

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda Item 2a

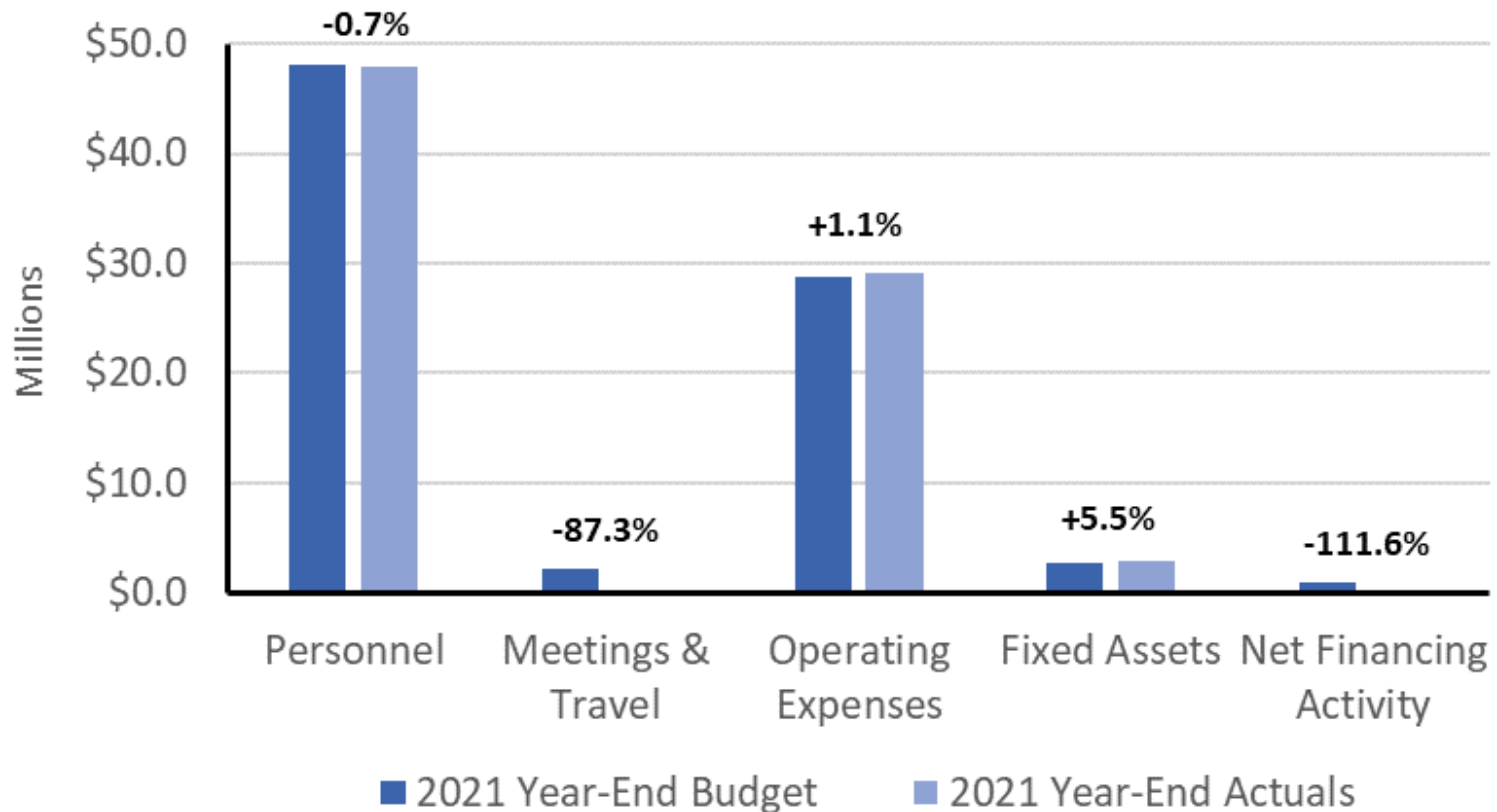
NERC Summary of Unaudited Results as of December 31, 2021

Andy Sharp, Vice President and Chief Financial Officer
Finance and Audit Committee Meeting
February 9, 2022

