

recommended that the NERC Board of Trustees (“Board”) accept the report. The NERC Board is anticipated to accept the report at its August 15, 2024 meeting.

II. NOTICES AND COMMUNICATIONS

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

Shamai Elstein
Associate General Counsel
North American Electric Reliability
Corporation
1401 H Street NW, Suite 410
Washington, DC 20005
202-603-3331
shamai.elstein@nerc.net

Andy Sharp
Vice President, Chief Financial Officer
North American Electric Reliability Corporation
3353 Peachtree Road NE, Suite 600 – North Tower
Atlanta, GA 30326
404-446-9732
andy.sharp@nerc.net

III. DISCUSSION OF SIGNIFICANT VARIANCES BETWEEN THE 2024 BUDGET AND 2024 SECOND QUARTER ACTUAL FINANCIAL RESULTS

In the attached variance report, NERC outlines the following:

- (a) a comparison of actual (unaudited) financial results through June 30, 2024 to NERC’s budgeted expenditures through June 30, 2024; 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.

A. 2024 Second Quarter Actual Financial Results vs. 2024 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 June 30, 2024:

- Personnel expenses were \$991,052 (2.9%) under budget year-to-date primarily due to lower medical insurance premiums and retirement plan costs. Personnel expenses are

projected to be near budget at year-end primarily due to lower attrition versus budget in the second half of the year and also search fees and transition costs.

- Contracts and Consultants expenses were \$2,153,666 (20.2%) under budget. Contracts and Consultants expenses were under budget year-to-date due to lower third-party contract costs for CRISP and overall timing of expenses. Contracts and Consultants expenses are projected to be slightly under budget at year-end. This is primarily due to (1) lower than expected third-party contract costs for CRISP; (2) lower spending on a new System Operator Certification and Continuing Education Database (SOCCED) system that will be completed in 2025; and (3) projected lower support needs for the Interregional Transmission Capability Study (ITCS). This lower spending is partially offset by increased support needs for (1) standards development activities; (2) studies related to generation and extreme weather; (3) automation, system conversion, and improved experience efforts for new and existing technology tools; and (4) temporary backfills for vacant positions.
- Office Costs, Professional, and Misc. expenses were \$1,722,349 (19.8%) under budget and are currently projected to be \$1,081,074 (6.2%) under budget at year-end. Office Costs, Professional Services, and Miscellaneous expenses were under budget year-to-date largely due to (1) timing of software licenses and support expenses; (2) lower than expected telephone and expensed A/V and hardware lease costs; and (3) lower outside counsel and insurance expenses. At year-end, software licenses and support expenses are expected to be under budget, with the remaining reasons also contributing to the overall projected under budget variance.
- Net Financing Activity was \$958,641 (73.9%) over budget and is currently projected to be \$515,869 (19.9%) under budget at year-end. The Net Financing Activity budget is

comprised of loan and lease financing proceeds (borrowings) and principal payments. The budget included a total of \$4.2M for both loan borrowings for capital software projects and leased assets, spread evenly throughout the year. The year-to-date variance is primarily because NERC did not borrow during the first half of 2024. By year-end, NERC is projecting to borrow \$4.3M due to additional leased asset needs, offset by lower than budgeted loan principal (debt service) payments from less-than-budgeted borrowing in 2023.

An additional expense category is currently expected to have a variance of greater than \$500,000 at the end of the year:

- Fixed Asset Additions is projected to be \$1,195,598 (25.9%) over budget at year-end due to additional capital software and hardware expenditures, and slightly higher leased asset expenditures (directly offset by financing lease proceeds).

B. 2024 Second Quarter Actual Results vs. 2024 Budget Variances of \$500,000 or More by Department or Program Area

Two departments or program areas had a variance exceeding \$500,000 as of June 30, 2024.

- Business Technology was \$1,201,676 (11.2%) under budget and is currently projected to be \$569,341 (2.7%) under budget at year-end. Business Technology was under budget year-to-date primarily due to lower Personnel costs (including the transfer of an FTE to Compliance Assurance to support Align activities) and timing of expenses. This area is projected to be under budget at year-end primarily due to lower Personnel and Office costs (software license and lease expense), partially offset by higher-than-budgeted Fixed Asset Additions.

- CRISP was \$1,364,429 (25.4%) under budget and is currently projected to be \$1,083,331 (10.1%) under budget at year-end. CRISP is currently under budget primarily due to lower third-party contractor costs and lower personnel costs, partially due to the reallocation of FTE time to the E-ISAC department. It is projected to be lower at year-end for the same reason.

