ~~FACCommittee~~ shall meet quarterly, or more frequently as appropriate or necessary circumstances dictate. The chair of the ~~b~~Board, the chair of the ~~FACCommittee~~, or a simple majority of the ~~FACCommittee~~ members may call meetings of the ~~FACCommittee~~.

A quorum shall exist when a simple majority of the FAC are present of the Committee consists of five of its members. The FAC may take action with a simple majority of the ~~FAC members present in a quorum~~ Committee may approve an action or by unanimous written consent. In the case of a tie vote, the question will be presented to the MRO Board of Directors for its decision.

Commented [JP3]: This would be a change for the FAC's consideration.





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## Governance and Personnel Committee Charter

### Organization

There shall be a committee of the Board of Directors (Board) of Midwest Reliability Organization (MRO or Company) known as the Governance and Personnel Committee (Committee). This Charter shall govern the Committee with regard to its duties and responsibilities.

### Purpose

The Committee assists the Board in fulfilling its oversight responsibilities and duties in three areas: governance, board, and personnel matters, which are enumerated in Section III of this Charter.

### Responsibilities

The Committee shall have the following responsibilities and duties:

1. Governance:
  - a. Receive, and review with staff, staff's assessment of Company's bylaws, policies and procedures, and compliance with the Regional Delegation Agreement, as well as regulatory requirements and recommend changes as necessary to the Board.
  - b. Coordinate the performance of the periodic stakeholder survey and recommend actions to the Board to take in response to the stakeholder survey and monitor those initiatives.
  - c. Maintain a policy and procedure to resolve any dispute between members or between a member and the Corporation.
  - d. Maintain a policy and procedure to facilitate NERC's Consolidated Hearing Process.
  - e. Designate the committee chair or a member to serve as the Meeting Secretary for executive session Board meetings that are held without staff.
  - f. Annually review and make recommendations to the Board regarding the Committee's Charter. Review any proposed changes to other Board committee charters and make recommendations to the Board for approval.
  - g. If the board chair is not an independent director, the chair of the committee will be responsible for providing advice to the Board chair on setting the Board's agenda and other material or strategic matters.
  - h. The Independent Directors will meet with the President and CEO, General Counsel, and relevant Compliance Monitoring, RAM, and Enforcement staff at least annually to discuss any concerns with the board of directors as it pertains to the independence of MRO's Compliance and Monitoring and Enforcement Program.
2. Board:
  - a. Identify and recommend independent Board member candidates to the Board.
  - b. Encourage the members to identify qualified regional and industry sector Board candidates.
  - c. Recommend regional Board member candidates to the Board.
  - d. Review independent director annually and regional director position descriptions in Q1 of the year any regional director seat is expiring to ensure membership alignment with board geographic and sector representation, as well as a current board skill set needs.
  - e. Review board balance at the same time as the regional director review (provided above) in matters of geographic and sector representation, as well as Net Energy Load (NEL) and the standards requirement for each sector.
  - f. Receive timely reports from staff on individual Board member attendance if there is a concern that a Board member's attendance may not be consistent with the Board's Guiding Principles or the bylaws.

*Approved by the MRO Board: December 3, 2020*

Page 1 of 3



- g. Address any concerns about a Board member's current or future ability to serve on the Board. Depending on the nature of the concern, the committee chair, the committee, or the Board may address the concern. The committee will report all concerns to the Board in a timely manner, which could include requesting a special executive session of the Board or reporting at the next regularly scheduled session of the Board, depending on the nature of the concern.
- h. With staff, annually evaluate the compensation for independent Board members, following the IRS procedures in order to secure the benefit of a rebuttable presumption the compensation is reasonable. Consider the NERC Board of Trustee compensation study and the compensation for other Regional Entity Independent Directors. If advisable, set the compensation for MRO Independent Directors as a percent of the NERC Board of Trustee. Any adjustment to compensation shall occur in the following year.
- i. Present recommendations to the Board regarding reasonable compensation for independent Board members. The recommendations may be for a multi-year period.
- j. Coordinate orientation for new Board members and recommend on-going training for Board members.
- k. Coordinate the performance of the Board's periodic self-assessment, recommend to the Board actions to be taken in response to the self-assessment, and monitor those initiatives.
- l. In conjunction with staff, the Finance and Audit Committee, the Board, and the Company's insurance providers, annually review the Company's D&O coverages and limitation of liability provisions for Board members and Company personnel and make recommendations as appropriate.

3. Personnel:

- a. Annually, receive and review with staff, staff's assessment of personnel policies and procedures, including activities relating to recruiting, retention, and training of employees.
- b. Receive and review with the Chief Compliance Officer any complaints made pursuant to Policy and Procedure 7: Whistleblowing.
- c. Receive quarterly reports from the Director of Human Resources on employee matters, including but not limited to development initiatives, engagement initiatives, recruitment and retention efforts, diversity and inclusion efforts, succession planning, and employee training.
- d. With respect to executive staff, in collaboration with the President and CEO, the Committee shall recommend for adoption by the Board an "Executive Compensation Policy" (and from time to time modifications thereto) that sets forth the Company's compensation philosophy for executive staff.
  - i. The compensation philosophy shall set forth:
    - 1. Company's strategy for ensuring that rewards are commensurate with Company's success and the creation of value for its members, and that the strategy supports the achievement of Company's objectives.
    - 2. The means by which goals and objectives are established pertaining to all annual and long-term incentive compensation plans, if any, for the executive staff.
    - 3. Criteria for the use, review, and approval of employment agreements for executive staff.
- e. Annually, the Committee shall meet with the President and CEO and review the compensation of each executive staff employee to determine whether the compensation complies with the Executive Compensation Policy. The President and CEO may, from time to time, or at the request of the Committee, retain the services of an independent compensation consultant to facilitate this review. The Committee shall report the conclusions of this review to the Board, along with any recommended actions arising from this review.
- f. Review with the President and CEO succession plans for key staff on a biennial basis, or more frequently as appropriate.



- g. Review annually the performance of the President and CEO and recommend the compensation of the President and CEO for approval by the Board. The chair of the Committee will review and approve the President and CEO's expense reports.
  - h. Review and recommend approval of any employment agreements for executive staff.
  - i. Address any issues raised related to the performance of the Company's executive staff and recommend appropriate action to the Board.
  - j. Receive notice of and review with staff any material compliance matter with regard to the administration of MRO benefit plans.
  - k. As deemed appropriate by the Committee, obtain advice and assistance from internal and external accounting, legal or other consultants to provide advice to the Committee on matters under its purview.
4. Other duties related to review, reports and improvement procedures:
- a. Report to the Board on the matters discussed at each Committee meeting, as appropriate.
  - b. Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

## Membership

The Committee shall generally consist of seven directors (in interim periods, the committee can operate with fewer appointed directors), and none of the Committee members shall be an officer or employee of the Company, but shall be independent of the management of the Company and free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member. The Committee membership shall include all of the independent Board members currently seated on the Board.

The members of the Committee shall be appointed by the chair of the Board to serve a term of two years or until successors shall be duly appointed and qualified. Terms shall be staggered so that the terms of all members do not expire in the same year. If a member of the Committee resigns before the end of his or her term, a replacement will be appointed by the chair of the Board for the duration of the term. The chair of the Committee will be an Independent Director ~~who will be elected by the Independent Directors and approved by the Board.~~

## Meetings

The Committee shall meet annually, or more frequently as circumstances dictate. The chair of the Board, the chair of the Committee, or a majority of the Committee members may call meetings of the Committee. The chair of the Committee shall prepare or approve an agenda in advance of each meeting. Members of staff shall be included in the meeting at the discretion of the chair and as needed based on the agenda topics. With the exception of directors, the chair may excuse any non-Committee members from attendance at any meeting or portion of any meeting.

A quorum shall exist when at least four members of the Committee are present except for the purposes of setting independent director compensation. In order to follow the IRS procedures to secure a rebuttable presumption that the compensation is reasonable, a quorum shall consist of the three Industry Sector or Regional Directors. A simple majority of the Committee members present may approve an action.



## Organizational Group Oversight Committee Charter

### I. Organization

Pursuant to the authority granted in Article 8 of the Bylaws of the Midwest Reliability Organization (Bylaws), there shall be a committee of the Midwest Reliability Organization (MRO or Company) Board of Directors (bBoard) known as the Organizational Group Oversight Committee (OGOC or Committee). This charter reflects the authority delegated by the bBoard to the OGOC Committee and shall govern the OGOC Committee with regard to its duties and responsibilities.

### II. Purpose

The purpose of the OGOC Committee is to fulfill the bBoard's responsibilities provided in Article 8 of the MRO Bylaws regarding to MRO's organizational groups outlined in Article 8 of the MRO Bylaws.

