

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**North American Electric Reliability Corporation)
Corporation)**

Docket No. FA11-21-000

**COMPLIANCE FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”)¹ submits this compliance filing in accordance with the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) January 16, 2013 Settlement Order in Docket No. FA11-21-000 (“Settlement Order”).² In the Settlement Order, the Commission approved a Settlement Agreement between the FERC Office of Enforcement (“OE”) and NERC relating to OE’s findings and recommendations in its 2012 performance audit of NERC. Specifically, Section II.7(b)(i) of the Settlement Agreement requires that:

Within forty-five days of the end of each quarter, beginning with the quarter ending March 31, 2013, NERC will file with the Commission the unaudited report of the NERC budget-to-actual spending variances during the preceding quarter. This report will include information *regarding sources and uses* of operating and working capital reserves and will match or exceed the level of detail of the quarterly budget-to-actual variance report of NERC expenditures attached to the agenda of NERC Board of Trustees Finance and Audit Committee’s October 2012 meeting.³

Attached hereto is the variance report for the first quarter of 2023, in accordance with the Settlement Order. On May 10, 2023, via an Action Without Meeting, the NERC Finance and Audit

¹ NERC was certified by FERC as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. FERC certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006).

² See N. Am. Elec. Reliability Corp., *Order Approving Settlement Agreement*, 142 FERC ¶ 61,042 (Jan. 16, 2013) [hereinafter Settlement Order].

³ *Id.* (emphasis added).

Committee reviewed and recommended that the NERC Board of Trustees (“Board”) accept the report. The NERC Board accepted the report on May 15, 2023 via an Action Without Meeting.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:

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III. DISCUSSION OF SIGNIFICANT VARIANCES BETWEEN THE 2023 BUDGET AND 2023 FIRST QUARTER ACTUAL FINANCIAL RESULTS

In the attached variance report, NERC outlines the following:

- (a) a comparison of actual (unaudited) financial results through March 31, 2023 to NERC’s budgeted expenditures through March 31, 2023; and
- (b) additional discussion of significant variances by NERC department or program area and by major activity within departments and program areas. NERC treats “significant” variances as those that are \$500,000 or more.⁴

A. 2023 First Quarter Actual Financial Results vs. 2023 Budget Variances of \$500,000 or More by Revenue and Expense Category

Four revenue and expense categories had a budget variance \$500,000 or more as of March 31, 2023:

⁴ In Section 7(b)(ii) of the Settlement Agreement, the Commission specifies that the threshold for its review and approval for expenditures from Operating Reserves is where any amount allocated from the unforeseen contingencies account of Operating Reserves plus any amount redirected from previously budgeted funds is, in the aggregate, \$500,000 or more for any one specific project or major activity in a program area.

- Contracts and Consultants expenses were \$1,222,119 (28.5%) under budget and are expected to be \$182,728 (1.1%) under budget at year-end. This category is under budget primarily due to the timing of costs versus the budget across the departments, as summarized in a table in the report, with the largest variance in the CRISP program due to third-party contractor costs. The category is expected to be closer to budget at year-end.
- Office Costs, Professional, and Misc. expenses were \$817,722 (20.5%) under budget and are expected to be \$324,717 (2.0%) under budget at year-end. This category is under budget largely due to the timing of costs versus budget for software license and support costs, and lower outside legal costs and liability insurance.
- Fixed Asset Additions were \$1,450,076 (93.2%) under budget and are expected to be \$431,200 (6.9%) over budget at year-end. This category is under budget primarily as a result of timing differences for technology projects. The category is projected to be over budget at year-end primarily due to a portion of the DC office audio visual (A/V) equipment being received in 2023 that was budgeted in 2022, but unable to be delivered in 2022 due to supply chain issues. Note, this A/V equipment is being funded by lease financing.
- Net Financing Activity was \$977,464 (126.5%) over budget and is expected to be \$112,324 (4.0%) over budget at year-end. The Net Financing Activity budget is comprised of financing proceeds/borrowings and principal payments. The budget included \$4M of loan borrowings for technology projects that is spread evenly throughout the year. No loan borrowings occurred in the first quarter and are

expected to be made later in the year. Net financing activity is projected to be over budget at year-end due to the current assumption that \$1M of the budgeted \$4M borrowing will not be needed, which is partially offset by unbudgeted lease financing on DC office A/V equipment previously mentioned, as well as lower loan payments in 2023 due to timing of borrowings during the year.