RELIABILITY | RESILIENCE | SECURITY

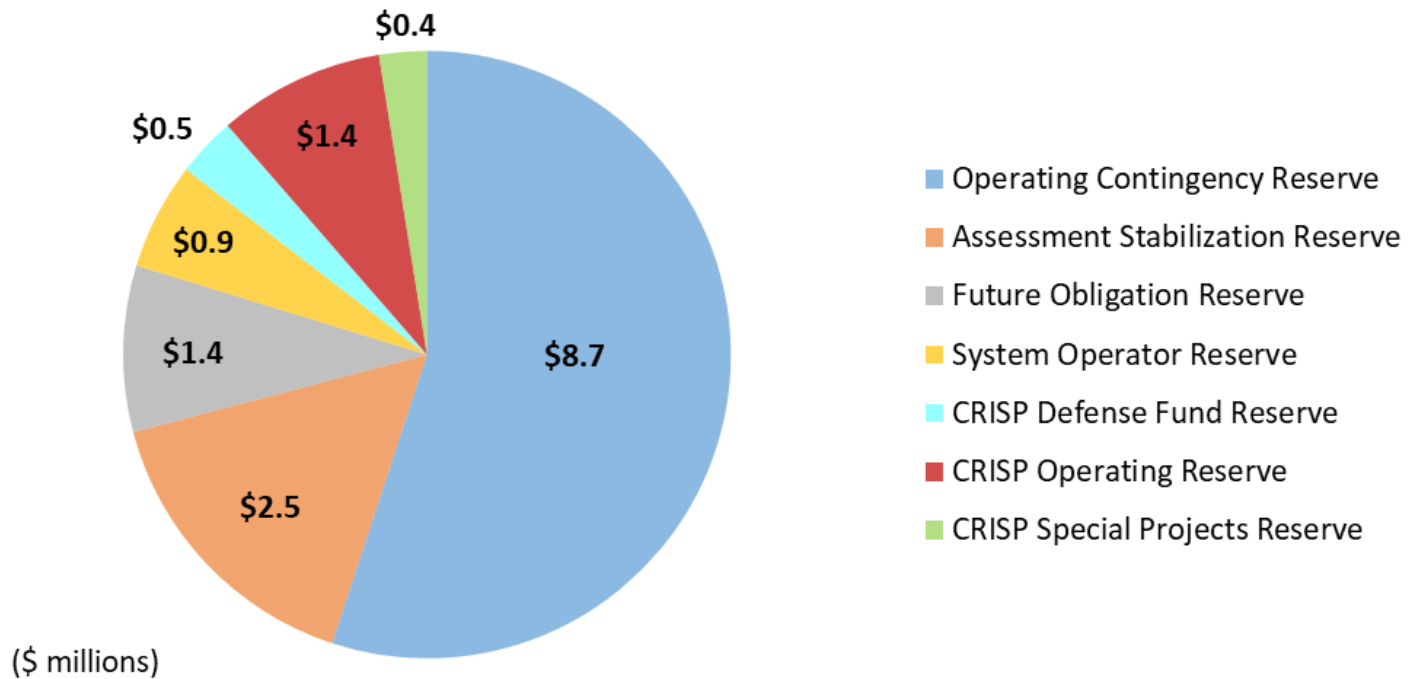


- Total funding – \$0.3M (0.5%) over budget
 - CRISP third-party funding higher than budget, offset by lower investment income
- Total expenditures – \$2.8M (3.3%) under budget
 - Lower personnel costs and net financing activity, decreased spending on meetings, travel, and transportation due to the pandemic
 - Partially offset by higher spending on software, liability insurance, and professional services
- Reserve increase \$3.1M over budget



- Operating Contingency Reserve (OCR)
 - Began year with \$8.0M
 - Budgeted use of \$1.8M to fund 2021 Align project costs
 - Actual net increase of \$700k from operating and financing activity (\$2.5M favorable to budget)
 - Ending balance of \$8.7M
- Assessment Stabilization Reserve (ASR) – \$2.5M
 - No releases or additions

TOTAL RESERVES OF \$15.8M



- Financial audit by RSM will begin in March
- Auditor's report and findings will be presented to the Finance and Audit Committee in May