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

Shamai Elstein
Associate General Counsel
North American Electric Reliability Corporation
1401 H Street NW, Suite 410
Washington, DC 20005
202-603-3331
shamai.elstein@nerc.net

Counsel for North American Electric Reliability Corporation

Dated: August 14, 2024

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 14th day of August 2024.

/s/ Shamai Elstein

Shamai Elstein
*Counsel for North American Electric
Reliability Corporation*

ATTACHMENT

Summary of Unaudited Results For the Period Ending June 30, 2024

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Executive Summary

Projected Year-End Results
(\$ millions)

				Over
	<u>FUNDING</u>	<u>Projected</u>	<u>Budget</u>	<u>(Under)</u>
Revenues		\$ 110.7	\$ 110.4	\$ 0.3
Funding from Reserves				
Assessment Stabilization Reserve		1.3	1.3	-
	TOTAL FUNDING	\$ 112.0	\$ 111.7	\$ 0.3
	<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)		\$ 110.1	\$ 111.6	\$ (1.5)
Fixed Asset Additions		5.8	4.6	1.2
Net Financing Activity		(3.1)	(2.6)	(0.5)
	TOTAL EXPENDITURES	\$ 112.8	\$ 113.6	\$ (0.8)
	RESERVE INCREASE (DECREASE)	\$ (0.8)	\$ (1.9)	\$ 1.1

Expenses (excluding Depreciation) are projected to be under budget at year-end primarily due to lower Office and Professional Services costs. Fixed Asset Additions are expected to be over budget due to additional leased and non-leased equipment and capital software expenditures, partially offset by favorable Net Financing Activity. The net result is a projected year-end reserve increase of \$1.1M 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>Over (Under)</u>
Revenues	\$ 55.7	\$ 55.2	\$ 0.5
Funding from Reserves			
Assessment Stabilization Reserve	0.6	0.6	-
TOTAL FUNDING	\$ 56.3	\$ 55.8	\$ 0.5
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 51.8	\$ 56.6	\$ (4.8)
Fixed Asset Additions	2.3	2.3	-
Net Financing Activity	(0.3)	(1.3)	1.0
TOTAL EXPENDITURES	\$ 53.8	\$ 57.6	\$ (3.8)
RESERVE INCREASE (DECREASE)	\$ 2.5	\$ (1.8)	\$ 4.3

Expenses (excluding Depreciation) are under budget year-to-date primarily because of lower Personnel, Contracts and Consultants, Office, and Professional Services costs, which are partially offset by Net Financing Activity. The net result is a year-to-date reserve increase of \$4.3M more 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	\$ 56,365,164	\$ 55,858,415	\$ 506,750	0.9%	\$ 112,071,050	\$ 111,716,829	\$ 354,221	0.3%
EXPENDITURES								
Personnel	32,714,224	33,705,275	(991,052)	(2.9%)	65,689,849	65,781,342	(91,494)	(0.1%)
Meetings and Travel	1,921,101	1,753,400	167,701	9.6%	3,708,711	3,506,800	201,911	5.8%
Contracts and Consultants	8,530,901	10,684,568	(2,153,666)	(20.2%)	21,065,988	21,369,135	(303,147)	(1.4%)
Office Rent	1,520,307	1,544,929	(24,622)	(1.6%)	3,031,233	3,089,858	(58,625)	(1.9%)
Office Costs, Professional, and Misc.*	6,965,666	8,688,015	(1,722,349)	(19.8%)	16,294,955	17,376,029	(1,081,074)	(6.2%)
Other Non-Operating	153,383	234,020	(80,637)	(34.5%)	349,219	468,040	(118,821)	(25.4%)
Fixed Asset Additions*	2,317,792	2,312,000	5,792	0.3%	5,819,597	4,624,000	1,195,598	25.9%
Net Financing Activity**	(338,489)	(1,297,130)	958,641	(73.9%)	(3,110,130)	(2,594,260)	(515,869)	19.9%
TOTAL EXPENDITURES	\$ 53,784,885	\$ 57,625,076	\$ (3,840,191)	(6.7%)	\$ 112,849,423	\$ 113,620,944	\$ (771,521)	(0.7%)
RESERVE INCREASE (DECREASE)	\$ 2,580,279	\$ (1,766,662)	\$ 4,346,941	(246.1%)	\$ (778,373)	\$ (1,904,115)	\$ 1,125,741	(59.1%)
FTEs	237.8	251.1	(13.3)	(5.3%)	241.2	251.1	(9.9)	(4.0%)

* 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.