B. 2023 First Quarter Actual Results vs. 2023 Budget Variances of \$500,000 or More by Department or Program Area

Three departments or program areas had a variance exceeding \$500,000 as of March 31, 2023.

- General and Administrative and Executive expenses were \$1,171,447 (92.6%) over budget and is expected to be \$880,631 (16.3%) over budget at year-end. This area is over budget mainly due to Net Financing Activity. The Net Financing Activity budget is comprised of financing proceeds/borrowings and principal payments. The budget included \$4M of borrowings for technology projects that is spread evenly throughout the year. No borrowings occurred in the first quarter and are expected to be made later in the year. It is projected to be over budget at year-end due to the current assumption that \$1M of the budgeted \$4M borrowing will not be needed.
- Information Technology was \$1,477,364 (28.4%) under budget and is expected to be \$242,976 (1.2%) under budget at year-end. This department is under budget primarily because of timing of costs versus the budget for contracts and consultants, software licenses and support, and capital software and equipment additions.
- CRISP is \$510,460 (19.8%) under budget and is expected to be \$477,343 (4.6%) under budget at year-end. CRISP is under budget primarily due to timing

differences for the third party subcontractor work and also lower than budgeted liability insurance. CRISP is expected to be under budget at year-end because of lower liability insurance costs, and also slightly lower contracts and consultants costs.

IV. CONCLUSION

NERC respectfully requests that the Commission accept this filing as compliant with Section II.7(b)(i) of the Settlement Agreement and the Commission's Settlement Order in Docket No. FA11-21-000.

Respectfully submitted,

/s/ Shamai Elstein

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Dated: May 15, 2023

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 15th day of May, 2023.

/s/ Shamai Elstein

Shamai Elstein
*Counsel for North American Electric
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ATTACHMENT

Summary of Unaudited Results For the Period Ending March 31, 2023

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Executive Summary

Projected Year-End Results (\$ millions)

<u>FUNDING</u>	<u>Projected</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 100.1	\$ 98.8	\$ 1.3
Funding from Reserves			
Assessment Stabilization Reserve	1.0	1.0	-
TOTAL FUNDING	\$ 101.1	\$ 99.8	\$ 1.3
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 96.8	\$ 97.6	\$ (0.8)
Fixed Asset Additions	6.7	6.2	0.5
Net Financing Activity	(2.7)	(2.8)	0.1
TOTAL EXPENDITURES	\$ 100.8	\$ 101.0	\$ (0.2)
RESERVE INCREASE (DECREASE)	\$ 0.3	\$ (1.2)	\$ 1.5

Funding is projected to be over budget mainly due to increased investment income due to higher interest rates. Expenditures (excluding depreciation) are expected to be under budget with lower personnel, contracts and consultants, and liability insurance costs. Fixed asset additions are projected to be over budget primarily due to a portion of the DC office audio visual (A/V) equipment being received in 2023 that was budgeted in 2022, but unable to be delivered in 2022 due to supply chain issues. Note, this A/V equipment is being funded by lease financing. The net result is a projected year-end reserve increase of \$1.5M more than budget. This activity is explained in more detail in the remainder of the report.

Year-to-Date Actual Results
(\$ millions)

<u>FUNDING</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Revenues	\$ 25.0	\$ 24.7	\$ 0.3
Funding from Reserves			
Assessment Stabilization Reserve	0.3	0.3	-
TOTAL FUNDING	\$ 25.3	\$ 25.0	\$ 0.3
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 22.6	\$ 25.1	\$ (2.5)
Fixed Asset Additions	0.1	1.6	(1.5)
Net Financing Activity	0.2	(0.8)	1.0
TOTAL EXPENDITURES	\$ 22.9	\$ 25.9	\$ (3.0)
RESERVE INCREASE (DECREASE)	\$ 2.4	\$ (0.9)	\$ 3.3

Funding is over budget primarily due to increased investment income due to higher interest rates. Expenses (excluding depreciation) year-to-date are under budget primarily because of lower personnel, contracts and consultants, and software license and support costs. The net result is a reserve increase of \$3.3M higher than budget. This activity is explained in more detail in the remainder of the report.