### III. Responsibilities

The OGOC Committee shall have all of the authority necessary to fulfill the bBoard's responsibilities provided in under Article 8 of the MRO Bylaws, including the following responsibilities and duties:

- A. Establishment of Organizational Groups.
  - 1. The OGOC Committee shall have the ability to establish and abolish organizational groups, consisting of committees, sub-committees, councils, sub-councils, task forces, and working groups of Members to accomplish the purposes of MRO in an efficient and cost-effective manner.
  - 2. To ensure the organizational groups are efficient and cost-effective the OGOC Committee shall endeavor to:
    - a. avoid establishing organizational groups that duplicate work being done by existing ERO Enterprise organizational groups, as well as those of industry and/or trade associations; and
    - b. periodically review the efficiency and cost effectiveness of the organizational groups.
- B. Establishment of Policies and Procedures Governing Organizational Groups.
  - 1. The OGOC Committee shall establish policies and procedures governing organizational groups that address:
    - a. membership of the organization group, which shall be determined based on experience, and expertise and to the extent practicable, be geographically diverse, and to the extent practicable shall include balanced representation of the I-and industry Sectors-balanced;
    - b. the size of the organizational group and how the organizational group will be populated;
    - c. how voting and related matters are conducted;
    - d. how organization groups may be reorganized;
    - e. how the leadership of the organizational group will be determined;
    - d. the manner in which decisions will be made and voting will be conducted;
    - e. the reimbursement of members of organizational groups for reasonable travel, meal, and lodging expenses for organizational group meetings or representation of MRO at other meetings authorized by the Committee OGOC.
- C. Oversight and Interaction with Organizational Groups.

Approved by the MRO Board: December 2, 2021

Page 1 of 3



1. The ~~OGOC~~Committee shall consider documents such as the ERO Enterprise Long Term Strategy, ERO assessments, the MRO Regional Risk Assessment, system event reports and event trending in the MRO region. The ~~OGOC~~Committee shall also consider the work of NERC's Reliability Issues Steering Committee and consult with MRO staff in establishing organizational groups and providing guidance on how this work can further MRO's vision, mission and initiatives.
  2. The ~~OGOC~~Committee will ensure that the organizational groups produce deliverables for the ERO, the MRO region, and/or industry that positively impact the reliability, security and/or resilience of the bulk power system as measured by metrics described in the MRO and/or the ERO, or regional metrics established by the ~~OGOC~~Committee.
  3. The ~~OGOC~~Committee will periodically meet with the leadership of the organizational groups to provide direction on the organizational groups' work plans and to discuss the organizational groups' work and how it fulfills the vision, mission and initiatives of MRO, as well as to discuss any challenges faced by the organizational group and how those challenges might be resolved.
- D. Designation and Oversight of MRO Sponsored NERC Representatives
1. The ~~OGOC~~Committee is responsible for designating the individuals from MRO Members to represent MRO on NERC organizational groups. In selecting individuals, the ~~OGOC~~Committee will consider experience and expertise and, to the extent practicable, select a geographically diverse and industry sector balanced group of individuals;
  2. The ~~OGOC~~Committee shall establish policies and procedures governing individuals representing MRO at NERC.
  3. The ~~OGOC~~Committee will ensure that direction is provided to MRO Sponsored NERC representatives so their participation is consistent with addressing regional reliability and security concerns in an effective and efficient manner.
- E. Reporting to the Board
1. ~~a. —~~The ~~OGOC~~Committee ~~shall~~will provide the ~~b~~Board a report at its regular meetings highlighting the work of the organizational groups and their contributions to the reliable and secure operations of the bulk power system in the MRO region and solicit ~~B~~board input on existing work, as well as identifying reliability and security issues that merit addressing. Periodically, the ~~OGOC~~Committee will provide the ~~b~~Board a report on the efficiency and effectiveness of MRO's organizational groups.

#### **IV. Membership**

The ~~OGOC~~Committee shall ~~be comprised~~~~generally consist~~ of up to eleven ~~members of the board, at least a majority of which shall be comprised of Industry Sector and Regional Directors. The OGOC shall be sector balanced so that no two Industry Sectors could control the vote of the OGOC. No members of the OGOC directors (in interim periods, the committee can operate with fewer appointed directors), none of whom may~~shall be an officer or employee of the Company, ~~and but~~ shall be independent of the management of the Company and free of any relationship that, in the opinion of the ~~b~~Board, would interfere with the exercise of independent judgment as an ~~OGOC-Committee~~ member. ~~The committee membership shall include a majority of Industry Sector and Regional Directors and may be comprised of all Industry Sector and Regional Directors. The committee will be sector balanced so that no two Industry Sectors could control the vote of the Committee.~~



The members of the ~~OGOC Committee~~ shall be ~~recommended~~~~nominated~~ by the chair of the ~~b~~Board, and ~~approved~~~~deleted~~ by the ~~b~~Board to serve a term of ~~up to two years~~ with terms beginning at the start of the following calendar year or until successors shall be duly appointed and qualified. A vice chair for the ~~OGOC~~ shall be recommended by the OGOC chair and approved by the OGOC. Terms of members shall be staggered so that the terms of all members do not expire in the same year. If a member of the ~~OGOC Committee~~ resigns before the end of his or her term, a replacement will be appointed by the chair of the ~~b~~Board for the duration of the term.

## **V. Meetings**

The ~~OGOC Committee~~ shall meet annually, or more frequently as ~~appropriate or necessary~~~~circumstances dictate~~. The chair of the ~~b~~Board, the chair of the ~~OGOC Committee~~, or a simple majority of the ~~OGOC Committee~~ members may call meetings of the ~~OGOC Committee~~. The chair of the ~~OGOC Committee~~ shall prepare or approve an agenda in advance of each meeting. The President and CEO, or designee, shall be invited to all ~~OGOC~~ meetings. Other management officials and counsel to the ~~B~~board may be invited as necessary. With the exception of directors, the ~~OGOC~~ chair may excuse any non-~~OGOC Committee~~ members from attendance at any meeting or portion of any meeting.

A quorum shall exist when a simple majority of the members of the Committee are present. ~~The OGOC may take action with a~~ simple majority of the ~~OGOC Committee~~ members present in a quorum, ~~or may approve an action. The Committee may take action~~ by unanimous written consent.

Commented [JP1]: "unanimous written consent = electronic approval"



**Chair's Remarks**  
*Brad Cox, Board Chair*

**Action**

Discussion

**Report**

I will provide an oral report at the meeting.

**President's Report**  
*Sara Patrick, President and CEO*

**Action**

Approve Resolution 22-005 recognizing outgoing board members.

**Report**

I will provide an oral report at the meeting.

## The Geopolitics of Energy Transition

*Meghan O'Sullivan, Jeane Kirkpatrick Professor of the Practice of International Affairs, Director of Geopolitics of Energy Project Harvard University Kennedy School of Government*

### Action

Discussion

### Report



Meghan L. O'Sullivan is the Jeane Kirkpatrick Professor of the Practice of International Affairs and the Director of the Geopolitics of Energy Project at Harvard University's Kennedy School. She is also a Partner at the strategic consulting firm Macro Advisory Partners and is the Chair of the North American Group of the Trilateral Commission.

Meghan draws on her broad experience in government, business, diplomacy, and academia to shed insights into foreign policy and national security, energy markets, the transition to a net-zero global economy, and the geopolitics of that transition to benefit her students and colleagues, the U.S. government, global businesses, and the public debate.

Meghan has extensive experience in policy formulation and in negotiation. She is currently a member of Secretary of State Antony Blinken's Foreign Policy Advisory Board. Between 2004 and 2007, she was special assistant to President George W. Bush and Deputy National Security Advisor for Iraq and Afghanistan during the last two years of her tenure. There, she helped run two strategic policy reviews: one on Afghanistan in the summer of 2006 and one on Iraq in late 2006 and early 2007, which led to the "surge" strategy. In her job at the National Security Council, Meghan was responsible for building consensus around new policy directions in Iraq and Afghanistan, as well as overseeing their execution. Meghan spent two years in Iraq during which she helped negotiate the Transitional Administrative Law, which was the interim constitution of Iraq from 2004-2006, and conclude the Status of Forces Agreement (SOFA) and strategic framework agreement between the United States and Iraq. From July 2013 to December 2013, Meghan was the Vice Chair of the All Party Talks in Northern Ireland, which sought to resolve outstanding in the peace process. She also worked in the office of Policy Planning in the State Department under Secretary of State Colin Powell.

