Agenda
Annual Meeting of the Members
November 30, 2017 • 9:00 AM – 10:15 AM (ET)

Pepco Holdings Incorporated
701 9th Street NW • Washington, DC 20037
Room: 2nd Floor Conference Room
Attire: Business

Open Agenda

1. **Call to Order and Appoint Secretary to Record Minutes** 9:00 am
   Presenter: Lou Oberski, Chair

2. **Antitrust Statement** 9:00 am
   Presenter: Jason Blake
   Reference: Antitrust Compliance Guidelines

3. **Chair’s Remarks and Welcome** 9:05 am
   Presenter: Lou Oberski, Chair

4. **Keynote Speaker** 9:10 am
   Presenter: Nick Brown, President & CEO, Southwest Power Pool, Inc.
   Reference: Biography

5. **President’s Report** 9:25 am
   Presenter: Tim Gallagher

6. **Announcement of Sector Election Results** 9:45 am
   Presenter: Jason Blake
   Description: Jason Blake will announce the director election results for the Supplier, Small LSE, and Transmission Sectors.
   Reference: a) Lisa Barton - Supplier
              b) Susan Sosbe – Small LSE
              c) Lynnae Wilson - Transmission
   Action: Information and Discussion

7. **Election of At-Large Director and Independent Director** 9:50 am
   Presenter: Lou Oberski, Chair
   Description: Chair Oberski will oversee the election of an At-Large Director and Independent Director.
   Reference: a) At-Large Nominee Scott Etnoyer Biography
              b) Independent Director Nominee Pat Cass Biography
   Action: a) Elect At-Large Director
           b) Elect Independent Director
8. **2017 Financial Position of ReliabilityFirst**
   Presenter: Ray Palmieri
   Description: Mr. Palmieri will provide an overview of the 2017 financial position of ReliabilityFirst.
   Reference: Presentation
   Action: Information and Discussion

9. **Comments from Members**

10. **Future Meeting for 2018 – November 28-29, 2018** (tentative, will be approved at Board meeting)

11. **Adjourn**
Roster • Board of Directors

Lou Oberski, Chair • Dominion Resources Services, Inc. (S • 2018)
Lisa Barton, Vice Chair • AEP (S • 2017)
Michael Bryson • PJM (RTO • 2018)
Ken Capps • Southern Maryland Electric Cooperative, Inc. (AL • 2016)
Patrick Cass • Independent (2017)
Brenton Greene • Independent (2016)
Jim Haney • FirstEnergy Services Company (T • 2016)
Deborah Hart • Morgan Stanley Capital Group, Inc. (AL • 2017)
Larry Irving • Independent (2018)
Susan Ivey • Exelon Corporation (L-LSE • 2016)
Susan Sosbe • Wabash Valley Power Association (S-LSE • 2017)
Hertzel Shamash • The Dayton Power & Light Company (T • 2017)
Simon Whitelocke • ITC Holdings Corporation (AL • 2018)

Roster • Large LSE Sector

American Electric Power Service Corp
Exelon Corporation

Roster • Medium LSE Sector

Consumers Energy
DTE Electric
Wisconsin Electric Company

Roster • Regional Transmission Organization (RTO) Sector

Midcontinent Independent System Operator
PJM Interconnection LLC

Roster • Small LSE Sector

Allegheny Electric Cooperative, Inc.
Buckeye Power, Inc.
Cloverland Electric Cooperative (CEC)
Illinois Municipal Electric Agency
Lansing Board of Water and Light
Old Dominion Electric Cooperative
Southern Maryland Electric Cooperative, Inc. Wabash Valley Power Association, Inc.
Wabash Valley Power Association, Inc.
Roster • Supplier Sector
Calpine Energy Services, LP
Dominion Energy Marketing, Inc.
Dynegy, Inc.
Hazleton Generation, LLC - withheld
Nextera Energy Resources, LLC
Talen Energy Supply, LLC

Roster • Transmission Sector
American Transmission Company, LLC
Duke Energy Shared Services, Inc.
Duquesne Light Company
FirstEnergy Services Company
Hoosier Energy Rural Electric Coop, Inc.
International Transmission Company
Ohio Valley Electric Corp
Public Service Enterprise Group, Inc.
Vectren Energy Delivery of Indiana
Wolverine Power Supply Cooperative Inc.
Antitrust Compliance Guidelines
ANTITRUST COMPLIANCE GUIDELINES

I. GENERAL

It is ReliabilityFirst’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 which violates, or which 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 ReliabilityFirst participant and employee who may in any way affect ReliabilityFirst’s compliance with the antitrust laws to carry out this policy.