Detailed Operating Results

Variances by Revenue and Expense Category

Total NERC (including CRISP)

	YTD Actual	YTD Budget	YTD Over (Under)	% Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)	% Over (Under)
TOTAL FUNDING	\$ 25,274,498	\$ 24,964,122	\$ 310,376	1.2%	\$ 101,089,448	\$ 99,822,126	\$ 1,267,322	1.3%
EXPENDITURES								
Personnel	14,795,130	15,277,658	(482,528)	(3.2%)	57,634,425	58,018,406	(383,981)	(0.7%)
Meetings and Travel	762,466	786,387	(23,921)	(3.0%)	3,297,751	3,145,550	152,201	4.8%
Contracts and Consultants	3,065,158	4,287,277	(1,222,119)	(28.5%)	16,966,382	17,149,110	(182,728)	(1.1%)
Office Rent	749,323	743,898	5,425	0.7%	3,022,266	3,022,266	-	0.0%
Office Costs, Professional, and Misc.*	3,175,487	3,993,209	(817,722)	(20.5%)	15,654,386	15,979,103	(324,717)	(2.0%)
Other Non-Operating	23,903	39,563	(15,660)	(39.6%)	249,545	254,254	(4,709)	(1.9%)
Fixed Asset Additions*	105,924	1,556,000	(1,450,076)	(93.2%)	6,655,200	6,224,000	431,200	6.9%
Net Financing Activity**	204,695	(772,769)	977,464	(126.5%)	(2,678,752)	(2,791,076)	112,324	(4.0%)
TOTAL EXPENDITURES	\$ 22,882,087	\$ 25,911,225	\$ (3,029,138)	(11.7%)	\$ 100,801,202	\$ 101,001,613	\$ (200,411)	(0.2%)
RESERVE INCREASE (DECREASE)	\$ 2,392,411	\$ (947,103)	\$ 3,339,514	(352.6%)	\$ 288,246	\$ (1,179,487)	\$ 1,467,733	(124.4%)
FTEs	227.3	236.9	(9.6)	(4.0%)	230.7	236.9	(6.1)	(2.6%)

* Excludes depreciation expense

** A positive amount indicates that NERC is paying off more principal than it is receiving in proceeds. A negative amount indicates that NERC is receiving more in proceeds than it is paying off principal.

Following is a brief description of variances by category, as illustrated in the table above:

- Funding is projected to be over budget mainly because of increased investment income due to higher interest rates.
- Personnel expenses are under budget year-to-date largely as a result of lower FTEs versus budget. Also, parking and transportation expense is under budget due to a continued hybrid workforce strategy. Personnel expenses are projected to be under budget at year-end for similar reasons.
- Contracts and Consultants expenses are under budget primarily due to the timing of costs versus the budget across the departments, as summarized in the table below, with the largest variance in the CRISP program due to third-party contractor costs. The category is expected to be closer to budget at year-end.

