



---

## Approved Minutes of the MRO Board of Directors Meeting

### Webex

June 24, 2021, 1:00 p.m. to 3:46 p.m. Central

Notice for this meeting was electronically posted to the MRO website [here](#) on May 25, 2021.  
A final agenda, including advanced reading materials, was also posted on June 17, 2021.

#### 1. Call to Order and Determination of Quorum

The MRO Board of Directors Chair, Tom Kent, called the meeting to order at 1:00 p.m. Lisa Zell, Vice President General Counsel and Corporate Secretary, advised the chair that a quorum of the board was present. A list of attendees is included as [Exhibit A](#).

#### 2. Standards of Conduct and Antitrust Guidelines

Zell reviewed Policy and Procedure 4 containing MRO's Standards of Conduct, Conflict of Interest, and Antitrust Guidelines.

#### 3. Consent Agenda

The consent agenda included draft minutes from the board's March 25, 2021 meeting.

*Upon a motion duly made and seconded, the board unanimously approved the consent agenda as provided in the meeting materials.*

#### 4. President's Report

Sara Patrick, President and CEO, welcomed the board and special guests, including Colleen Sidford from the NERC Board of Trustees, Renuka Chatterjee from Midcontinent Independent System Operator (MISO), and CJ Brown from Southwest Power Pool (SPP). Patrick recognized and thanked Dr. Mike Bocovich, Principal Systems Protection Engineer, who will retire in July 2021, and MRO HERO® (Highly Effective Reliability Organizations) David Zwergel, who recently retired as the Senior Director of Regional Operations at MISO.

Patrick recalled the challenges MRO and the industry have faced over the preceding year, and noted new challenges that continue to arise, particularly related to cybersecurity and weather. She emphasized MRO's important role in identifying and mitigating these risks to the bulk power system. Patrick outlined the value provided by the seasonal assessments, as well as MRO's annual regional risk assessment. She also highlighted the efforts of the Security Advisory Council (SAC), which provides a forum for security experts across the region to raise awareness and share information on security risks and best practices.

Patrick underscored the importance of outreach as a means to protect reliability and security of the bulk power system, and highlighted several outreach touchpoints for stakeholders to engage, including MRO's conferences, training sessions, webinars, and organizational group meetings.



## **5. Chair's Remarks**

Chair Kent welcomed the board and special guests. In his remarks, Chair Kent underscored the importance of resilience – one of the four principles of High Reliability Organizations (HRO) – and the important of approaching unplanned events with mitigation and rapid recovery. He noted how these aspects of resilience were exemplified during the February cold weather event. He highlighted how changes in the resource mix serving the electric grid also change how the system is operated, requiring ongoing conversations within the industry to maintain reliability and resiliency. He listed ways the summer assessment and lessons learned from February can be used to further a commitment to resilience.

## **6. NERC Trustee Remarks**

Colleen Sidford, NERC Board of Trustee, addressed the board. She thanked Patrick for her leadership at both MRO and across the ERO Enterprise, specifically regarding the ERO Transformation. She commended MRO as one of the first regions to adopt ALIGN and the Secure Evidence Locker (SEL), and noted how MRO's leadership will enable a successful transition to phase two.

Sidford relayed that NERC's current areas of focus are cybersecurity, weatherization, and energy assurance. She noted that two MRO staff members are participating in the NERC-led inquiry regarding the February cold weather event, and emphasized she looks forward to the findings of the inquiry.

Sidford discussed various areas of risk. She noted the findings of NERC's summer assessment, including that some geographic areas are deemed at elevated risk of energy emergencies. She also noted a changing resource mix leading to a more complex system and vulnerabilities, as highlighted by the Colonial pipeline event. She also emphasized the need for continued focus on cybersecurity, and commended MRO as a leader in this area. She urged participation in GridSecCon and GridEx as venues providing crucial exercises to engage public and private sector partners in responding to cyber and physical risk.