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 ReliabilityFirst participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the ReliabilityFirst policy contained in these guidelines is stricter than the applicable antitrust laws. Any ReliabilityFirst participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether ReliabilityFirst’s antitrust compliance policy is implicated in any situation should consult ReliabilityFirst’s President. The President will consult with legal counsel as appropriate.

II. PROHIBITED ACTIVITIES

Participants in ReliabilityFirst activities (including those of its committees and task groups) should refrain from the following when acting in their capacity as participants in ReliabilityFirst activities (e.g., at ReliabilityFirst 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 actual or potential competitors.
• Discussions concerning the exclusion of actual or potential competitors from markets.

• Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.

III. ACTIVITIES THAT ARE PERMITTED

There are a number of restrictions guiding and defining permissible activities.

In order to avoid antitrust issues, decisions and actions by ReliabilityFirst (including its committees and task groups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk electric supply system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during ReliabilityFirst meetings and in other ReliabilityFirst-related communications.

You should also ensure that ReliabilityFirst procedures, including those set forth in the ReliabilityFirst Agreement and the ReliabilityFirst Documents, are followed in conducting ReliabilityFirst business.

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

No decisions should be made nor any actions taken in ReliabilityFirst 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 NERC and ReliabilityFirst reliability standards should not be influenced by anti-competitive motivations.

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

• Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising operating and planning standards and other reliability criteria, special operating procedures, operating transfer capabilities, and plans for new facilities.

• Matters relating to the impact of reliability standards for the bulk electric supply system on electricity markets, and the impact of electricity market operations on the reliability of the bulk electric supply system.

• Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of ReliabilityFirst, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

Any other matters that do not clearly fall within these guidelines should be reviewed with ReliabilityFirst’s President before being discussed. The President will consult with legal counsel as appropriate.
Biography
Nicholas A. (Nick) Brown, President and CEO
Southwest Power Pool, Inc.

Nick was elected President and CEO of Southwest Power Pool, Inc. (SPP) in December 2003. In his current position he is responsible for ensuring that SPP achieves its mission and goals and serves on the Board of Directors.

Prior to this position Nick served SPP members as Senior Vice President and Corporate Secretary from 1999-2003, Vice President and Corporate Secretary from 1998-99, Director, Engineering and Operations from 1993-96, Manager, Engineering Services from 1989-93, and in several engineering positions since joining the SPP Staff in 1985. Nick began his career working as a planning engineer in the System Planning Section at Southwestern Electric Power Co.

Nick received BS degrees in physics and math from Ouachita Baptist University in 1981 and in electrical engineering from Louisiana Tech University in 1982. He is a member of Tau Beta Pi and Eta Kappa Nu engineering honor societies, and IEEE and NSPE technical and professional societies. Nick is a registered Professional Engineer, a Master Electrician, and instrument rated private pilot.
Lisa Barton - Supplier
Lisa M. Barton is executive vice president - AEP Transmission, responsible for the company’s Transmission organization. AEP’s Transmission organization is involved with projects in 13 states. Responsibilities include oversight of the company’s field services, engineering, construction, planning and system operations as well as its transmission business ventures. Barton is a board member of Transource Energy, a joint venture with Great Plains Energy, which is the competitive transmission development arm of both companies in a post FERC Order 1000 landscape. She also serves on the board of directors of Electric Transmission America (ETA) and Electric Transmission Texas (ETT).