Meghan is on the board of Raytheon Technologies and the Board of Directors of the Council on Foreign Relations. She is also a member of the International Advisory Group for the British law firm, Linklaters, a columnist for Bloomberg Opinion and a consultant to companies. She is a trustee of the International Crisis Group and a member of the board of The Mission Continues, a non-profit organization to help veterans. She is also on the advisory committee for the Women's Initiative at the George W. Bush Institute as well as Columbia University's Center for Global Energy Policy. She was a Henry Crown Fellow from 2015-2017 and a Henry Luce Fellow from 1991-1992.

Meghan has written several books and many articles on international affairs, including her award winning 2017 book *Windfall: How the New Energy Abundance Upends Global Politics and Strengthens America's Power*. She has been awarded the Defence Department's highest honor for civilians, the Distinguished Public Service Medal, and three times been awarded the State Department's Superior Honor Award. In 2008, *Esquire Magazine* named her one of the most influential people of the century. O'Sullivan earned a

bachelor's degree from Georgetown University, a masters of science in economics, and doctorate in politics from Oxford University. She holds a Top Secret/SCI Security Clearance from the U.S. government.

**NERC Remarks**  
*Jim Robb, NERC President and CEO*

**Action**

Discussion

**Report**



James (Jim) B. Robb assumed the role of NERC's president and CEO in April 2018. Robb oversees NERC's mission of assuring the reliability and security of the North American bulk power system. As president and CEO, Robb leads the Electric Reliability Organization (ERO) responsible for key programs, including those programs focused on development of mandatory NERC Reliability Standards, the Compliance Monitoring and Enforcement Program, situational awareness, event and risk analysis, reliability assessments and forecasting, and cyber and physical security, affecting approximately 1,400 bulk power system users, owners, and operators. He is also responsible for the performance of the Electricity Information Sharing and Analysis Center (E-ISAC) and key government partnerships.

As CEO, he is the chair of the ERO Enterprise Executive Committee, which oversees the operations of the six Regional Entities that support the reliability mission across North America. Robb joined the ERO Enterprise in 2013 when

he was appointed the president and CEO of the Western Electricity Coordinating Council (WECC), the Regional Entity serving the Western Interconnection.

Robb has more than 35 years of experience in the energy sector as an engineer, consultant, and senior executive. Prior to becoming WECC's CEO, he held three major leadership roles in the industry as senior vice president at Northeast Utilities (now Eversource Energy); senior vice president at Reliant Energy (now part of NRG Energy); and partner at McKinsey & Company. During his 15-year career at McKinsey, he worked closely with prominent electric power companies in California, western Canada, the Pacific Northwest, and the Rocky Mountain states and served clients in Western Europe, South America, and New Zealand. He has been a frequent speaker at industry events on the evolution of the electric power system, cyber security, integration of variable generation, and the increasing interdependency of electric and natural gas reliability.

Robb is a member of the Electricity Subsector Coordinating Council (ESCC) and serves on the United States Energy Association Board as well as a NERC trustee. In 2020, he was appointed chair of the Group of Experts on Cleaner Energy Systems for the United Nations Economic Commission for Europe. He has served on the boards of the Wadsworth Atheneum Museum of Art in Hartford, Connecticut, the Houston Symphony, the Woodland Park Zoo in Seattle, and as a policy advisor to the Bay Area Economic Forum in San Francisco.

Robb earned a bachelor's degree in Chemical Engineering from Purdue University in Indiana and a master's degree in Business Administration from the Wharton School of Business at the University of Pennsylvania in Philadelphia.

**Presentation of 2022 HERO Award**  
*Paul Crist, OGOC Chair, and Sara Patrick, President and CEO*

**Action**

Recognize 2022 HERO Award Recipient.

**Report**

MRO's [Volunteer Recognition Program](#), established in 2019, acknowledges individuals for their dedication, commitment, and contributions to the success of MRO. The Volunteer Recognition Program also includes an annual HERO Award that recognizes individuals that have shown exemplary initiative and commitment to advancing the concept and principles of [Highly Effective Reliability Organizations \(HEROs\)](#) throughout the MRO region and in support of MRO's vision and mission.

MRO staff sent an announcement to MRO members and stakeholders soliciting nominations for the HERO Award. Per the Volunteer Recognition Program, the MRO executive team, in consultation with the organizational group staff liaisons, reviewed the candidates' qualifications under the lens of the five HRO principles outlined in the Volunteer Recognition Program. The executive team referred three nominees to the OGOC for consideration. The OGOC reviewed the qualifications of these nominees and made its final selection during closed session on September 21, 2022.

I, along with MRO president and CEO Sara Patrick, will announce the award recipient at this meeting.

**Finance and Audit Committee Report**  
***Dr. Dana Born, Finance and Audit Committee Chair***

**Action**

Approve Resolution 22-004 to authorize renewal of revolving line of credit.

**Report**

The Finance and Audit Committee (FAC) met on October 27, 2022. The following is a summary of items discussed and actions taken by the committee at this meeting. The full meeting agenda is on Boardvantage [here](#).

***Review Year-to-Date Financials***

MRO staff reviewed the third quarter treasurer's report with the committee. Unaudited year-to-date expenses were reported to NERC as 5.0 percent under budget. Year-end projections were expected to be slightly over budget due to anticipated retention related initiatives. The under budget variance is due to various factors, including lower than budgeted travel and meetings expenses, and lower than expected operating expenses. Fixed assets were over budget due to an audio visual project that was carried over to this year, and plans to replace carpet in King Conference Center. This overage will be offset by underages from other areas.

[Click here to view the 2022 Unaudited Statement of Activities.](#)

Subsequent to the committee call, staff notified the board of FERC's approval of the 2023 Business Plan & Budget on November 2, 2022.

***Status of 2021 Form 990***

The draft MRO 2021 Form 990 was shared with the board for review in August 2022. No comments were received. MRO submitted the draft as final to its tax firm which subsequently electronically filed with the IRS.

***Quarterly Governance Task List Status Report***

All governance obligations for the FAC have been completed for 2022.

[Click here to view the FAC Governance Task list.](#)

***Independent Financial Audit FY 2022***

Pre-audit discussions have begun and an audit schedule has been prepared that will kick-off the 2022 independent financial audit in January 2023.

***Renewal of Revolving Line of Credit***

Pursuant to its charter, the FAC shall "[r]eview and/or recommend approval of Company management to authorize ... renewal of existing financing agreement(s) including compliance with various covenants and any long-term contractual agreements of material value." Accordingly, MRO engaged the provider and reviewed the line of credit and its covenants. Upon this review, staff reported to the FAC that renewal was



offered with an amendment to the current line of credit agreement that allows all provisions, restrictions, and covenants of the original agreement to remain intact with the only change being an extended maturity date. Following a motion duly made and seconded, the FAC recommend the Board of Directors approve Resolution 22-004 authorizing renewal of the revolving line of credit with an amendment to extend the maturity date to February 26, 2026.

### ***FAC Members***

For your reference, the FAC consists of the following board members:

- Dr. Dana Born (Chair), Independent Director
- Darcy Neigum, Investor Owned Utility Sector
- JP Brummond, Investor Owned Utility Sector
- Lloyd Linke, Federal Power Marketing Agency Sector
- Michael Desselle, Transmission System Operator Sector
- Priti Patel, Cooperative Sector
- Scott Nickels, Municipal Utility Sector
- Thomas Graham, Independent Director



*Lam Chung, Corporate Treasurer*

*P: 651.256.5187*

*F: 651.855.1712*

*E: [lam.chung@mro.net](mailto:lam.chung@mro.net)*

October 20, 2022

Mr. Andy Sharp  
North American Electric Reliability Corporation (NERC)

RE: Unaudited Midwest Reliability Organization (MRO) 2022 Third Quarter Statement of Activity – Cash  
Flow through September 30, 2022

Dear Mr. Sharp:

MRO experienced variances greater than \$10,000 and 10 percent. Third quarter results indicate that MRO's budget is under spent by 4.8 percent.

**Meeting Expenses (Variance of \$374,155 (65.6%) under budget)**

Meetings and travel have increased but trending lower than budget. This is primarily due to the hybrid approach to conduct meetings resulting in fewer in-person attendees.

**Operating Expenses (Variance of \$407,850 (14.0%) under budget)**

Spending in consulting, contracts, office costs, and professional services did increase during the last quarter but is lower than budgeted for the year. Costs for consultants were less than anticipated. MRO used external support less than anticipated as it continues to manage its systems and processes with internal staff. Facility costs are less than budgeted due to reduction in utilities and building maintenance costs.

**Fixed Assets (Variance of \$255,774 (272.8%) over budget)**

A budgeted AV project from the prior year was completed in the current year. The result will be a 189 percent over spend in computer assets for the year.