Sidford acknowledged increased budget demands on reliability, and observed this is reflected in the budgets across the ERO Enterprise.

Sidford commended MRO and the other Regional Entities in continuing to contribute to the overall strong performance of the bulk power system.

## **7. MISO and SPP Perspectives on the February Cold Weather Event**

MRO's Principal Technical Advisor, John Seidel, introduced Chatterjee and Brown on behalf of MISO and SPP respectively, to share their organizations' perspectives regarding the February cold weather event.

Chatterjee outlined MISO's coordination with its entities and the ways in which it was well prepared for cold weather, including its northern footprint, its diverse resource mix, its staff meteorologist, and having conducted readiness and fuel supply assessments to prepare for these types of events. She highlighted unprecedented power flows across the MISO footprint during the February event as MISO exported power to SPP to address shortages and help serve consumer demand. Chatterjee emphasized that transmission is extremely important to serve demand, and stated that transmission planning, while a large investment, is necessary to ensure future reliability of the bulk power system (BPS). She observed that this event served to illustrate the urgency of generation availability,



especially during tight conditions, and the importance of transmission planning to ensure generation can reach consumers.

Brown provided SPP's perspective on the February severe cold weather event. He emphasized the exceptional work of the system operators in issuing alerts and public conservation appeals in a timely manner ahead of the event. SPP both accepted power from MISO and sent power to Texas during the event. He reviewed key drivers of the event, and commended the Reliability Coordinators for managing system congestion during unprecedented conditions. He also reviewed available generation across SPP's footprint during the event, highlighting the significant drop in generation when compared with the five-year average. The sustained nature of this event presented many challenges, and the icing that preceded this event contributed to these challenges in the form of frozen coal and iced wind blades. He emphasized that there will be a cost to system weatherization and improving system performance during extreme cold weather. Notably, the gas supply was not available during the event, which Brown observed should be addressed to ensure reliability in the future.

Chair Kent acknowledged a suggestion for these speakers to be invited back at another time to discuss lessons learned and to highlight areas that performed well during the February event.

## **8. ALIGN Update**

Michael Spangenberg, CIP Risk Assessment and Mitigation Engineer III, provided an update on the Align project, which was initially implemented to promote consistent CMEP processes across the ERO Enterprise. He described the benefits of the project, one of which is the addition of Secure Evidence Lockers (SEL). SEL restricts access to confidential information and significantly reduces the risk of data loss.

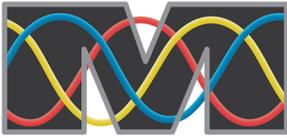
Spangenberg also reviewed the release schedule for 2021, noting that MRO was part of the first release on March 31. The second release is planned for July and the third release is projected for the fourth quarter. He noted that as of June 10, there were 58 activities comprised mostly from the self-logs of registered entities. He reminded meeting participants of the ongoing help desk support from MRO staff, exploder list to facilitate communications, and access to training regarding use of the new tools.

## **9. Finance and Audit Committee Report**

Brad Cox, chair of the Finance and Audit Committee (FAC), delivered a report on behalf of the FAC. He noted no questions from the board regarding the written report of the FAC. He shared the FAC's recommendation for the board to approve Resolution 21-005 to re-appoint Baker Tilly as the independent audit firm to audit MRO's 2021 financial statements.

*Upon a motion duly made and seconded, the board approved the Resolution 21-005 as presented to reappoint Baker Tilly as independent audit firm to audit MRO's 2021 financial statements.*

Cox next welcomed MRO staff to provide a presentation regarding the draft 2022 business plan and budget. Patrick reviewed the budget development and review timelines, as well as the MRO strategic priorities to align, execute, and enhance MRO's activities. She outlined the complex risk facing both the industry and, in the form of corporate risk, to MRO.