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

- Personnel expenses are under budget year-to-date due to lower medical insurance premiums and retirement plan costs. Personnel expenses are projected to be near budget at year-end primarily due to lower attrition versus budget in the second half of the year and search fees and transition costs.
- Contracts and Consultants expenses are under budget year-to-date due to lower third-party contract costs for CRISP and overall timing of expenses. Contracts and Consultants expenses are projected to be slightly under budget at year-end. This is primarily due to (1) lower than expected third-party contract costs for CRISP; (2) lower spending on a new System Operator Certification and Continuing Education Database (SOCCED) system that will be completed in 2025; and (3) projected lower support needs for the Interregional Transmission Capability Study (ITCS). This lower spending is partially offset by increased support needs for (1) standards development activities; (2) studies related to generation and extreme weather; (3) automation, system conversion, and improved experience efforts for new and existing technology tools; and (4) temporary backfills for vacant positions. The actual and projected activity by department is further illustrated in the table below.

CONTRACTS and CONSULTANTS	YTD	YTD	YTD	%	Annual	Annual	Annual	%
	Actual	Budget	Over (Under)	Over (Under)	Projection	Budget	Over (Under)	Over (Under)
Reliability Standards and Power Risk Issues and Strategic Management	\$ 87,754	\$ 109,944	\$ (22,190)	(20.2%)	\$ 363,570	\$ 219,888	\$ 143,682	65.3%
Compliance Assurance	101,637	337,467	(235,830)	(69.9%)	912,600	674,933	237,667	35.2%
Registration and Certification	23,489	52,694	(29,205)	(55.4%)	46,978	105,388	(58,410)	(55.4%)
Compliance Enforcement	101,547	348,467	(246,920)	(70.9%)	934,600	696,933	237,667	34.1%
Engineering and Security Integration	437,225	50,000	387,225	774.5%	437,476	100,000	337,476	337.5%
Reliability Assessment and Technical Committees	628,582	758,700	(130,119)	(17.2%)	1,486,400	1,517,400	(31,000)	(2.0%)
Advanced System Analytics and Modeling	-	28,500	(28,500)	(100.0%)	21,400	57,000	(35,600)	(62.5%)
Performance Analysis	61,456	72,000	(10,544)	(14.6%)	229,629	144,000	85,629	59.5%
Situation Awareness	29,860	41,500	(11,640)	(28.0%)	35,250	83,000	(47,750)	(57.5%)
Event Analysis	2,965	82,500	(79,535)	(96.4%)	151,706	165,000	(13,294)	(8.1%)
E-ISAC	1,536,107	1,195,619	340,489	28.5%	2,703,343	2,391,237	312,106	13.1%
Training, Education and Personnel Certification	141,192	436,130	(294,938)	(67.6%)	431,122	872,260	(441,138)	(50.6%)
General and Administrative and Executive	33,239	62,500	(29,261)	(46.8%)	134,000	125,000	9,000	7.2%
Legal and Regulatory	114,429	127,500	(13,071)	(10.3%)	184,250	255,000	(70,750)	(27.7%)
External Affairs	22,600	157,500	(134,900)	(85.7%)	150,000	315,000	(165,000)	(52.4%)
Business Technology	1,718,849	2,298,548	(579,699)	(25.2%)	4,594,042	4,597,096	(3,054)	(0.1%)
Human Resources and Administration	582,973	417,500	165,473	39.6%	808,252	835,000	(26,748)	(3.2%)
Finance and Accounting	327,772	270,000	57,772	21.4%	545,778	540,000	5,778	1.1%
TOTAL (excluding CRISP)	\$ 5,951,676	\$ 6,847,068	\$ (895,392)	(13.1%)	\$ 14,170,395	\$ 13,694,135	\$ 476,260	3.5%
CRISP	2,579,226	3,837,500	(1,258,274)	(32.8%)	6,896,993	7,675,000	(778,007)	(10.1%)
TOTAL (including CRISP)	\$ 8,530,901	\$ 10,684,568	\$ (2,153,666)	(20.2%)	\$ 21,067,388	\$ 21,369,135	\$ (301,747)	(1.4%)