CONTRACTS and CONSULTANTS	YTD Actual	YTD Budget	YTD Over (Under)	% Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)	% Over (Under)
Reliability Standards and Power Risk Issue Management	\$ 25,551	\$ 50,685	\$ (25,133)	(49.6%)	\$ 202,739	\$ 202,739	\$ -	0.0%
Compliance Assurance	34,640	25,000	9,640	38.6%	220,000	100,000	120,000	120.0%
Registration and Certification	9,270	10,200	(930)	(9.1%)	40,800	40,800	-	0.0%
Compliance Enforcement	34,640	17,250	17,390	100.8%	189,000	69,000	120,000	173.9%
BPS Security and Grid Transformation	-	50,000	(50,000)	(100.0%)	184,000	200,000	(16,000)	(8.0%)
Reliability Assessment and Technical Committees	-	52,700	(52,700)	(100.0%)	210,800	210,800	-	0.0%
Advanced System Analytics and Modeling	-	51,250	(51,250)	(100.0%)	205,000	205,000	-	0.0%
Performance Analysis	31,506	65,213	(33,707)	(51.7%)	260,854	260,854	-	0.0%
Situation Awareness	1,212	5,750	(4,538)	(78.9%)	23,000	23,000	-	0.0%
Event Analysis	12,109	55,200	(43,091)	(78.1%)	190,802	220,802	(30,000)	(13.6%)
E-ISAC	713,640	706,958	6,681	0.9%	2,827,834	2,827,834	-	0.0%
Training, Education and Personnel Certification	80,389	124,438	(44,049)	(35.4%)	662,281	497,750	164,531	33.1%
General and Administrative and Executive	-	25,000	(25,000)	(100.0%)	100,000	100,000	-	0.0%
Legal and Regulatory	-	51,250	(51,250)	(100.0%)	205,000	205,000	-	0.0%
External Affairs	-	5,000	(5,000)	(100.0%)	20,000	20,000	-	0.0%
Information Technology	531,517	855,128	(323,610)	(37.8%)	3,083,732	3,420,510	(336,778)	(9.8%)
Human Resources and Administration	120,386	212,500	(92,114)	(43.3%)	850,000	850,000	-	0.0%
Finance and Accounting	19,660	87,500	(67,841)	(77.5%)	350,000	350,000	-	0.0%
TOTAL (excluding CRISP)	\$ 1,614,520	\$ 2,451,022	\$ (836,502)	(34.1%)	\$ 9,825,842	\$ 9,804,089	\$ 21,753	0.2%
CRISP	1,450,638	1,836,255	(385,617)	(21.0%)	7,140,540	7,345,021	(204,481)	(2.8%)
TOTAL (including CRISP)	\$ 3,065,158	\$ 4,287,277	\$ (1,222,119)	(28.5%)	\$ 16,966,382	\$ 17,149,110	\$ (182,728)	(1.1%)

- Office Costs, Professional Services, and Miscellaneous expenses are under budget largely due to the timing of costs versus budget for software license and support costs, and lower outside legal costs and liability insurance.
- Fixed Asset Additions are under budget year-to-date primarily as a result of timing differences for technology projects. This cost category is projected to be over budget at year-end primarily due to a portion of the DC office audio visual (A/V) equipment being received in 2023 that was budgeted in 2022, but unable to be delivered in 2022 due to supply chain issues. Note, this A/V equipment is being funded by lease financing.
- The Net Financing Activity budget is comprised of financing proceeds/borrowings and principal payments. The budget included \$4M of loan borrowings for technology projects that is spread evenly throughout the year. No loan borrowings occurred in the first quarter, resulting in net financing activity that is over budget.
- Reserves are over budget year-to-date by \$3.3M, primarily due to the reasons noted above for timing of costs versus the budget for contracts and consultants, software license and support costs, and fixed asset additions, while being partially offset by financing activity being over budget. Reserves are projected to be over budget by \$1.5M mainly due to lower personnel, contracts and consultants, and professional services costs, partially offset by higher fixed asset additions.