Lam Chung, Vice President and Engineer of Strategy, Innovation, and Finance, highlighted the key components of the proposed 2022 budget, including an 8.8 percent budget increase over 2021, mostly driven by an increase in full-time employees (FTEs). He noted proposed assessments of \$17.8M, an increase of 5 percent over 2021. He noted the gap will be addressed by the assessment stabilization adjustment, as well as offsets from penalty assessments.

Chung reviewed the analysis, which led to a request for the additional FTEs, explaining that MRO is still in the process of right-sizing. He noted staff originally requested 12 FTEs, which were reviewed through a lens of three criteria evaluating whether the position would sustain, enhance, or transform the organization. By applying this analysis, only five positions were presented to the board for consideration. Chung reviewed each of the positions proposed to be added, and acknowledged a request to include conversations regarding FTEs in the annual strategic planning discussions.

Gina March, Senior Accountant, addressed trends related to dollar cost per gigawatt-hour (GWh) net energy for load (NEL). She highlighted challenges in drawing direct comparisons between MRO's budget and the former SPP Regional Entity, and reviewed preliminary projections for 2023 and 2024. She noted the reserves would be used to bridge the gap between the budgeted expenses and assessments through 2024. Patrick added that these projected future assessments assume that MRO has ended each year within the allocated budget, and underscored that the assessments also do not reflect offsets from penalty assessments, which are not forecasted.

Cox directed the board's attention to Resolution 21-006 to approve the 2022 MRO business plan and budget.

*Independent Director Dr. Dana Born moved to approve Resolution 21-006 as presented to approve the 2022 MRO business plan and budget. The motion was duly seconded and unanimously approved by the board.*

## **10. Governance and Personnel Report**

Jeanne Tisinger, chair of the Governance and Personnel Committee (GPC), provided a report on behalf of the GPC. She reported that MRO continues to work with Lyceum to identify candidates for an independent director seat on the MRO Board of Directors. Candidate interviews are scheduled for August, and the GPC aims to present a recommendation to the board at the September board meeting, to be followed by a vote of the full membership in the fourth quarter. The approved candidate will be seated in January 2022. She noted the GPC approved non-material changes to the regional director position descriptions for which nominations will be solicited from the membership in the third quarter.

Regarding human resources matters, Tisinger noted the results of an MRO employee engagement survey, revealing a score of 91 percent satisfaction. She also noted ongoing employee development initiatives, efforts related to succession management, a September 13 return to the office, a new telecommuting policy, and that 65 of 66 positions are currently filled.

Tisinger reported that the four independent directors met with the Compliance Monitoring and Enforcement Program (CMEP) staff, and key members of MRO's leadership team pursuant to the requirements of the NERC Independence Principles. The group concluded that no issues or concerns



were identified to bring forward to the board. Tisinger also noted no activity on the whistleblower hotline.

### **11. Organizational Group Oversight Committee**

Keri Glitch, chair of the Organizational Group Oversight Committee (OGOC), provided a report on behalf of the OGOC. She noted the OGOC's agreement to remove staff recommendations regarding nominees for organizational group seats. The OGOC also agreed to changes related to MRO-sponsored NERC representatives. Accordingly, Glitch reported that the OGOC approved changes to Policy and Procedure 3 (Organizational Groups), and to the Guidelines for MRO-sponsored NERC Representatives. The OGOC also approved nominees to serve on various organizational groups.

### **12. Security Advisory Council Report**

John Breckenridge, vice chair of the Security Advisory Council (SAC), next provided a report on behalf of the SAC. Breckenridge highlighted the work of the SAC Threat Forum (SACTF), including the launch of an information sharing document (TLP green) to distribute information shared during their weekly calls. Breckenridge assured the board that the SACTF will monitor to ensure the report does not detract from attendance. Other activities of the SAC include planning for the 2021 MRO Security Conference, preparing for the regional security risk assessment, contributing articles for the MRO newsletter, publishing a whitepaper, and hosting webinars, including meeting a goal to co-host a webinar with a fellow advisory council.