**Budget Outlook**

Year-end projected budget results anticipate a 2.3 percent under budget performance, which is mainly a result of under spent meeting and travel costs. Salary costs are trending under budget. New hires to date have lagged turnovers for the year. It is anticipated that FTEs will be less than budgeted at year-end. Operating expenses are projecting a 3 percent under spend driven by consulting and contracts, office costs, and rent trending lower than budget while professional services are anticipated to be slightly over budget. Fixed assets will be over budget 225 percent due to the AV project as mentioned and also for an unbudgeted replacement of carpeting in the conference center. Under spend in other areas will offset the over spend in fixed assets.

If you have any questions regarding this report, please contact me. Thank you.

Lam Chung  
Vice President and Engineer for Strategy, Innovation, and Finance

Cc: Sara Patrick, MRO President and CEO



**Midwest Reliability Organization  
Statement of Activity  
9/30/2022  
PRELIMINARY (Unaudited)**

(In Whole Dollars)

		2022 YTD Actual	2022 YTD Budget	2022 YTD Variance	%	Projected 2022 End Of Year	2022 Budget	2022 Variance	%
<b>Funding</b>									
<b>ERO Funding</b>									
	ERO Assessments	\$ 13,374,311	\$ 13,374,311	-		\$ 17,832,414	\$ 17,832,414	-	
	Penalty Sanctions	343,688	343,688	-		458,250	458,250	-	
<b>A. Total ERO Funding</b>		<b>\$ 13,717,999</b>	<b>\$ 13,717,998</b>	<b>\$ -</b>		<b>\$ 18,290,664</b>	<b>\$ 18,290,664</b>	<b>\$ -</b>	
<b>Expenses</b>									
<b>Personnel Expenses</b>									
	Salaries	\$ 8,516,590	\$ 8,562,421	(45,830)		\$ 11,355,454	\$ 11,416,561	(61,107)	
	Payroll Taxes	516,598	558,125	(41,527)		703,797	744,166	(40,369)	
	Benefits	890,608	895,497	(4,889)		1,191,089	1,193,996	(2,907)	
	Retirement Costs	1,342,588	1,441,694	(99,106)		1,802,103	1,922,258	(120,155)	
<b>Total Personnel Expenses</b>		<b>\$ 11,266,384</b>	<b>\$ 11,457,736</b>	<b>\$ (191,352)</b>	<b>-1.7%</b>	<b>\$ 15,052,443</b>	<b>\$ 15,276,981</b>	<b>\$ (224,538)</b>	<b>-1.5%</b>
<b>Meeting Expenses</b>									
	Meetings & Conference Calls	\$ 69,808	\$ 134,158	(64,350)		\$ 116,577	\$ 178,877	(62,300)	
	Travel	126,447	436,253	(309,806)		232,668	581,670	(349,002)	
<b>Total Meeting Expenses</b>		<b>\$ 196,255</b>	<b>\$ 570,410</b>	<b>\$ (374,155)</b>	<b>-65.6%</b>	<b>\$ 349,245</b>	<b>\$ 760,547</b>	<b>\$ (411,302)</b>	<b>-54.1%</b>
<b>Operating Expenses</b>									
	Consultants & Contracts	\$ 770,120	\$ 903,600	(133,480)		\$ 1,156,320	\$ 1,204,800	(48,480)	
	Office Rent	774,131	849,075	(74,944)		1,094,963	1,132,100	(37,137)	
	Office Costs	628,870	725,951	(97,080)		910,179	967,934	(57,755)	
	Professional Services	322,904	425,250	(102,346)		595,350	567,000	28,350	
<b>Total Operating Expenses</b>		<b>\$ 2,496,025</b>	<b>\$ 2,903,876</b>	<b>\$ (407,850)</b>	<b>-14.0%</b>	<b>\$ 3,756,812</b>	<b>\$ 3,871,834</b>	<b>\$ (115,022)</b>	<b>-3.0%</b>
<b>Total Direct Expenses</b>		<b>\$ 13,958,664</b>	<b>\$ 14,932,022</b>	<b>\$ (973,357)</b>	<b>-6.5%</b>	<b>\$ 19,158,500</b>	<b>\$ 19,909,362</b>	<b>\$ (750,862)</b>	<b>-3.8%</b>
<b>Indirect Expenses</b>									
<b>Other Non-Operating Expenses</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>B. Total Expenses</b>		<b>\$ 13,958,664</b>	<b>\$ 14,932,022</b>	<b>\$ (973,357)</b>		<b>\$ 19,158,500</b>	<b>\$ 19,909,362</b>	<b>\$ (750,862)</b>	
<b>Net Funding less Expenses (A-B)</b>		<b>\$ (240,665)</b>	<b>\$ (1,214,024)</b>	<b>\$ 973,357</b>		<b>\$ (867,836)</b>	<b>\$ (1,618,698)</b>	<b>\$ 750,862</b>	
<b>C. Fixed Asset Additions, excluding Right of Use Assets</b>		<b>\$ 349,524</b>	<b>\$ 93,750</b>	<b>\$ 255,774</b>	<b>272.8%</b>	<b>\$ 406,044</b>	<b>\$ 125,000</b>	<b>\$ 281,044</b>	<b>224.8%</b>
<b>Total Budget (B + C)</b>		<b>\$ 14,308,188</b>	<b>\$ 15,025,772</b>	<b>\$ (717,583)</b>	<b>-4.8%</b>	<b>\$ 19,564,544</b>	<b>\$ 20,034,362</b>	<b>\$ (469,818)</b>	<b>-2.3%</b>
<b>Change in Working Capital (A-B-C)</b>		<b>\$ (590,189)</b>	<b>\$ (1,307,774)</b>	<b>\$ 717,583</b>		<b>\$ (1,273,880)</b>	<b>\$ (1,743,698)</b>	<b>\$ 469,818</b>	
<b>Head Count</b>		64.00	71.00	(7.00)		68.00	71.00	(3.00)	
<b>FTEs</b>		66.00	71.00	(5.00)		68.00	71.00	(3.00)	
<b>Reserve Activity:</b>									
	Beginning Reserves - 1/1/22	\$ 8,377,927	\$ 7,541,460	\$ 836,467		\$ 8,377,927	\$ 7,541,460	\$ 836,467	
	Change to Working Capital	(590,189)	(1,307,774)	717,584		(1,273,880)	(1,743,698)	469,818	
	Penalties Received	-	-	-		355,100	-	355,100	
	Penalties Released	(343,688)	(343,688)	-		(458,250)	(458,250)	-	
	Other Reserve Activity	-	-	-		-	-	-	
	<b>Ending Reserves at 9/30/22 :</b>	<b>\$ 7,444,050</b>	<b>\$ 5,889,999</b>	<b>\$ 1,554,051</b>		<b>\$ 7,000,897</b>	<b>\$ 5,339,512</b>	<b>\$ 1,661,385</b>	
<b>Reserve Summary</b>									
		<b>1/1/2022</b>	<b>Additions</b>	<b>Uses/Transfer</b>		<b>12/31/2022</b>			
	Working Capital & Operating Contingency	3,752,946	469,818	-		4,222,764			
	Assessment Stabilization & Penalty Reserves	4,624,981	355,100	(2,201,948)		2,778,133			
	Other Reserve Activity	-	-	-		-			
	<b>Total Reserves</b>	<b>8,377,927</b>	<b>824,918</b>	<b>(2,201,948)</b>		<b>7,000,897</b>			

MRO Governance Task List

11/14/2022

Group	Task	Doc Timing	Timing	Responsible Party	Source	Source Location	Notes
FAC	Review existing covenants of current financing agreements and/or long-term contractual agreements of material value.	Annually	Qtr 4	Vice President and Engineer for Strategy, Innovation, and Finance; and Chief Compliance Officer	Charter	Responsibilities 3	Included in Quarterly Board Report
FAC	Review existing covenants of current financing agreements and/or long-term contractual agreements of material value.	Annually	Qtr 4	Vice President and Engineer for Strategy, Innovation, and Finance; and Chief Compliance Officer	Charter	Responsibilities 3	Included in Quarterly Board Report
FAC	Report to the board annually on activities, findings, and conclusions of the committee.	Annually	Qtr 4	Vice President and Engineer for Strategy, Innovation, and Finance; and Chief Compliance Officer	Charter	Responsibilities 14	Included in Quarterly Board Report

**RESOLUTION 22-004**  
**MIDWEST RELIABILITY ORGANIZATION**  
**BOARD OF DIRECTORS**  
**Resolution Authorizing Renewal of Line of Credit with Amendment**