Questions and Answers

NERC

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Agenda Item 2b

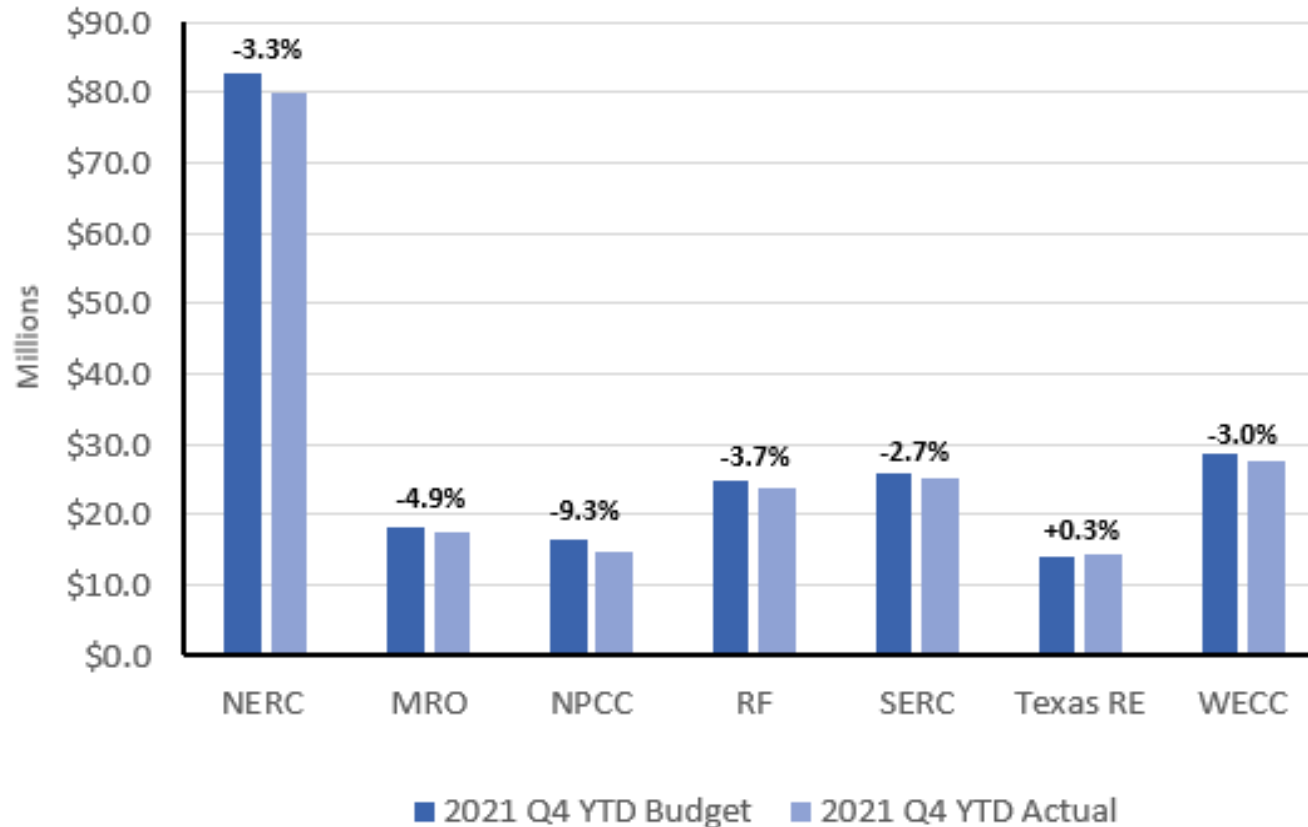
Total ERO Enterprise Summary of Unaudited Results as of December 31, 2021

Andy Sharp, Vice President and Chief Financial Officer
Finance and Audit Committee Meeting
February 9, 2022