Variations by Department

DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	YTD Actual	YTD Budget	YTD Over (Under)	% Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)	% Over (Under)
Reliability Standards and Power Risk Issue Management	\$ 1,088,064	\$ 1,256,403	\$ (168,339)	(13.4%)	\$ 4,362,693	\$ 4,729,003	\$ (366,310)	(7.7%)
Compliance Assurance	1,413,615	1,634,532	(220,917)	(13.5%)	6,045,160	6,282,140	(236,979)	(3.8%)
Registration and Certification	266,682	350,278	(83,596)	(23.9%)	1,299,738	1,287,593	12,145	0.9%
Compliance Enforcement	858,671	987,298	(128,627)	(13.0%)	3,790,556	3,796,681	(6,125)	(0.2%)
BPS Security and Grid Transformation	465,057	428,444	36,614	8.5%	2,068,653	1,669,657	398,997	23.9%
Reliability Assessment and Technical Committees	473,389	686,902	(213,513)	(31.1%)	2,613,646	2,642,635	(28,989)	(1.1%)
Advanced System Analytics and Modeling	538,694	705,701	(167,007)	(23.7%)	2,420,472	2,718,009	(297,537)	(10.9%)
Performance Analysis	459,042	719,207	(260,165)	(36.2%)	2,796,914	2,827,859	(30,945)	(1.1%)
Situation Awareness	837,204	983,905	(146,701)	(14.9%)	3,889,196	3,870,002	19,194	0.5%
Event Analysis	502,366	575,295	(72,929)	(12.7%)	2,209,618	2,234,065	(24,447)	(1.1%)
E-ISAC	3,785,672	3,803,176	(17,504)	(0.5%)	14,981,691	14,690,846	290,845	2.0%
Training, Education and Personnel Certification	372,717	454,105	(81,388)	(17.9%)	1,937,625	1,746,788	190,837	10.9%
General and Administrative and Executive	2,436,719	1,265,272	1,171,447	92.6%	6,274,929	5,394,298	880,631	16.3%
Legal and Regulatory	1,243,468	1,448,809	(205,341)	(14.2%)	5,201,210	5,552,134	(350,924)	(6.3%)
External Affairs	908,170	977,456	(69,286)	(7.1%)	3,849,374	3,625,795	223,579	6.2%
Information Technology	3,728,361	5,205,725	(1,477,364)	(28.4%)	20,199,864	20,442,840	(242,976)	(1.2%)
Human Resources and Administration	860,543	1,111,604	(251,060)	(22.6%)	4,283,739	4,335,353	(51,614)	(1.2%)
Finance and Accounting	575,450	738,450	(163,000)	(22.1%)	2,778,233	2,880,682	(102,449)	(3.6%)
TOTAL (excluding CRISP)	\$ 20,813,884	\$ 23,332,562	\$ (2,518,678)	(10.8%)	\$ 91,003,312	\$ 90,726,381	\$ 276,931	0.3%
CRISP	2,068,203	2,578,663	(510,460)	(19.8%)	9,797,890	10,275,232	(477,343)	(4.6%)
TOTAL DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	\$ 22,882,087	\$ 25,911,225	\$ (3,029,138)	(11.7%)	\$ 100,801,202	\$ 101,001,613	\$ (200,411)	(0.2%)

Following is a brief description of significant variances by department, as illustrated in the table above:

- Reliability Standards and Power Risk Issue Management – Projected to be under budget primarily because of the transfer of an open FTE position to the BPS Security and Grid Transformation department.
- BPS Security and Grid Transformation – Expected to be over budget mainly because of the transfer of two open FTE positions to this department, one from Reliability Standards and Power Risk Issue Management and one from Advanced System Analytics and Modeling.
- Advanced System Analytics and Modeling – Projected to be under budget mostly attributable to the transfer of an open FTE position to the BPS Security and Grid Transformation department.
- Performance Analysis – Under budget due to the timing of costs versus the budget for software technology projects.
- E-ISAC – Projected to be over budget in personnel primarily due to higher compensation and retirement costs for market-based adjustments.
- General & Administrative and Executive – Over budget mainly attributable to Net Financing Activity. The Net Financing Activity budget is comprised of financing proceeds/borrowings and principal payments. The budget included \$4M of borrowings for technology projects that is spread evenly throughout the year. No borrowings occurred in the first quarter and will be made later in the year. The result is that net financing activity is over budget. It is projected to be over budget due to the current assumption that \$1M of the budgeted \$4M borrowing will not be needed, as well as lower loan payments due to timing and amount of borrowing.
- Legal & Regulatory – Projected to be under budget mainly due to lower personnel costs for two open FTE positions that will be filled later in the year.
- Information Technology – Under budget primarily because of timing of costs versus the budget for contracts and consultants, software licenses and support, and capital software and equipment additions.

- Human Resources – Under budget mainly attributable to timing of costs versus the budget for employment agency fees and contracts and consultant costs.
- CRISP – Under budget primarily due to timing differences for the third party subcontractor work and also lower than budgeted liability insurance. Expected to be under budget because of lower liability insurance costs, and also slightly lower contracts and consultants costs.