**WHEREAS**, the MRO Board of Directors approved Resolution 11-001 on January 20, 2011 authorizing MRO to establish a revolving line of credit with National Cooperative Services Corporation ("NCSC"); and

**WHEREAS**, as authorized by Resolution 11-001, Midwest Reliability Organization (MRO) holds a Revolving Line of Credit ("Line of Credit") in the amount of \$2,000,000.00 ("Line of Credit Amount") as an intermediate cash management resource in the rare instance that additional cash flow is needed beyond the current budget and in interim of a request for additional funding from the North American Electric Reliability Corporation ("NERC"); and

**WHEREAS**, the Line of Credit agreement was originally executed on February 24, 2011; and

**WHEREAS**, the MRO Board of Directors approved Resolution 13-003 on December 17, 2013, Resolution 16-004 on December 27, 2016, and Resolution 19-012 on December 17, 2019, each of which authorized renewal of the Line of Credit agreement for an additional thirty-six (36) months; and

**WHEREAS**, the National Cooperative Services Corporation ("NCSC") is now known as the National Rural Utilities Cooperative Finance Corporation ("NCSC"), and

**WHEREAS**, the term of the existing line of credit ends on February 26, 2023; and

**WHEREAS**, NCSC offered renewal of the revolving line of credit agreement with the maturity date extended to February 26, 2026; and

**WHEREAS**, all other provisions, restrictions, and covenants of the original agreement would remain unchanged from the original; and

**WHEREAS**, it is desirable for MRO to continue to maintain a line of credit; and

**WHEREAS**, the MRO Finance and Audit Committee (FAC) must "[r]eview and/or recommend approval of Company management to authorize ... renewal of existing financing agreement(s)..." and

**NOW, THEREFORE, BE IT RESOLVED**, that MRO is authorized to extend its established line of credit from NCSC in an amount which shall not at any one time exceed \$2,000,000.00, for a term of thirty-six (36) months with a maturation date of February 26, 2026, for the same terms and conditions as it the originally executed Line of Credit agreement with NCSC; and

**RESOLVED**, that the individuals listed below are hereby authorized to execute and to deliver to NCSC the following documents as necessary:

- a) to effectuate the extension of the term of the Line of Credit agreement for thirty-six (36) months with a maturation date of February 26, 2026 and

- b) as many counterparts as may be required of a security agreement with NCSC as secured party, in such form as the officers authorized herein may negotiate with NCSC.

*MRO President and CEO*  
*MRO Treasurer*

**BE IT FURTHER RESOLVED**, that each of the above individuals are hereby authorized in the name of and on behalf of the Company to execute and to deliver all such other documents and instruments as may be necessary or appropriate, make all payments, to execute any further amendments to said Line of Credit Agreement as such individuals may deem appropriate within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individuals acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

**MIDWEST RELIABILITY ORGANIZATION**

Sara E. Patrick, President and CEO  
Lisa A. Zell, Corporate Secretary

\_\_\_\_\_  
Corporate Secretary Signature

\_\_\_\_\_  
Dated

**Governance and Personnel Committee Report**  
*Jeanne Tisinger, Governance and Personnel Committee Chair*

**Action**

Discussion

**Report**

The Governance and Personnel Committee (GPC) held its quarterly meeting via Webex on November 1, 2022. The following is a summary of the items discussed and actions taken by the committee during the meeting. Board members may review the meeting agenda on Boardvantage [here](#).

**Quarterly Human Resources Report**

In 2021, MRO made changes to the performance review process and transitioned from formal, year-end performance reviews to a model of Quarterly Performance Connections. As the end of Q4 approaches, and in conjunction with end-of-year merit/wage evaluations, Performance Connection discussions are occurring between employees and managers to celebrate individual successes, identify areas for improvement, and align priorities. In addition, each employee's Individual Development Plan (IDP) will be reviewed with the understanding that the tool is to assist the employee in career and personal development.

Recruitment and retention continues to be a focus of the organization. A total of ten team members have joined MRO in 2022 and eight have departed. Most recently, MRO has successfully on-boarded two new team members at the start of Q4 2022 and anticipates two additional employees joining MRO by the end of November. Human Resources has also been actively engaged in several discussions with the executive team over the last several months specific to retention and recruitment concerns and challenges.

Staff also presented an overview of the current and previous age distribution of staff, and plans to provide further metrics on diversity to the GPC in the future.

**MRO Policies and Procedures**

The GPC underwent its annual review of MRO's policies and procedures and gathered input from the MRO Board of Directors at its last meeting on September 22, 2022. The redlined copies of any proposed changes to the Policy and Procedures and clean copies of those policies with only non-material changes, such as typographical, stylistic, or no change except the approval date, are included as part of the consent agenda.

**MRO Board Committee Charters**

The MRO Board of Director Committees, which include the Organizational Group Oversight Committee (OGOC), Finance Committee (FAC), and the Governance and Personnel Committee (GPC) undergo an annual review of their charters. The GPC solicited input from the board at the board's September 22, 2022, meeting and, received no additional proposed changes to the charters. A redline copy of each charter is attached for the Board's review and approval under the consent agenda.

**Annual President and CEO Evaluation Process**

The committee began the process of MRO's President and CEO evaluation on November 3, 2022 by providing the board with Sara Patrick's self-evaluation, and requesting that the board fill out an evaluation



of Patrick by November 11, 2022. The GPC plans to meet on November 28, 2022, to discuss the results and will provide a recommendation to the full board on this matter during closed session at the board's December 1, 2022, meeting.

### GPC Meeting Dates

The GPC has approved its 2023 meeting dates, with the exception of second quarter, which is still being evaluated.

2023 GPC Meeting Dates:

- Q1 - Thursday, March 9, 2023
- Q2 - TBD
- Q3 - Tuesday, August 8, 2023
- Q4 - Thursday, October 26, 2023
- CEO Evaluation - Monday, December 4, 2023

### Quarterly Report on Whistleblower Hotline Activity

Lighthouse provides third party hotline services for anonymous reports related to investigation of suspected violations of law, MRO's policies and procedures, and external regulations. The Chief Compliance Officer receives monthly reports on any use of the hotline as well as any actions taken on any reported issues and reports them quarterly to the GPC. As of today's report, there has been no activity.

The GPC will continue to receive reports on the Hotline, even once it is removed from the board policies and replaced as the Employee Hotline in internal employee policies.

### MRO Board of Directors Election

MRO solicited nominations from its industry sector members to fill open or expiring seats on the board of directors from September 12, 2022, to October 7, 2022. Following the nomination period, electronic ballots were sent to those sectors with open seats on the board. The ballot period closed on October 31, 2022, and the election results were announced on November 2, 2022 to all MRO Members.

Please join us in congratulating the following individuals on their election to the MRO Board:

#### Cooperative Sector

- Incumbent Priti Patel, Great River Energy

#### Generator and Power Marketer Sector

- Incumbent Brad Cox, Tenaska Power Services Co.
- John Rhea, Ameren

#### Investor Owned Utility Sector

- Incumbent JoAnn Thompson, Otter Tail Power Company (IOU <3k)
- Incumbent Dehn Stevens, MidAmerican Energy Company (IOU ≥ 3k)
- Incumbent JP Brummond, Alliant Energy (IOU ≥ 3k)

#### Municipal Utility Sector

- Maurice Moss, Kansas City Board of Public Utilities

Transmission System Operator Sector

- Keri Glitch, MISO

**MRO Board of Director Attendance Review**

Pursuant to the GPC Charter, the GPC is tasked with periodically reviewing board member individual attendance and ensuring that each director's attendance is consistent with the Board Guiding Principles and MRO Bylaws. The GPC reviewed a breakdown of board member attendance in 2022 at both the full board and board committee level and has identified no issues.

**GPC Roster**

For your reference, the GPC consists of the following board members:

- Jeanne Tisinger (Chair), Independent Director
- Dr. Dana Born, Independent Director
- Michael Lamb, Investor Owned Utility Sector
- Eric Schmitt, Independent Director
- Tom Finco, Transmission System Operator Sector
- Stuart Lowry, Regional Director
- Thomas Graham, Independent Director

**Organizational Group Oversight Committee Report**  
**Paul Crist, Organizational Group Oversight Committee Chair**

**Action**

Information

**Report**

The Organizational Group Oversight Committee (OGOC) will hold its fourth quarter meeting on November 30, 2022. The meeting will include:

- Review 2022 accomplishments of MRO's organizational groups; and
- Conduct annual risk meeting with advisory council chairs and vice chairs and key MRO staff to identify focus areas and activities for organizational groups in 2023.