- Office Costs, Professional Services, and Miscellaneous expenses are under budget year-to-date largely due to (1) timing of software licenses and support expenses; (2) lower than expected telephone and expensed A/V and hardware lease costs; and (3) lower outside counsel and insurance expenses. At year-end, software licenses and support expenses are expected to be under budget, with the remaining reasons also contributing to the overall projected under budget variance.
- Fixed Asset Additions are near budget year-to-date. This area is projected to be over budget at year-end due to additional capital software and hardware expenditures, and slightly higher leased asset expenditures (directly offset by financing lease proceeds).
- The Net Financing Activity budget is comprised of loan and lease financing proceeds (borrowings) and principal payments. The budget included a total of \$4.2M for both loan borrowings for capital software projects and leased assets, spread evenly throughout the year. The year-to-date variance is primarily because NERC did not borrow during the first half of 2024. By year-end, NERC is projecting to borrow \$4.3M due to additional leased asset needs, offset by lower than budgeted loan principal (debt service) payments from less-than-budgeted borrowing in 2023.
- Reserves are over budget year-to-date by \$4.3M, primarily due to the reasons noted above for timing of costs for Contracts and Consultants and Fixed Asset Additions, and timing of and lower spending on Office Costs, offset by Net Financing Activity. Reserves are projected to be over budget by \$1.1M at year-end mainly due to lower projected Contracts and Consultants, Office, Professional Services, and debt service costs.

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 Issues and Strategic Management	\$ 2,579,622	\$ 2,645,643	\$ (66,021)	(2.5%)	\$ 5,305,929	\$ 5,178,957	\$ 126,973	2.5%
Compliance Assurance	3,235,386	3,310,858	(75,472)	(2.3%)	6,822,499	6,515,768	306,731	4.7%
Registration and Certification	708,522	639,456	69,066	10.8%	1,337,052	1,251,212	85,839	6.9%
Compliance Enforcement	2,014,929	2,277,039	(262,110)	(11.5%)	4,630,658	4,491,305	139,353	3.1%
Engineering and Security Integration	1,478,638	1,506,057	(27,419)	(1.8%)	2,860,707	2,949,925	(89,218)	(3.0%)
Reliability Assessment and Technical Committees	2,401,103	2,442,032	(40,929)	(1.7%)	5,099,939	4,815,683	284,255	5.9%
Advanced System Analytics and Modeling	860,034	1,228,462	(368,428)	(30.0%)	2,029,046	2,404,937	(375,890)	(15.6%)
Performance Analysis	1,127,743	1,158,787	(31,044)	(2.7%)	2,452,544	2,291,015	161,529	7.1%
Situation Awareness	1,689,109	2,023,305	(334,196)	(16.5%)	3,625,047	3,988,335	(363,288)	(9.1%)
Event Analysis	1,063,296	1,269,023	(205,728)	(16.2%)	2,227,749	2,470,380	(242,631)	(9.8%)
E-ISAC	8,219,544	7,859,398	360,146	4.6%	15,930,704	15,455,423	475,281	3.1%
Training, Education and Personnel Certification	842,396	1,083,768	(241,372)	(22.3%)	1,833,200	2,149,794	(316,594)	(14.7%)
General and Administrative and Executive	4,677,703	4,768,411	(90,708)	(1.9%)	9,600,683	9,479,271	121,411	1.3%
Legal and Regulatory	2,934,012	3,097,209	(163,197)	(5.3%)	5,867,773	6,075,391	(207,619)	(3.4%)
External Affairs	2,287,910	2,364,824	(76,914)	(3.3%)	4,899,165	4,548,817	350,349	7.7%
Business Technology	9,497,271	10,698,947	(1,201,676)	(11.2%)	20,610,978	21,180,319	(569,341)	(2.7%)
Human Resources and Administration	2,304,603	2,211,833	92,770	4.2%	4,543,550	4,370,563	172,987	4.0%
Finance and Accounting	1,851,615	1,664,147	187,469	11.3%	3,537,007	3,285,324	251,683	7.7%
TOTAL (excluding CRISP)	\$ 49,773,437	\$ 52,249,199	\$ (2,475,762)	(4.7%)	\$ 103,214,232	\$ 102,902,421	\$ 311,811	0.3%
CRISP	4,011,448	5,375,877	(1,364,429)	(25.4%)	9,635,192	10,718,523	(1,083,331)	(10.1%)
TOTAL DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	\$ 53,784,885	\$ 57,625,076	\$ (3,840,191)	(6.7%)	\$ 112,849,423	\$ 113,620,944	\$ (771,520)	(0.7%)