Supplemental Schedules

Schedule 1 – Year-End Projected Reserves

Reserve Account	1/1/2023		Operating and		12/31/2023
	Beginning Balance ⁽¹⁾	Budgeted Funding/(Use) ⁽²⁾	Unbudgeted Funding/(Use) ⁽³⁾	Financing Activity Versus Budget ⁽⁴⁾	Ending Balance
NERC Operating Contingency	\$ 10,880,743	\$ (1,000,000)	\$ -	\$ 2,257,651	\$ 12,138,394
Future Obligations	2,293,856	-	-	-	2,293,856
Assessment Stabilization	3,256,000	(1,000,000)	-	-	2,256,000
System Operator	964,284	(179,488)	-	(28,366)	756,430
CRISP Defense Fund	500,000	-	-	-	500,000
CRISP Operating	2,961,621	-	(450,000)	238,448	2,750,069
CRISP Equipment Reserve	-	-	450,000	-	450,000
Total Reserves	\$ 20,856,504	\$ (2,179,488)	\$ -	\$ 2,467,733	\$ 21,144,749

NOTES:

(1) 2023 beginning balances have been adjusted from the 12/31/2022 variance report balances as the result of a reconciliation to the final audited balance sheet.

(2) The 2023 Business Plan & Budget (2023 BP&B) contained a budgeted use of NERC Operating Contingency Reserves (OCR) totaling \$1,000,000 and a budgeted use of \$1,000,000 of Assessment Stabilization Reserves (ASR) to help fund the budget increase for the first year of NERC's three-year strategic plan.

The 2023 BP&B included a use of System Operator Reserves derived from budgeted revenues being \$179,488 lower than budgeted expenses.

(3) The CRISP participants agreed to transfer \$450k from the CRISP Operating Reserve to fund a CRISP Equipment Reserve.

(4) This column primarily reflects the net impact of normal operations. For example, under normal circumstances, if tracking well under budget in actual expenditures, this would reflect additional funds into the reserve account. It also reflects the increase or decrease in working capital during the period.

Schedule 2 – Technology Projects (> \$300k)

Projects in Progress ⁽¹⁾	Expected Spend	Actual Spend to Date	Over (Under) Budget
Align Enhancements	\$ 300,000	\$ -	\$ (300,000)
GADS Conventional-Design Data	315,000	-	(315,000)

NOTES:

(1) The amounts do not include internal labor or license/maintenance/support costs and reflect only external (consultant) costs of the projects.



Align Enhancements

(Started Q1 2023 / Anticipated Completion Q4 2023)

To implement critical enhancements, complete migrating Open and Closed Enforcement Actions from the regional systems, and complete the Coordinated Functional Registration/Joint Registration Organization and Standards in Align integrations.

GADS Conventional-Design Data

(Started Q1 2023 / Anticipated Completion Q4 2023)

To implement changes to the GADS Design Data that is part of the Board-approved Section 1600 Data Request.

Schedule 3 – E-ISAC and CRISP Summary of Activity

TOTAL E-ISAC (including CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 6,956,341	\$ 27,825,365	\$ 27,825,365	\$ -
Other Funding	2,656,139	10,454,255	10,200,776	253,479
TOTAL FUNDING	\$ 9,612,480	\$ 38,279,620	\$ 38,026,141	\$ 253,479
EXPENDITURES				
Personnel Expense	\$ 2,954,116	\$ 11,474,364	\$ 11,237,278	\$ 237,086
Meetings and Travel Expense	102,813	452,601	386,000	66,601
Operating Expenses (excluding Depreciation)	2,780,281	12,544,617	13,034,801	(490,184)
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	16,665	308,000	308,000	-
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-
Total Direct Costs (excluding Depreciation and Allocations)	\$ 5,853,875	\$ 24,779,581	\$ 24,966,079	\$ (186,498)
Indirect Expense Allocation	2,936,190	12,802,919	12,990,480	(187,561)
Fixed Asset Allocation	5,328	1,182,114	1,060,735	121,379
Net Financing Activity Allocation	31,164	(946,829)	(991,153)	44,324
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 8,826,558	\$ 37,817,785	\$ 38,026,141	\$ (208,356)
RESERVE INCREASE (DECREASE)	\$ 785,923	\$ 461,835	\$ 0	\$ 461,835