She has been in the energy industry since 1987 with a background that includes experience in distribution, regulatory, marketing and legal. Prior to joining the company in 2006, she worked for Northeast Utilities in Berlin, Conn., Ransmeier and Spellman in Concord, N.H., and Strategic Energy LLC in Pittsburgh, Pa. Barton is on the board of directors of the Wires Group and is active in several industry forums including the Harvard Energy Policy Group, Edison Electric Institute (EEI) and is an active participant in national forums on the subject of energy policy. She served as a contributing member of the MIT Energy Initiative “Future of the Electric Grid” and the Bipartisan Committee initiative on “Delivering Electric System Reliability and Clean Technology.”

Barton earned a bachelor’s in electrical engineering in 1987 from Worcester Polytechnic Institute in Worcester, Mass., and a juris doctorate degree in 1993 from Suffolk University Law School in Boston, Mass. She completed the Harvard Mediation Program for the Instruction of Lawyers, the Executive Program-Darden School of Business at the University of Virginia, the Nuclear Reactor Technology Program at MIT and was a 2010 International Women’s Foundation Fellow.

Barton is a member of the New Hampshire and Massachusetts bar associations and is registered to practice before the U.S. Patent & Trademark Office. She serves as a guest lecturer at The Ohio State University MBA program and serves as an advisor to The Ohio State University Executive Energy MBA program, is a member of the boards of directors for Reliability First, Wires, Columbus Museum of Art, CAPA and serves as Board Chairman for the Columbus Symphony Orchestra.

She resides in Westerville, Ohio, with her husband, Christopher.
Susan Sosbe – Small LSE
Susan Sosbe is the Compliance Manager with Wabash Valley Power Association (WVPA). She is in her ninth year after joining the organization as the NERC Compliance Coordinator. After six months, Susan was promoted to Compliance Manager with overall responsibility for NERC Compliance for WVPA, JRO Member Cooperatives, and Holland Energy, LLC, Safety, and Insurance (for WVPA and Holland Energy, LLC). She has built successful Compliance Programs for both companies. Committed to risk management, Susan is a core team member of the WVPA Internal Risk Committee. Susan reports to the Executive Vice President of Transmission and Regulatory Affairs, who reports to the CEO.

Prior to joining WVPA, Susan was the Director, EHS and Kaizen (lean manufacturing) for Aearo Company. Under her leadership, Aearo showed tremendous improvement in Safety performance and held numerous World Class Kaizen events, resulting in improvements in manufacturing practices, productivity, and Safety. Kaizen saved the company millions of dollars.

Susan graduated from Butler University, Indianapolis, Indiana, with a Bachelor's degree in Business Administration, and a double minor in Management and Marketing. WVPA is a member of Reliability First and Susan has served on the RF Standards Committee and is currently a WVPA representative on the RF Reliability Committee.
Lynnae Wilson - Transmission
LYNNAE WILSON
Transmission Sector – Term Expires 2020

Lynnae Wilson is the Vice President of Energy Delivery at Vectren Energy Delivery. In this role, she is responsible for the planning, operation, and control of gas and electric transmission and distribution throughout Indiana and Ohio, serving over one million gas and approximately 145,000 electric customers. Her organization handles electric and gas field operations, gas storage, electric and gas engineering, and electric and gas system operations.

Prior to this position, she was the Director of Engineering and System Operations for Vectren Energy Delivery, where she was responsible for all aspects of electric and gas engineering, electric and gas system planning, SCADA, geo-spatial systems, and the safe, reliable, and compliant operation of the electric distribution and transmission system. Ms. Wilson has held a variety of other leadership positions at Vectren during her tenure at the company. She has over 14 years of experience in combined gas and electric utilities and electric generation.

Ms. Wilson earned a bachelor’s in mining engineering at the Missouri University of Science and Technology. She is a member of the EEI – Reliability Executive Advisory Committee, the North American Transmission Forum, and the Indiana Energy Association. She currently serves as the President of the Board of Directors for Mental Health America of Vanderburgh County, and is a mentor for the Emerging Leaders Mentoring Program. She received the Evansville Business Journal’s ‘20 under 40’ Award in 2015.
At-Large Nominee Scott Etnoyer Biography
Scott Etnoyer serves as the Senior Director for Talen Energy’s NERC & Cyber Protection program, which includes nineteen NERC-registered plants across the United States.