### **13. Written Reports**

Chair Kent noted written reports provided to the board regarding Canadian affairs, operational activities, outreach, external affairs, and policy matters. Regarding external affairs, Tash Ward, Director of Enforcement and External Affairs, added that the National Association of Regulatory Utility Commissioners (NARUC) invited Patrick, Ward, as well as Bryan Clark, Director of Reliability Analysis, to their Electricity Committee meeting to discuss the ERO's Summer Reliability Assessment. There were no questions regarding the written reports.

### **14. Adjourn**

Chair Kent highlighted the upcoming board meeting dates. Having no further business to discuss, the meeting was adjourned at 3:46 p.m. Central.

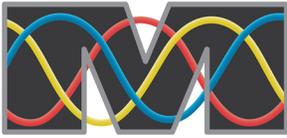
**Prepared by:** Julie Peterson, Assistant Corporate Secretary and Senior Counsel

**Reviewed and Submitted by:** Sara Patrick, President and CEO, and Lisa Zell, Vice President General Counsel and Corporate Secretary



**Exhibit A – Meeting Attendees**

<b>Board Members Present</b>	
<b>Name</b>	<b>Company, Role</b>
Thomas Kent	Nebraska Public Power District, Board Chair
Brad Cox	Tenaska Power Services Co., Board Vice Chair
Charles Marshall	ITC Holdings Corp., Board Member
Dr. Dana Born	Independent Director, Board Member
Darcy Neigum	Montana-Dakota Utilities Co., Board Member
Dehn Stevens	MidAmerican Company, Board Member
Gordon Pietsch	Great River Energy, Board Member
Iqbal Dhani	Saskatchewan Power Corporation, Board Member
Jeanne Tisinger	Independent Director, Board Member
Jennifer Flandermeyer	Evergy, Board Member
JoAnn Thompson	Otter Tail Power Company, Board Member
JP Brummond	Alliant Energy Corporation, Board Member
Keri Glitch	MISO, Board Member
Lloyd Linke	Western Area Power Administration, Board Member
Michael Desselle	Southwest Power Pool, Board Member
Michael Lamb	Xcel Energy, Board Member
Dr. Paul Barber	Independent Director, Board Member
Paul Crist	Lincoln Electric System, Board Member
Scott Nickels	Rochester Public Utilities, Board Member
Silvia Parada Mitchell	NextEra Energy, Board Member
Stuart Lowry	Sunflower Electric Power Corporation, Board Member
Thomas Graham	Independent Director, Board Member
Tony Clark	Manitoba Hydro, Board Member



Other Attendees	
Name	Title
Becky Holien	MRO Accounting Specialist
Bill Steiner	MRO Director of Risk Assessment and Mitigation
Bryan Clark	MRO Director of Reliability Analysis
Carolina Margaria	MRO Executive Assistant
CJ Brown	SPP Director of System Operations
Colleen Sidford	NERC Board of Trustees
Estee Nauer	MRO Security Administrator
Gina March	MRO Senior Accountant
Jeff Norman	MRO Director of Compliance Monitoring
Jessie Mitchell	MRO Director of Communications
Jess Syring	MRO Compliance Monitoring Manager, CIP
John Breckenridge	Evergy, Security Advisory Council Vice Chair
John Seidel	MRO Principal Technical Advisor
Julie Peterson	MRO Assistant Corporate Secretary and Senior Counsel
Karla Schiller	MRO Director of Human Resources
Kendra Buesgens	MRO Risk Assessment and Mitigation Administrator
Ken Gartner	MRO Director of Internal Oversight and Information Technology
Lam Chung	MRO Vice President and Engineer for Strategy, Innovation, and Finance
Lisa Zell	MRO Vice President General Counsel and Corporate Secretary
Michael Spangenberg	MRO CIP Risk Assessment and Mitigation Engineer III
Renuka Chatterjee	MISO Executive Director of System Operations
Richard Burt	MRO Senior Vice President and Chief Operating Officer
Sara Patrick	MRO President and CEO
Steen Fjalstad	MRO Director of Security
Tasha Ward	MRO Director of Enforcement and External Affairs

The above list does not reflect all meeting attendees as the meeting was open for observation only via WebEx.