**Review of Accomplishments**

During the fourth quarter OGOC meeting, advisory council chairs and vice chairs will review reports prepared by the respective organizational groups outlining their accomplishments for 2022. The reports are attached.

**Annual Risk Meeting**

The OGOC will also meet with the chairs and vice chairs of the advisory councils and key MRO staff to review and discuss risks to the bulk power system in MRO's regional footprint. Meeting participants will review prioritized reliability and security risks identified in the draft 2023 MRO Regional Risk Assessment (RRA). The RRA is a document that MRO prepares annually, with input from industry subject matter experts, to identify risks that are most applicable and impactful to MRO.

**Areas of Focus & Work Plans**

Following this discussion of risks, participants will break into small groups to assess and prioritize key focus areas for MRO's organizational groups in 2023. The advisory council chairs will then review their proposed 2023 work plans with the OGOC, and the small groups will convene again to discuss the draft work plans and ensure the plans appropriately address the risks identified during the earlier sessions. Input is provided back to the advisory councils so those groups can adjust their work plans accordingly.

**Governance Obligation – Organizational Group Oversight**

Per the MRO Bylaws, Article 8.1:

*“...The board shall conduct a review of all organizational groups of the Corporation on a periodic basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner and shall include a statement of its conclusions and resulting actions in the board's report to Members at the annual meeting.”*

This obligation has been delegated to the OGOC pursuant to its charter. As a result of the review of organizational accomplishments, discussion of risks, areas of focus, and work plans, I will provide a report of the OGOC's conclusions and resulting actions at the Annual Member and board meeting.

### Approval of Membership Recommendations

The OGOC is also considering for approval via electronic ballot recommendations from the advisory councils regarding organizational group membership and MRO-sponsored NERC representatives. If the OGOC is unable to approve the membership recommendations via electronic ballot, they will convene on December 5, to discuss and approve as appropriate.

### OGOC Members

For your reference, the OGOC consists of the following board members. There is currently one vacancy on the OGOC.

- Paul Crist (Chair), Municipal Utility Sector
- JoAnn Thompson (Vice Chair), Investor Owned Utility Sector
- Ben Porath, Cooperative Sector
- Charles Marshall, Transmission System Operator Sector
- Daryl Maxwell, Canadian Utility Sector
- Dehn Stevens, Investor Owned Utility Sector
- Eric Schmidt, Independent Director
- Iqbal Dhani, Canadian Sector
- Jeanne Tisinger, Independent Director
- Jennifer Flandermeyer, Regional Director

**Annual Review of Organizational Group Accomplishments**  
Compliance Monitoring and Enforcement Program Advisory Council  
*Tiffany Lake, CMEPAC Vice Chair*

**Action**

Information

**Report**

**CMEPAC Accomplishments**

1. The Compliance Monitoring and Enforcement Program Advisory Council (CMEPAC) is on schedule to achieve all objectives in its 2022 work plan before the end of the year, and has created a draft 2023 work plan.
2. The CMEPAC monthly call, which began in 2019, was formally approved by the OGOC in 2022 as key outreach for the region. The call provides entities an opportunity to share best practices, discuss compliance concerns and approaches, provide information on new/changing NERC Reliability Standards, and for the CMEPAC to solicit ideas and feedback for outreach that would best assist the MRO footprint. There are 153 people registered for the monthly calls. The average number of participants per call was 58 and the average duration was 52 minutes in 2022.
3. The CMEPAC successfully hosted the 2022 CMEP Conference as a hybrid event. The conference, including the content and speakers, received very positive feedback. There were over 400 attendees, which included registered entities from across the ERO, not just MRO's footprint, as well as staff from Northeast Power Coordinating Council (NPCC), ReliabilityFirst (RF), SERC Reliability Corporation (SERC), North American Electric Reliability Corporation (NERC), and Federal Energy Regulatory Commission (FERC).
4. CMEPAC members volunteered and participated in a pilot readiness assessment initiative. The pilot focused on readiness for CIP-012, Communications Between Control Centers. The goal of the project was to allow entities to present their approach to compliance and allow MRO staff to view these approaches and provide feedback in advance of the effective date of the Standard. In April, the CMEPAC hosted a webinar sharing the lessons learned with industry. All participants, industry and MRO staff, provided positive feedback on the process and requested it be presented to the OGOC for approval for additional use. In the second quarter, MRO staff and the CMEPAC performed a value analysis of the pilot and worked with the OGOC to add the readiness assessment tool to MRO and the CMEPAC's repertoire.
5. The CMEPAC responded to a MRO staff survey of the MRO Self-Certification process. This was a critical input in MRO identifying process improvement and efficiency gains in the Self-Certification process that staff is incorporating into our program.
6. A small group of CMEPAC members reviewed the Risks in Aggregate section of the 2022 MRO Regional Risk Assessment (RRA) and provided feedback to MRO staff for consideration in the 2023 MRO RRA.
7. Multiple CMEPAC members volunteered to respond to a NERC effectiveness activity for CIP-008.
8. In 2022, the CMEPAC created subteams to lead the various delivery mechanisms of outreach to the footprint. These subteams include the annual CMEP Conference, CMEPAC monthly calls, webinars, and newsletters. This subteam approach provided more leadership opportunity throughout the council and broader participation and engagement resulting in consistent delivery of content and information utilizing those four methods of delivery.

9. The CMEPAC annual survey has been developed and will be distributed to Primary Compliance Contacts, Alternates, and the CMEPAC plus distribution list. Feedback from the annual survey is reviewed and used as an input for identifying content for future outreach.

### **NSRF Accomplishments**

1. The NSRF is currently reviewing the Standards Authorization Request (SAR) to update CIP-008 Reporting Threshold, under Project 2022-05. The NSRF is also reviewing Project 2021-05, Modifications to PRC-023, Project 2021-06, Modifications to IRO-010 and TOP-003, and Project 2021-02, Modifications to VAR-002-4.1, Draft 1.
2. Project 2016-02 Modifications to CIP Standards Virtualization - Draft 3, Comments submitted
3. Project 2020-03 Supply Chain Low Impact Revisions, Comments submitted
4. Project 2020-04 Modifications to CIP-012, Comments submitted
5. Project 2020-05 Modifications to FAC-001 and FAC-002, Comments submitted
6. Project 2020-06 Verification of Models and Data for Generators, Comments submitted
7. Project 2021-02 Modifications to VAR-002, Comments submitted
8. Project 2021-06 Modifications to IRO-010 and TOP-003, Comments submitted
9. Standard Authorization Request, Comments submitted
10. Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination, Comments submitted
11. Project 2021-08 Modifications to FAC-008, Comments submitted
12. Project 2022-01 Reporting ACE Definition and Associated Terms, Comments submitted
13. Standard Authorization Request, Comments submitted
14. Project 2022-02 Modifications to TPL-001-5.1 and MOD-032-1, Comments submitted
15. 2022 Periodic Review Standing Review Team – Standards Grading, Comments submitted
16. Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination, Comments submitted
17. Project 2016-02 Modifications to CIP Standards Virtualization – Draft 4, Comments submitted
18. Project 2017-01 Modifications to BAL-003 – Phase II, Comments submitted
19. Project 2020-02 Transmission-connected Dynamic Reactive Resources Generator Ride-through Standard (PRC-024-3 Replacement) , Comments submitted
20. Standard Authorization Request, Comments submitted
21. Project 2021-04 Modifications to PRC-002, Comments submitted
22. Project 2021-01 Modifications to MOD-025 and PRC-019, Comments submitted
23. Project 2020-04 Modifications to CIP-012, Comments submitted

