



RELIABILITY FIRST

Minutes

Board of Directors • Finance and Audit Committee

June 19, 2023 • 4:00 PM – 5:00 PM (ET)

Teleconference

Open Session

Call to Order – Chair Patrick Cass called to order a duly noticed open meeting of the Finance and Audit Committee (Committee) on June 19, 2023, at 4:03 p.m. (ET). A quorum was present, consisting of the following members of the Committee: Chair Patrick Cass, Scott Etnoyer, Nelson Peeler, Joanna Burkey, Jennifer Sterling, and Joseph Trentacosta. A list of others present during the Committee meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Cass designated Niki Schaefer as the secretary to record the meeting minutes.

Antitrust Statement – Chair Cass advised all present that this meeting is subject to, and all attendees must adhere to, ReliabilityFirst's (RF) Antitrust Compliance Guidelines.

Approve Minutes – Chair Cass presented the draft minutes for the April 26, 2023 meeting, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

2024 Business Plan and Budget – Beth Dowdell, Senior Director Corporate Services, presented the final 2024 Business Plan and Budget (BP&B) to the Committee. Ms. Dowdell noted that the budget amount of \$31.3M (12% increase from 2023), the assessment request of \$27M (9.5% increase from 2023), and the increase of 7 FTE's (98 total FTE's) remained unchanged from the first draft of the 2024 BP&B presented to and approved by the Board on April 27, 2023.

Ms. Dowdell discussed the activities that occurred since the April 27, 2023 Board approval. Ms. Dowdell mentioned that there 36 views on the webpage and no comments on the public RF web posting of the first draft of the 2024 BP&B. The final draft of the 2024 BP&B also included \$600K in additional penalties since the first draft, bringing the total penalties being used to \$1.5M and reducing the usage of reserves from \$3.5M to \$2.9M.

Ms. Dowdell then discussed the timeline of the 2024 BP&B, which includes final approval from the Board on June 29, 2023, submittal to NERC on July 1, 2023, NERC Finance and Audit Committee and Board approval on August 16 and 17, 2023, and filing to FERC on August 24, 2023. She noted that during the Regions' and NERC's meeting with FERC to discuss the NERC and Regional budgets, FERC asked whether RF had enough people for 2024, particularly on the engineering team, given everything RF plans to do and a discussion ensued about how RF will manage those challenges. There was also discussion with FERC about the reallocation of

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headcount over time versus the net new positions. Ms. Dowdell also shared the questions FERC asked of the other Regions and NERC and the level of detail involved in those questions. Finally, Ms. Dowdell noted some adjustments made related to penalties in MRRE settlements where monies were paid to other Regions involved in the settlement.

Lastly, Ms. Dowdell provided an overview of the preliminary 2024 budgets and assessments from NERC, RF, and the other Regions (noting that RF's assessments fall on the lower end of the group).

Mr. Cass asked for comments or questions from the Committee and there were none. He submitted a proposal to endorse the final draft of the 2024 BP&B for Board approval. Upon a motion duly made and seconded, the Committee approved the proposal.

After the vote was taken, Mr. Gallagher shared with the Committee that RF is seeking to modify the budget process to start sooner in the year (or prior year) and project further out to facilitate better planning. He noted that NERC uses a three-year plan instead of a year-ahead plan, which could be more strategic and thoughtful. However, RF believes that a rolling three-year budget planning would be most beneficial (*i.e.*, each year RF would project three years ahead, rather than creating a plan once every three years). Ms. Dowdell asked for feedback from the Committee on this approach. In response, Ms. Sterling noted that the RF 2024 BP&B was off from the prior year's initial projections, so she has concerns about the accuracy of and accountability to projections further out in time. Ms. Dowdell explained additional measures that RF is putting in place to help projections be more accurate in the future and to help RF be more accountable to those projections. There was discussion amongst the Committee about the importance of the effort and general support for the approach.

Next Meeting – Chair Cass noted that the next Committee meeting will be on August 23, 2023.

Adjourn – Upon a motion duly made and seconded, Chair Cass adjourned the Committee meeting at 4:30 p.m. (ET).

As approved on this 23rd day of August, 2023 by the
Finance and Audit Committee,



Niki Schaefer
*Vice President General Counsel & Corporate
Secretary*

Attachment A

Others Present During the Finance and Audit Committee Meeting

Tim Gallagher • ReliabilityFirst
Jeff Craig • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Shaefer • ReliabilityFirst
Carol Baskey • ReliabilityFirst
Beth Dowdell • ReliabilityFirst
Diane Holder • ReliabilityFirst
Matt Thomas • ReliabilityFirst