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

- **Compliance Assurance** – Projected to be over budget primarily due to higher costs for Align support and enhancements, which is being partially offset by funding from the Regional Entities.
- **Reliability Assessment and Technical Committees** – Projected to be over budget primarily due to higher Personnel costs due to the reallocation of FTEs from another area, partially offset by lower Contracts and Consulting costs.
- **Advanced System Analytics and Modeling** – Projected to be under budget primarily due to lower Personnel costs.
- **Situation Awareness** – Projected to be under budget primarily due to lower Personnel and software licenses and support costs, partially offset by higher-than-budgeted Fixed Asset Additions for capital software expenditures.
- **Event Analysis** – Projected to be under budget primarily due to lower Personnel and Fixed Asset Additions for capital software expenditures.
- **E-ISAC (excluding CRISP)** – Projected to be over budget primarily due to higher Personnel, Contracts & Consultants, and Meetings and Travel costs.
- **Training, Education and Personnel Certification** – Projected to be under budget primarily due to lower spending on a new SOCCED system that will not be completed until 2025.
- **External Affairs** – Projected to over budget mainly due to higher Personnel costs, which are partially offset by lower Contracts and Consultants expenses.
- **Business Technology** – Under budget year-to-date primarily due to lower Personnel costs (including the transfer of an FTE to Compliance Assurance to support Align activities) and timing of expenses. Projected to be under budget at year-end primarily due to lower Personnel and Office costs (software license and lease expense), partially offset by higher-than-budgeted Fixed Asset Additions.

Supplemental Schedules

Schedule 1 – Year-End Projected Reserves

Reserve Account	1/1/2024	Budgeted Funding/(Use) ⁽²⁾	Unbudgeted Funding/(Use) ⁽³⁾	Operating and	12/31/2024
	Beginning Balance ⁽¹⁾			Financing Activity Versus Budget ⁽⁴⁾	Ending Balance
NERC Operating Contingency	\$ 13,229,753	\$ (1,300,000)	\$ -	\$ 1,439,640	\$ 13,369,393
Future Obligations	2,908,227	218,053	-	(229,495)	2,896,785
Assessment Stabilization	2,256,000	(1,300,000)	-	-	956,000
System Operator	908,879	(604,115)	-	328,063	632,827
CRISP Defense Fund	500,000	-	-	-	500,000
CRISP Operating	3,615,851	-	(450,000)	658,039	3,823,890
CRISP Equipment Reserve	450,000	-	450,000	-	900,000
Total Reserves	\$ 23,868,710	\$ (2,986,062)	\$ -	\$ 2,196,246	\$ 23,078,895

NOTES:

(1) 2024 beginning balances have been adjusted from the 12/31/2023 variance report balances as the result of a reconciliation to the final audited balance sheet.

(2) The 2024 Business Plan & Budget (2024 BP&B) contained a budgeted use of NERC Operating Contingency Reserves (OCR) totaling \$1,300,000 to fully fund the incremental Interregional Transfer Capability Study (ITCS) FTEs hired in 2023 and a budgeted use of \$1,300,000 of Assessment Stabilization Reserves (ASR) to fund the net ITCS non-personnel costs.

The 2024 BP&B included a use of System Operator Reserves derived from budgeted revenues being \$604,115 lower than budgeted expenses.

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

The net increase in reserves related to the CRISP department is \$910,232, with \$252,193 going into the NERC OCR for the portion of CRISP costs funded by assessments and \$658,039 coming out of the CRISP Operating Reserve for CRISP costs funded by the CRISP participants.