Mr. Etnoyer has worked in the electric generation industry for more than twenty-five years; including various management positions in operations, project management, corrective actions programs, emergency planning and regulatory compliance. He also served in the Federal Energy Regulatory Commission’s Office of Electric Reliability, where he supported Reliability Standards development.

Additionally, Mr. Etnoyer was the founding Chairman for what is now known as the North American Generator Forum, and received certification as a Senior Reactor Operator, while working at the Calvert Cliffs Nuclear Plant. Mr. Etnoyer is a veteran of the U.S. Navy, having served as a Machinist Mate on board the USS Hyman G. Rickover, a nuclear-powered submarine stationed out of Norfolk Virginia.

Mr. Etnoyer earned a B.S. Nuclear Engineering Technology from Thomas Edison State College and an MBA from Pennsylvania State University.
Independent Director Nominee Pat Cass Biography
Patrick A. Cass is a Certified Public Accountant and has over 35 years of experience in the accounting and financial services industry. He worked for Anderson Worldwide SC for 29 years, where he ultimately served as an office managing partner, audit partner, and regional utility industry leader. Mr. Cass then worked for Cap Gemini Ernst & Young LLC for six years, where he served as an office managing partner, audit partner, advisory services partner, and regional leader of the energy industry practice before retiring in 2009.

He most recently served as the Executive in Residence at the University of Louisville, College of Business, School of Accountancy. He also served as an Adjunct Instructor at the University of Louisville.

Mr. Cass has experience serving audit committees of the boards of over 20 public companies in four United States markets, and has over 25 years of experience serving as a board member on non-profit organizations and their associated audit, finance and executive committees. Mr. Cass holds a bachelor’s degree in accounting from Bowling Green State University.
Presentation
2017 Financial Overview

Ray Palmieri, Senior Vice President and Treasurer
November 30, 2017
Washington, DC
Financial Information

- **Finances as of October 31, 2017**
  - $411K under budget; 2.47% under budget

- **Year-end Projection**
  - $115K (-.58%) under budget
  - Major Contributors
    - Employee Benefits
    - Retirement Costs
    - Travel
    - Fixed Assets

- **ERO Year End Projections**

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<th>NERC</th>
<th>FRCC</th>
<th>MRO</th>
<th>NPCC</th>
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- **2017 Corporate Budget Goal**
  - +3% to -5%

- **2018 Business Plan and Budget**
  - Approved by FERC – November 1, 2017
  - Budget – 7.5% increase
  - Assessment – 3% increase
## 2018 Budgets and Assessment

<table>
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<tr>
<th>Entity</th>
<th>2018 Budget (000's)</th>
<th>% Change</th>
<th>2018 Assessment (000's)</th>
<th>% Change</th>
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Financial Information

➢ **Annual Finance Audits**
  - 2016 Audit report was approved by Finance and Audit Committee in March
  - 2017 Audit Process has begun
    - Preliminary Field Work – December 11-12, 2017
    - Final Field Work – January 29, 2018

➢ **Investment Account**
  - Professionally managed by a wealth management firm
  - Capital Preservation Strategy
  - Investments provide current year income of approximately $75,000

➢ **Records Retention Policy**

➢ **Risk Management**

➢ **Internal Controls and Anti-Fraud Policies**
Support Initiatives

- **Reliability Assessment and Performance Analysis**
  - ERAG Peer Reviews of Planning Coordinator Transmission Studies
  - Entity Review of Six Entities for GADS and TADS Data Verification
  - Protection Workshop for Technical Personnel
    - Human Performance in Protection System Design

- **Security Assessment Follow-up**
  - 2016 Penetration Testing
    - Unable to penetrate from outside
  - High Priority Areas of Improvement Complete
  - Projects to Mature Security Posture in Progress
Questions & Answers

Forward Together • Reliability First