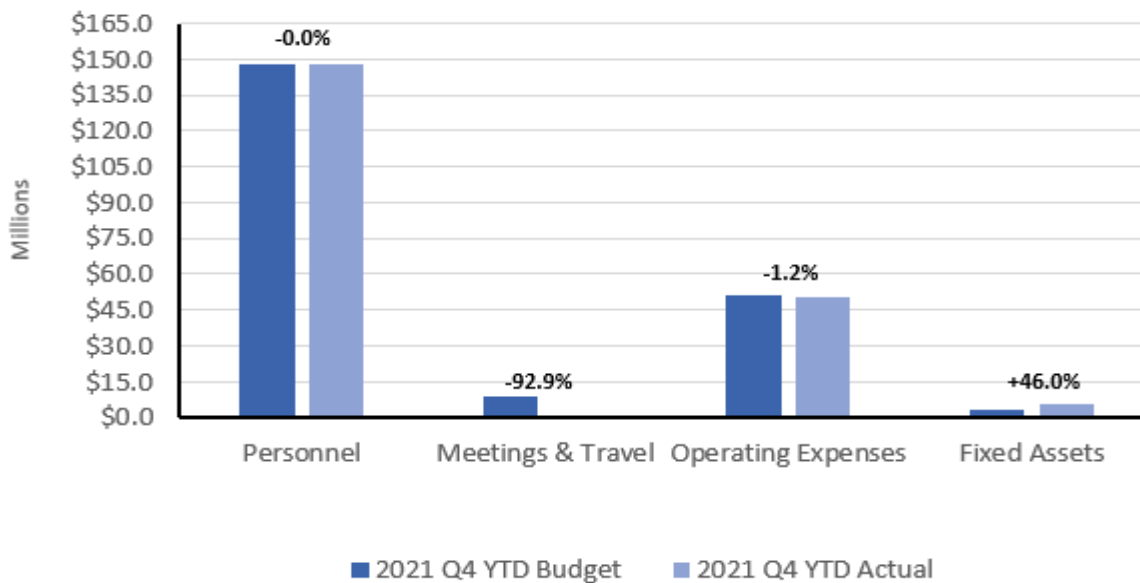
RELIABILITY | RESILIENCE | SECURITY

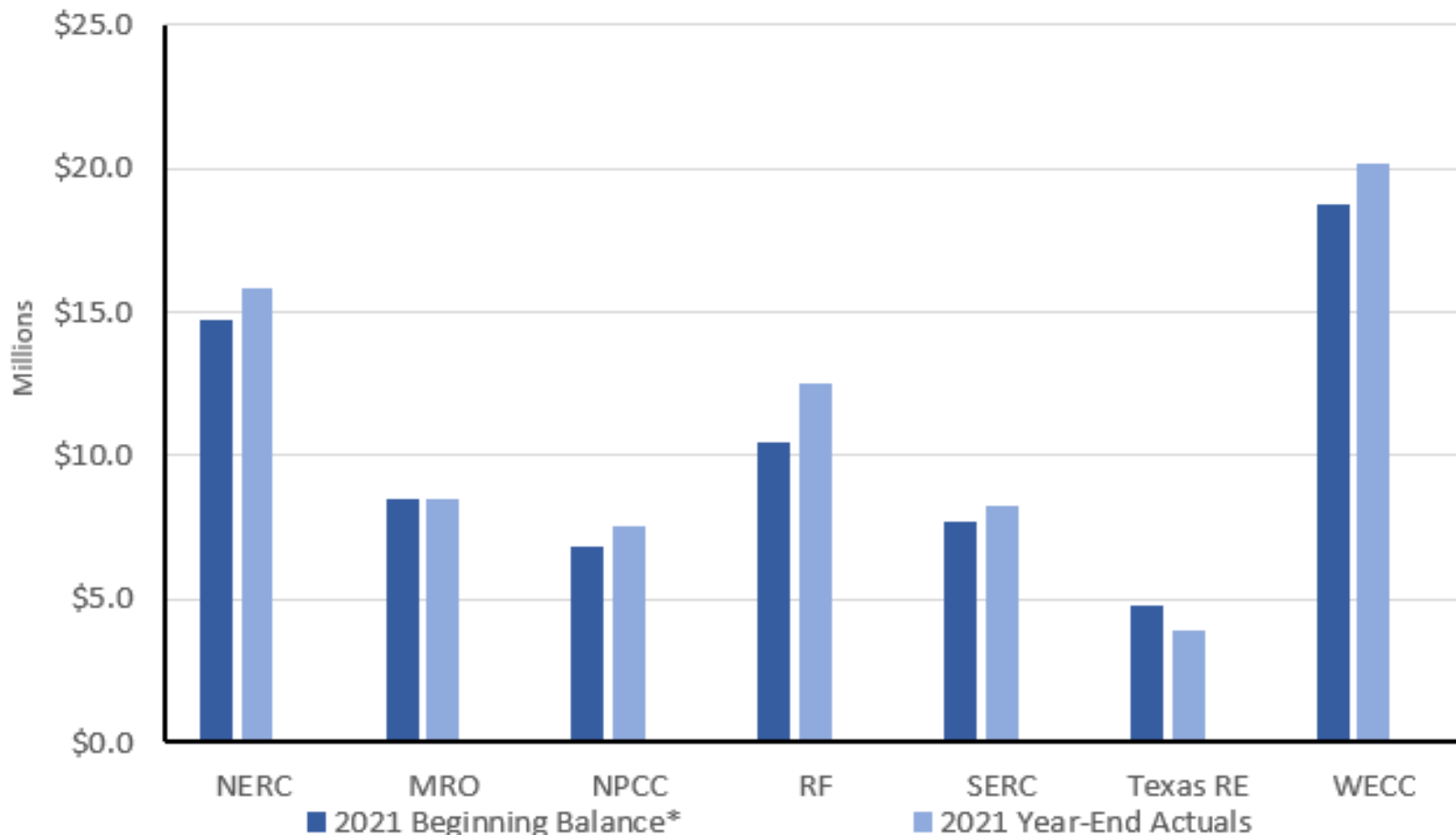


- Total expenditures for the ERO Enterprise were under budget \$7.6M (3.6%).



- Personnel – NERC, RF, and Texas RE were under budget.
- Meetings and Travel – All entities were under budget.
- Operating Expenses – NERC, RF, Texas RE, and WECC were over budget.
- Fixed Assets – NPCC and Texas RE were under budget, all other entities were over budget.





**Adjusted for audited results and all reserve categories*

2021 Year-End Total Reserves

\$ - millions

Entity	Beginning WCOCR ⁽¹⁾	Beginning ASR ⁽²⁾ & Unreleased Penalties	Beginning Other Reserves	1/1/2021 Beginning Total Reserves	Year End WCOCR ⁽¹⁾	Year End ASR ⁽²⁾ & Unreleased Penalties	Year End Other Reserves	12/31/2021 Year End Total Reserves	Total 2021 Budget	% of Reserves to 2021 Total Budget