Schedule 2 – E-ISAC and CRISP Summary of Activity

TOTAL E-ISAC (including CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 14,888,567	\$ 29,777,134	\$ 29,777,134	\$ -
Other Funding	5,756,522	11,140,711	11,276,439	(135,729)
TOTAL FUNDING	\$ 20,645,089	\$ 40,917,845	\$ 41,053,573	\$ (135,728)
EXPENDITURES				
Personnel Expense	\$ 6,550,263	\$ 12,905,764	\$ 13,072,503	\$ (166,740)
Meetings and Travel Expense	386,969	708,280	483,000	225,279
Operating Expenses (excluding Depreciation)	5,156,229	11,906,253	12,440,651	(534,399)
Other Non-Operating Expenses	-	-	8,791	(8,791)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	137,531	120,000	173,000	(53,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	(74,400)	(4,000)	(70,400)
Total Direct Costs (excluding Depreciation and Allocations)	\$ 12,230,992	\$ 25,565,896	\$ 26,173,946	\$ (608,050)
Indirect Expense Allocation	6,828,026	14,378,891	14,590,026	(211,135)
Fixed Asset Allocation	511,585	954,274	617,658	336,616
Net Financing Activity Allocation	(167,428)	(511,524)	(328,056)	(183,468)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 19,403,175	\$ 40,387,537	\$ 41,053,574	\$ (666,036)
RESERVE INCREASE (DECREASE)	\$ 1,241,914	\$ 530,308	\$ -	\$ 530,308

Schedule 2 (continued) – E-ISAC and CRISP Summary of Activity

CRISP

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 1,238,583	\$ 2,477,166	\$ 2,477,166	\$ -
Other Funding	5,172,789	9,994,690	10,319,598	(324,908)
TOTAL FUNDING	\$ 6,411,372	\$ 12,471,856	\$ 12,796,764	\$ (324,908)
EXPENDITURES				
Personnel Expense	\$ 792,593	\$ 1,515,594	\$ 1,780,267	\$ (264,673)
Meetings and Travel Expense	164,447	301,114	146,000	155,114
Operating Expenses (excluding Depreciation)	2,925,298	7,772,884	8,652,256	(879,372)
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	129,110	120,000	140,000	(20,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	(74,400)	-	(74,400)
Total Direct Costs (excluding Depreciation and Allocations)	\$ 4,011,448	\$ 9,635,192	\$ 10,718,523	\$ (1,083,331)
Indirect Expense Allocation	875,653	1,868,886	2,037,792	(168,906)
Fixed Asset Allocation	65,608	124,031	86,268	37,763
Net Financing Activity Allocation	(21,472)	(66,485)	(45,820)	(20,665)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 4,931,237	\$ 11,561,624	\$ 12,796,764	\$ (1,235,140)
RESERVE INCREASE (DECREASE)	\$ 1,480,135	\$ 910,232	\$ -	\$ 910,232

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 \$0. Year-to-date expenses sent by the third-party contractor to NERC for new CRISP participants total \$0.

Schedule 2 (continued) – E-ISAC and CRISP Summary of Activity

E-ISAC (excluding CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 13,649,984	\$ 27,299,969	\$ 27,299,969	\$ -
Other Funding	583,733	1,146,020	956,841	189,179
TOTAL FUNDING	\$ 14,233,717	\$ 28,445,989	\$ 28,256,810	\$ 189,179
EXPENDITURES				
Personnel Expense	\$ 5,757,670	\$ 11,390,169	\$ 11,292,236	\$ 97,933
Meetings and Travel Expense	222,522	407,166	337,000	70,166
Operating Expenses (excluding Depreciation)	2,230,931	4,133,369	3,788,396	344,974
Other Non-Operating Expenses	-	-	8,791	(8,791)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	8,421	-	33,000	(33,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	(4,000)	4,000
Total Direct Costs (excluding Depreciation and Allocations)	\$ 8,219,544	\$ 15,930,704	\$ 15,455,423	\$ 475,281
Indirect Expense Allocation	5,952,373	12,510,005	12,552,234	(42,229)
Fixed Asset Allocation	445,977	830,243	531,389	298,854
Net Financing Activity Allocation	(145,956)	(445,039)	(282,236)	(162,802)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 14,471,938	\$ 28,825,914	\$ 28,256,810	\$ 569,104
RESERVE INCREASE (DECREASE)	\$ (238,221)	\$ (379,925)	\$ -	\$ (379,925)

Schedule 3 – Summary of Investments

	Quarter-End	Ticker		S&P	Average
	Balance	Symbol	Fund Name	Credit Rating	Annualized Yield
<u>Cash Sweep Accounts</u>					
Operating Account Sweep	\$ 28,016,291	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.94%
SOCCEd Account Sweep	1,585,080	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.94%
CRISP Account Sweep	7,922,529	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.94%
Total Cash Sweep Accounts	\$ 37,523,900				
<u>Investment Account</u>					
Reserve Funds	\$ 10,892,761		Federated Hermes Gov't Obligations Fund	AAAm	5.22%
Total Investments	\$ 10,892,761				