## Annual Review of Organizational Group Accomplishments

Reliability Advisory Council

*Jason Weiers, RAC Vice Chair*

### Action

Information

### Report

#### **RAC Accomplishments**

1. The Reliability Advisory Council (RAC) is on schedule to achieve all objectives in its 2022 work plan before the end of the year and has created a draft work plan for 2023.
2. The RAC sponsored the [Cold Weather Preparedness Workshop](#) on October 12, 2022. This workshop focused on educating and informing participants on a variety of cold weather preparedness topics from a regional perspective. There were 303 virtual participants. The workshop planning committee was Bryn Wilson, Oklahoma Gas & Electric, Dick Pursley, Great River Energy, and CJ Brown, Southwest Power Pool.
3. The RAC executed the [2022 Annual Reliability Conference](#) on May 18, 2022 in Kansas City, Missouri. The conference was hosted as a hybrid event. There were 365 total participants (73 in person and 292 virtual). The conference planning committee was Derek Brown, Evergy, Dwayne Stradford, American Electric Power, Dick Pursley, Great River Energy, Dallas Rowley, Oklahoma Gas & Electric, and CJ Brown, Southwest Power Pool.
4. The RAC contributed to the 2023 MRO Regional Risk Assessment in Q4 by identifying current regional risks and discussing new potential risks and also supported the annual risk ranking effort. Gayle Nansel, Western Area Power Administration (WAPA) and Jason Weiers, Otter Tail Power Company participated in the two-day meeting.
5. The RAC assigned resources to review both the 2022 MRO Regional Summer and Winter Assessments before the reports were published. The reviewers were Dick Pursley, Great River Energy, Nandaka Jayasekara, Manitoba Hydro, Gayle Nansel, WAPA and Ron Gunderson, Nebraska Public Power District.
6. The RAC facilitated quarterly Reliability Coordinator reviews during the RAC meetings from MISO, SPC and SPP. These reviews support the preparation of seasonal readiness plans by the RCs.
7. The RAC reviewed an impactful Category 1 event in the MRO Region at the Q3 meeting. This was an event that occurred in 2021 and the discussion was led by WAPA.
8. The RAC authored the following articles for MRO's Midwest Reliability Matters Newsletter:
  - a. 2022 MRO Reliability Conference by Derek Brown, Evergy and Dwayne Stradford, American Electric Power
  - b. Managing Periods of Bulk Power System Instability by C.J. Brown, Southwest Power Pool, Dick Pursley, Great River Energy and John Stephens, City Utilities of Springfield
9. Each RAC member was assigned to a NERC organizational group with an MRO Representative to create better alignment and help promote outreach efforts.



**PRS Accomplishments**

1. The PRS facilitated and reviewed multiple technical presentations across the MRO region quarterly to promote the sharing of technical information across the region as well as identifying valuable lessons learned. The group will be taking a deeper dive into specific misoperation events during their Q4 meeting in a closed session.
2. The PRS hosted the [Protection System Commissioning Webinar](#) on July 14, 2022 from 10:00-11:30 a.m. Central. There were 188 virtual participants.

## Annual Review of Organizational Group Accomplishments

Security Advisory Council

**Michael Meason, SAC Vice Chair**

### Action

Information

### Report

#### SAC Accomplishments

1. The Security Advisory Council (SAC) is on schedule to achieve all objectives in its 2022 work plan before the end of the year, and has created a draft 2023 work plan.
2. The SAC provided a security briefing to the industry at the SAC regional security risk assessment meeting that included Government and Industry intelligence agencies.
3. The SAC hosted four webinars to date in 2022; the webinars that could be recorded are available for replay on the MRO website [here](#). The MRO SAC webinars consist of attendees from FERC, NERC, E-ISAC, MRO entities/members, other Regional Entities, and vendors. Registration has ranged from 100 to about 400 individuals per webinar.
  - a. *MRO Ransomware Playbook Design*, hosted by Michael Meason, SAC Vice Chair, Western Farmers Electric Corporation; Jason Nations, Oklahoma Gas and Electric; and Black & Veatch
  - b. *How to Set Up Combined IT/OT SOC (Implementation)*, hosted by and Laura Liston, Alliant Energy, MRO SAC Member
  - c. *Information Sharing & Public/Private Partnerships*, hosted by Clayton Whitacre, Great River Energy, MRO SAC Chair Tony Eddleman, Nebraska Public Power District, MRO SAC Member
  - d. *Supply Chain Survey/Webinar*, hosted by Tony Eddleman, Nebraska Public Power District, MRO SAC Member and Jason Nations, Oklahoma Gas and Electric, MRO SAC Member
4. MRO hosted the 2022 Hybrid Security Conference and Security Insider Threat Training sponsored by the Security Advisory Council (SAC) at the MRO offices as well as via Webex on October 4-5, 2022. The conference focused on security awareness and strengthening cyber and physical security through information shared by experts within the security industry, as well as analysis of real world security lessons and best practices. There were 191 participants in person and 428 virtual attendees over the two-day event.
5. The SAC organized and conducted the 2022 MRO Regional Security Risk Assessment and is preparing a report for the Region.
6. The MRO SAC has provided 2 newsletter articles:
  - a. Cyber Attack for Ransom by Michael Meason, Western Farmers Electric Corporation, MRO SAC Vice Chair
  - b. Newsletter article on 2022 Security Conference will be drafted by Margaret Eastman, MRO Security Administrator.
7. Conducted the annual MRO Security Advisory Council (SAC) and Security Advisory Council Threat Forum (SACTF) Survey

**SAC Threat Forum Accomplishments**

1. The SACTF held 40 calls through October 26, 2022 to facilitate the trusted sharing of threat information. The SACTF Threat Call currently has about 285 registered individuals, the call lasts on average 22 minutes, and there is an average of 61 participants per call.
2. The SACTF is continuing to produce an Open Source Sharing Information Document, which they provide to approved registrants after the call.
3. The SACTF completed its 2022 work plan, and developed a 2023 draft work plan.
4. The SACTF conducted surveys of threat call participants, which gathered feedback. The SACTF reviewed the feedback and altered the call in response to feedback.
5. In April 2022, the SACTF hosted a webinar: The Industrial Control Systems (ICS) / Operational Technology (OT) Year in Review.
6. Identified and provided a speaker for the CMEP Conference on Geopolitical Tensions - Overview.

**Progress Made Following 2021 Cold Weather Event**  
*Bryan Clark, Director of Reliability Analysis*  
*Mark Tiemeier, Principal Technical Advisor*

**Action**

Information

**Report**

The [Final Report](#) on the February 2021 Cold Weather event included 28 recommendations to prevent reoccurrence of the failures experienced during the event. Since the release of the Final Report, the FERC-NERC-ERO Joint Inquiry Leadership Team (JILT) has held semi-monthly meetings to monitor progress towards completion of these recommendations.

In addition to FERC and ERO Enterprise efforts, MRO staff has initiated multiple activities that focus on Cold Weather Preparedness, most notably the Generator Winterization Program (GWP). Other activities include reviewing the most recent NERC Alert responses (Cold Weather Preparations for Extreme Weather Events –II), supporting the RAC Cold Weather Preparedness Workshop, and most recently the MRO Regional Winter Assessment.

MRO staff will provide a short presentation providing an update on progress towards completion of the Cold Weather Report recommendations and details on MRO's efforts explaining how these items are helping ensure reliability during the winter season.

**MRO Operational Activities Report**  
*Richard Burt, Senior Vice President and Chief Operating Officer*

## Action

Information (Written Report)

## Report

A major focus for staff this quarter has been development of the 2023 MRO Regional Risk Assessment (RRA). This annual deliverable, led by MRO Principal Technical Advisor Mark Tiemeier, is used to prioritize operational, planning, and security risks. These prioritized risk are used for MRO operations, outreach, and its organizational groups. MRO staff coordinated with the Security Advisory Council (SAC), the MRO Reliability Advisory Council (RAC), and the Compliance Monitoring and Enforcement Program Advisory Council (CMEPAC), to identify risks for inclusion in the 2023 MRO RRA.

Following on the success of last year's collaborative risk ranking process with industry, MRO again utilized six volunteers from the Advisory Councils to join staff in applying the [MRO Risk Matrix](#) to rank the operational, planning, and security risks through 12 hours of constructive deliberation. The following Advisory Council members contributed a significant amount of time, and provided immense value with their thoughtful contributions, all of which resulted in a thorough evaluation of risks that will be used to prioritize MRO's 2023 efforts in support of its mission. MRO expects to publish the 2023 RRA by the end of January.

Name	Title	Company	Organizational Group
Theresa Allard	Manager of NERC Compliance	Minnkota Power Cooperative	CMEPAC Member
Bryan Dixon	Senior NERC Compliance Analyst - CIP	Xcel Energy	CMEPAC Member
Daniel Graham	Chief Security and Compliance Officer	Basin Electric Power Cooperative	SAC Member
Gayle Nansel	Vice President of Operations	Western Area Power Administration – Upper Great Plains	RAC Member
Matthew Szyda	ICS Security and NERC CIP Applications Engineer	Manitoba Hydro	SAC Member
Jason Weiers	Manager of Delivery Planning	Otter Tail Power	RAC Vice Chair

In addition to the RRA, MRO staff plans to publish the 2022 MRO Regional Winter Assessment by the end of November. This assessment, like last year's, will again show expected challenges in meeting winter demand for certain scenarios such as extreme cold or extensive outages due to decreasing accredited capacity in the region. In response to these recurring challenges associated with the winter season, last year MRO initiated the [MRO Generator Winterization Program](#). With less travel restrictions in 2022, the program was expanded to six generation sites across a broader geographic area of the region. MRO Reliability Analysis staff have completed the site visits and are finalizing reports for each of the volunteer entities. Another aspect of this program's expansion in 2022 is the development of a separate themes report for all MRO registered entities that will communicate best practices and opportunities for improvement based on these site visits.