NERC	\$ 8.1	\$ 2.5	\$ 4.1	\$ 14.7	\$ 8.7	\$ 2.5	\$ 4.6	\$ 15.8	\$ 82.9	19.1%
MRO	5.9	2.6	-	8.5	5.3	3.2	-	8.5	18.4	46.2%
NPCC	5.6	0.6	0.6	6.8	6.5	1.0	-	7.5	16.4	45.7%
RF	4.0	6.5	-	10.5	7.8	5.3	-	13.1	24.8	52.8%
SERC	2.9	4.8	-	7.7	2.8	5.4	-	8.2	25.8	31.8%
Texas RE	2.0	1.6	1.2	4.8	2.0	1.9	-	3.9	14.2	27.5%
WECC	8.6	6.3	3.8	18.7	9.7	6.7	3.8	20.2	28.6	70.6%
	\$ 37.1	\$ 24.9	\$ 9.7	\$ 71.7	\$ 42.8	\$ 26.0	\$ 8.4	\$ 77.2	\$ 211.1	36.6% ⁽³⁾

⁽¹⁾ WCOCR - Working Capital & Operating Contingency Reserve - Year End 12/31/21 WCOCR is 20.3% of annual 2021 budget, or 2.4 months of budgeted expenses

⁽²⁾ ASR - Assessment Stabilization Reserve

⁽³⁾ Year End 12/31/21 total reserve balance is 36.6% of annual 2021 budget, or 4.4 months of budgeted operating expenses



Questions and Answers