AUDIT AND ETHICS COMMITTEE MEETING MINUTES
JULY 22, 2026

The Audit and Ethics Committee meeting was held on Wednesday, July 22, 2026.

Committee Members Present: Committee Chair Rob McCabe, Clifton Harris, and Ian Prunty

Officers Present: Teresa Broyles-Aplin, Laura Smith, Dr. Trish Holliday, Brad Heck, and Recording Secretary David Frankenberg

Committee Chair Rob McCabe called the meeting to order at 8:00 a.m.

SAFETY MOMENT

Kevin Phelps presented a safety moment on UV Safety Awareness.

MINUTES

> Upon motion by Member Harris and seconded by Member Prunty, the Committee approved the minutes from the Audit and Ethics Committee meeting held May 27, 2026, with three ayes and zero nays.

BAKER TILLY INTERNAL AUDIT REPORT

Scott Nalley reviewed several reports prepared by Baker Tilly, including the Audit and Ethics Committee Calendar and Internal Audit Status Report. He reported that the Cybersecurity Operations Internal Audit concluded with a satisfactory rating and included recommendations reflecting best practices. Mr. Nalley also reviewed the Internal Audit Annual Communications, Risk Assessment, Three-Year Internal Audit Plan, Quality Assurance Self-Assessment Report, and Baker Tilly Leadership Bios. He concluded his presentation with a recommendation to approve the FY27 Internal Audit Plan, the Audit & Ethics Committee Charter, and the Internal Audit Charter.

Chair McCabe asked if an external third party was brought in for assistance with the audit. Mr. Nalley responded that for the scope of this audit it was unnecessary.

Member Prunty asked how the audit was evaluated differently considering the critical infrastructure supported by NES. Mr. Nalley responded that NES complies with applicable NERC regulatory requirements, and although those requirements were not specifically included in the audit scope, many of the areas reviewed are addressed through compliance with those standards.

Chair McCabe asked if the Winter Storm Fern initiatives are aligned with the Four Pillars priorities. Mr. Nalley replied yes and stated that there will be continuous evaluation in this area.

> Upon motion by Member Harris and seconded by Member McCabe, the Committee approved the FY27 Internal Audit Plan which includes 6,990 hours, the Audit and Ethics Committee Charter and the Internal Audit Charter with three ayes and zero nays.

MISCELLANEOUS

There were no miscellaneous items to present.

EXECUTIVE SESSION

There was no Executive Session held.

ADJOURNMENT

The meeting adjourned at 8:18 a.m.

Signed by:

APPROVED: ____
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Committee Chair Rob McCabe