**Outreach Report**  
***Cris Zimmerman, Manager of Outreach and Stakeholder Engagement***

**Action**

Information (Written Report)

**Report**

One of MRO's long-term strategic objectives is to "be a trusted leader in providing premier and cutting edge outreach to our stakeholders." This report highlights work done in 2022 to improve and expand MRO's outreach and stakeholder engagement efforts.

As the Manager of Outreach and Stakeholder Engagement, I oversee the creation of a new Outreach Department at MRO tasked with centralizing MRO's outreach activities, streamlining related processes, and assessing/implementing tools and technology that will elevate MRO's outreach efforts. My focus has been on gathering information on how the organization currently conducts outreach, as well as how others across the ERO Enterprise do the same work in order to identify best practices and areas of improvement. I have participated on an ERO Enterprise Outreach and Training Collaboration Group focused on sharing information and lessons learned related to outreach events. This group has been an excellent resource for me and we are seeing efficiencies gained through this kind of collaboration.

Based on these avenues of collaboration, I have identified the following focus areas for the Outreach Department in 2023:

- Establish an Outreach Strategy that aligns with MRO's vision, mission and strategic objectives
- Leverage existing relationships with industry subject matter experts (MRO's advisory councils) to identify outreach topics
- Work closely with other Regional Entities and NERC to share best practices, assess opportunities for partnering on events, and promote consistency of messaging
- Develop centralized outreach procedures and information-sharing protocols for MRO
- Consider how best to improve the hybrid outreach experience and begin sourcing new tools and technology
- Identify and implement appropriate measures of success – align the strategy with MRO's budget.
- Utilize and follow the ADDIE process for effective outreach events. ADDIE is an acronym that stands for Analyze, Design, Develop, Implement & Evaluate. ADDIE is a process used by training organizations or other groups focused on ensuring effective and reliable training or ensuring the effective transfer of knowledge.

Another important project completed in 2022 that supports stakeholder engagement is the release of MRO's new public-facing website. The new website went live in July and is more responsive to the needs of our stakeholders. The enhanced event calendar allows visitors the option to filter and sort events by category and type, and provides a centralized place for publishing all event materials (e.g., agendas, presentations, recordings, etc.). Below is a list of recent events hosted by MRO:

- On July 14, 2022, MRO hosted a webinar focused on highlighting the [Joint Review of Protection System Commissioning Programs](#).
- On July 26, 2022 MRO Hosted the [Hybrid CMEP conference](#)

- On July 28, 2022, MRO Hosted a webinar focusing on the [Regional Security Risk Assessment](#) MRO hosted a webinar on September 28, 2022, sponsored by the [CMEPAC Overview of FAC Internal Controls Examples](#). There were 109 people that participated.
- MRO hosted the 2022 Hybrid [Security Conference](#) and [Security Insider Threat Training](#) sponsored by the Security Advisory Council (SAC) at the MRO offices as well as via Webex on October 4-5, 2022. The conference focused on security awareness and strengthening cyber and physical security through information shared by experts within the security industry, as well as analysis of real world security lessons and best practices. There were 191 participants in person and 428 virtual attendees over the two-day event.
- The MRO Security Advisory Council Threat Forum (SACTF) continues its weekly threat calls, completing 39 so far this year with approximately 64 weekly attendees.
- The CMEPAC continues to host [monthly calls](#) with an average of 65 attendees per call. This forum allows registered entities to share best practices, discuss compliance issues, and provide input to outreach opportunities that would best assist entities in the MRO footprint.
- The RAC sponsored the [Cold Weather Preparedness Virtual Workshop](#) on October 12, 2022. This workshop focused on educating and informing participants on a variety of cold weather preparedness topics from a regional perspective. Topics included cold weather preparation recommendations, lessons learned and best practices to ensure bulk power system reliability during extreme weather events. There were 303 virtual participants.
- The RAC will also sponsor the [2022 Regional Winter Assessment Webinar](#) on December 15, 2022 from 10:00-11:00 a.m. Central. Registration information can be found [here](#).

We look forward to any questions or input you might have on MRO's outreach efforts.



**External Affairs Report**  
*Tasha Ward, Director of Enforcement and External Affairs*

**Action**

Information

**Report**

**Webinars and Conferences**

As a follow up from the third quarter External Affairs report, on July 6, 2022, Richard Burt, Senior Vice President and Chief Operating Officer, along with Priti Patel, Vice President & Chief Transmission Officer at Great River Energy and a member of the MRO Board of Directors, and Commissioner Joseph Sullivan, Vice Chair of the Minnesota Public Utilities Commission, recorded an episode for the Minnesota Rural Electric Association's (MREA) Rise Up podcast on Electric Grid Reliability. The episode aired this fall and can be found [here](#). John Grimm, Principal Systems Protection Engineer, gave a presentation on the FERC/NERC Cold Weather Report at the *Minnesota Rural Electric Association (MREA)* Conference that was held on September 21-23 in Duluth, MN.

On October 25, 2022, Jeff Norman, Director of Compliance, along with other ERO Enterprise staff, spoke about Facility Ratings at the Western Electricity Coordinating Council (WECC) Reliability & Security Workshop, in Scottsdale, AZ. The presentation is available for viewing on WECC's YouTube channel.

November has been an active month for staff supporting external affairs initiatives. On November 8, 2022, Burt and Mark Lauby, NERC's Senior Vice President and Chief Engineer, presented on "Ensuring Energy Deliverability through the Grid of Tomorrow" during the General Session at the Minnesota Power Systems Conference (MIPSYCON), in Saint Paul, MN. Several of MRO's engineering staff also attended the conference. MIPSYCON is an annual three-day conference that emphasizes the unique challenges faced by electric utilities in the Midwest.

Jessie Mitchell, Director of Communications, attended Basin Electric Power's Annual Meeting on November 8-10 in North Dakota. On November 10, 2022, Sara Patrick, President and CEO, attended FERC's Technical Conference on Reliability, held in Washington, D.C. On November 15, 2022, Mark Tiemeier, Principle Technical Advisor, presented "Grid Transformation and Energy Availability" at Sunflower Electric Cooperative's Member Conference. And, on November 16, 2022, Tiemeier also presented at Great River Energy's Division meeting on the topic of "Energy Availability."

On December 8, 2022, Patrick will be presenting at American Electric Power's "All Hands NERC Compliance Meeting."

**ERO Enterprise State Outreach Initiative**

The ERO Enterprise State Outreach Initiative continues to strengthen relationships and become a valuable and trusted resource for state and federal regulatory agencies. MRO continues to communicate and meet with state regulators to provide education on MRO and ERO reports, and provide information about outreach opportunities. On October 24, 2022, Patrick presented "Overseeing Reliable Operation of the Regional Bulk Power System" at the Southwest Power Pool (SPP) Joint Quarterly Stakeholder Briefing with the SPP Regional State Committee and SPP Board of Directors in Little Rock, AR. I also attended. Looking ahead, MRO will reach out to the state commissions when the NERC and MRO Winter Reliability Assessments are

released. Discussions with state regulators may come out of these assessments and will be reported at that time.

MRO will continue to communicate MRO and ERO reports and outreach opportunities to state commissioners and commission staff. MRO continues to coordinate with Reliability First, SERC Reliability Corporation, and the WECC, on outreach opportunities in states within multiple regional footprints. Updates on the state outreach initiative and other regulatory happenings are now published in Midwest Reliability Matters, MRO's bi-monthly newsletter, as they occur.

### Canadian Affairs

As announced at the third quarter MRO Board of Directors meeting, responsibility for Canadian Affairs has been transitioned to me within the scope of external affairs. Lam Chung, Vice President and Engineer for Strategy, Innovation, and Finance, previously held this responsibility. On October 31, 2022, Bill Steiner, Director of Risk Assessment and Mitigation, presented at the Saskatchewan Electric Reliability Authority (SERA) Board of Directors meeting on "Reliability Culture as a HERO" in Regina, Saskatchewan. I attended virtually. On November 9, 2022, I met with a representative from the Government of Manitoba's Environment, Climate, and Parks division for introductions as the new MRO liaison.

## Other Business and Adjourn

### Action

Information

### Report

- February 1, 2023 MRO Board of Directors – New Director Orientation
- April 14, 2023 Q1 MRO Board of Director Meetings
- June 15, 2023 Q2 MRO Board of Director Meetings
- September 14, 2023 Q3 MRO Board of Director Meetings
- TBD Q4 MRO Board of Director Meetings