## **Exhibit B – Approved Resolutions**

**RESOLUTION 21-005  
MIDWEST RELIABILITY ORGANIZATION  
BOARD OF DIRECTORS  
RESOLUTION REGARDING REAPPOINTMENT OF INDEPENDENT AUDIT FIRM**

**WHEREAS**, the regional delegation agreement between the North American Electric Reliability Corporation (NERC) and Midwest Reliability Organization (MRO) requires that MRO submit audited financial statements to NERC annually; and

**WHEREAS**, the MRO Finance and Audit Committee (MRO FAC) has reviewed the qualifications and performance of MRO’s existing independent audit firm Baker Tilly, LLC; and

**WHEREAS**, the MRO FAC recommends the MRO Board of Directors reappoint Baker Tilly, LLC to audit MRO’s 2021 financial statements.

**NOW, THEREFORE, BE IT RESOLVED** that the MRO Board of Directors finds that the above recommendation to reappoint Baker Tilly LLC allows MRO to meet its delegated obligations; and

**BE IT FURTHER RESOLVED**, that MRO staff is directed to engage Baker Tilly, LLC as the independent audit firm to audit MRO’s 2021 financial statements.

**MIDWEST RELIABILITY ORGANIZATION**

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

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

\_\_\_\_\_  
Dated



**RESOLUTION 21-006  
MIDWEST RELIABILITY ORGANIZATION  
BOARD OF DIRECTORS**

**Resolution Approving the Post-Retirement Medical Funding, 2022 Reserves, and 2022  
Business Plan and Budget**

**WHEREAS**, the Midwest Reliability Organization (MRO) Finance and Audit Committee (MRO FAC) has reviewed the proposed MRO Post-Retirement Medical Plan funding and recommends that the MRO Board of Directors approve the funding as part of the 2022 Business Plan and Budget; and

**WHEREAS**, the MRO Board of Directors approved the currently effective MRO Reserve Policy; and

**WHEREAS**, the MRO FAC has reviewed the targeted operating reserves requirements necessary to satisfy the projected annual cash flow and cash balance requirements, and determined that a 30-day cash requirement is sufficient and meets the requirements of the Reserve Policy; and

**WHEREAS**, the MRO FAC has reviewed the proposed 2022 Business Plan and Budget and believes that the proposed 2022 Business Plan and Budget is sufficient for MRO to meet its responsibilities under the delegation agreement and fulfill its statutory obligations; and

**WHEREAS**, the MRO FAC recommends that the MRO Board of Directors approve the proposed 2022 Business Plan and Budget.

**NOW, THEREFORE, BE IT RESOLVED** that the MRO Board of Directors finds that the proposed 2022 Business Plan and Budget, including the funding for the MRO Post-Retirement Medical Plan and the targeted operating reserve of 30-days cash, which meet the requirements of the Reserve Policy, is sufficient for MRO to meet its responsibilities under the delegation agreement and fulfill its statutory obligations;

**AND THEREFORE BE IT ALSO RESOLVED** that the MRO Board of Directors approves the proposed 2022 Business Plan and Budget; and

**BE IT FINALLY RESOLVED** that MRO staff is directed to take all necessary and appropriate steps to ensure that the budget as approved by the MRO Board of Directors is submitted to and approved by the North American Electric Reliability Corporation Board of Trustees and the applicable regulatory agencies.

**MIDWEST RELIABILITY ORGANIZATION**

Sara E. Patrick, President and CEO

Lisa A. Zell, Corporate Secretary

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

\_\_\_\_\_  
Dated