Schedule 3 (continued) – E-ISAC and CRISP Summary of Activity

CRISP				
FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 573,484	\$ 2,293,937	\$ 2,293,937	\$ -
Other Funding	2,474,838	9,546,602	9,613,803	(67,201)
TOTAL FUNDING	\$ 3,048,322	\$ 11,840,539	\$ 11,907,740	\$ (67,201)
<u>EXPENDITURES</u>				
Personnel Expense	\$ 341,381	\$ 1,433,542	\$ 1,400,761	\$ 32,780
Meetings and Travel Expense	52,413	147,601	81,000	66,601
Operating Expenses (excluding Depreciation)	1,674,409	8,166,747	8,743,471	(576,724)
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	50,000	50,000	-
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-
Total Direct Costs (excluding Depreciation and Allocations)	\$ 2,068,203	\$ 9,797,890	\$ 10,275,232	\$ (477,343)
Indirect Expense Allocation	251,289	1,562,106	1,623,810	(61,704)
Fixed Asset Allocation	456	144,232	132,592	11,640
Net Financing Activity Allocation	2,667	(115,524)	(123,894)	8,370
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 2,322,616	\$ 11,388,704	\$ 11,907,740	\$ (519,036)
RESERVE INCREASE (DECREASE)	\$ 725,706	\$ 451,836	\$ 0	\$ 451,836

Note - In its July 8, 2022 order in Docket No. RR21-9-001, the Commission held that expenditure of funds paid by new CRISP participants for costs associated with joining the program should be included in NERC's quarterly variance reports and annual true-up filings. Accordingly, NERC notes that year-to-date billings sent by NERC to new CRISP participants related to the program's third-party subcontractor total approximately \$440k and is included in the "Other Funding" amount above. Year-to-date expenses sent by the third-party contractor to NERC for new CRISP participants total approximately \$40k and is included in the "Operating Expenses (excluding Depreciation)" amount above.

E-ISAC (excluding CRISP)				
FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 6,382,857	\$ 25,531,428	\$ 25,531,428	\$ -
Other Funding	181,301	907,653	586,973	320,680
TOTAL FUNDING	\$ 6,564,158	\$ 26,439,081	\$ 26,118,401	\$ 320,680
<u>EXPENDITURES</u>				
Personnel Expense	\$ 2,612,734	\$ 10,040,822	\$ 9,836,516	\$ 204,305
Meetings and Travel Expense	50,401	305,000	305,000	-
Operating Expenses (excluding Depreciation)	1,105,872	4,377,869	4,291,330	86,539
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	16,665	258,000	258,000	-
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-
Total Direct Costs (excluding Depreciation and Allocations)	\$ 3,785,672	\$ 14,981,691	\$ 14,690,846	\$ 290,845
Indirect Expense Allocation	2,684,900	11,240,813	11,366,670	(125,858)
Fixed Asset Allocation	4,872	1,037,882	928,143	109,739
Net Financing Activity Allocation	28,497	(831,305)	(867,259)	35,954
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 6,503,942	\$ 26,429,081	\$ 26,118,401	\$ 310,681
RESERVE INCREASE (DECREASE)	\$ 60,216	\$ 9,999	\$ 0	\$ 9,999

Schedule 4 – Summary of Investments

	Quarter-End Balance	Ticker Symbol	Fund Name	S&P Credit Rating	Average Annualized Yield
<u>Cash Sweep Accounts</u>					
Operating Account Sweep	\$ 28,558,221	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.29%
SOCCEd Account Sweep	1,818,676	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.29%
CRISP Account Sweep	11,907,015	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.29%
<u>Total Cash Sweep Accounts</u>	<u>\$ 42,283,912</u>				
<u>Investment Account</u>					
Reserve Funds	\$ 10,221,492	GRTXX	Federated Hermes Government Obligations Fund	AAAm	4.68%
<u>Total Investments</u>	<u>\$ 10,221,492</u>				