

**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 third quarter of 2024, in accordance with the Settlement Order. On November 7, 2024, the NERC Finance and Audit Committee reviewed and

¹ FERC certified NERC as the electric reliability organization (“ERO”) pursuant to Section 215 of the Federal Power Act 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).

recommended that the NERC Board of Trustees (“Board”) accept the report. The NERC Board accepted the report on November 13, 2024.

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 2024 BUDGET AND 2024 THIRD QUARTER ACTUAL FINANCIAL RESULTS

In the attached variance report, NERC outlines the following:

- (a) a comparison of actual (unaudited) financial results through September 30, 2024 to NERC’s budgeted expenditures through September 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 Third 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 September 30, 2024:

- Personnel expenses were \$1,351,481 (2.7%) under budget year-to-date and are currently expected to be \$706,863 (1.1%) under budget at year-end. Personnel expenses are under

budget year-to-date due to lower salaries, medical insurance premiums, and retirement plan costs. Personnel expenses are projected to be under budget at year-end primarily due to lower benefits and retirement costs.

- Contracts and Consultants expenses were \$2,685,467 (16.8%) under budget. 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 over budget at year-end. This is primarily due to 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, including higher-than-anticipated non-capital versus capital spending; and (4) temporary backfills for vacant positions. This is partially offset by (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) lower support needs for the Interregional Transmission Capability Study (ITCS).
- Office Costs, Professional, and Misc. expenses were \$1,492,462 (11.5%) under budget and are currently projected to be \$1,406,523 (8.1%) under budget at year-end. Office Costs, Professional Services, and Miscellaneous expenses are under budget year-to-date largely due to lower than expected (1) software licenses and support expenses; (2) telephone and expensed A/V and hardware lease costs; and (3) outside counsel and insurance expenses. This area is projected to be under budget at year-end due to these same reasons.
- Net Financing Activity was \$1,561,691 (80.3%) over budget year-to-date and is currently projected to be \$1,795,617 (69.2%) over 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 have any loan borrowings during the first three quarters of 2024. By year-end, NERC is projecting to borrow \$2.0M, including \$1.2M for leased assets and an anticipated \$800k for capital software and/or hardware, offset by lower than budgeted loan principal (debt service) payments from less-than-budgeted borrowing in 2023. The projected \$800k in loan borrowings will be further evaluated and determined in the fourth quarter based on final outcomes of budget activity.

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 \$611,047 (13.2%) under budget at year-end due to lower spending on capitalized software activities, partially offset by higher-than anticipated hardware expenditures.

B. 2024 Third Quarter Actual Results vs. 2024 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 September 30, 2024.

- Advanced System Analytics and Modeling was \$553,945 (30.4%) under budget year-to-date and is projected to be under budget at year-end due to lower personnel expenses.
- Business Technology was \$695,047 (4.4%) under budget year-to-date and is currently projected to be 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 \$2,019,191 (25.1%) under budget year-to-date and is currently projected to be \$594,614 (5.5%) 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

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Dated: November 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 November 2024.

/s/ Shamai Elstein

Shamai Elstein
*Counsel for North American Electric
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ATTACHMENT

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

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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	\$ 110.8	\$ 110.4	\$ 0.4
Funding from Reserves			
Assessment Stabilization Reserve	1.3	1.3	-
TOTAL FUNDING	\$ 112.1	\$ 111.7	\$ 0.4
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 109.7	\$ 111.6	\$ (1.9)
Fixed Asset Additions	3.9	4.6	(0.7)
Net Financing Activity	(0.7)	(2.6)	1.9
TOTAL EXPENDITURES	\$ 112.9	\$ 113.6	\$ (0.7)
RESERVE INCREASE (DECREASE)	\$ (0.8)	\$ (1.9)	\$ 1.1

Revenues are projected to be over budget due to higher investment income and miscellaneous revenues. Expenses (excluding Depreciation) are projected to be under budget at year-end primarily due to lower Personnel, Office, and Professional Services costs. Fixed Asset Additions are expected to be under budget due to lower capital software expenditures, partially offset by favorable Net Financing Activity. The net result is a projected year-end reserve balance that is \$1.1M more than budgeted. This activity is explained in more detail in the remainder of the report.

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

	Over		
<u>FUNDING</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Revenues	\$ 83.4	\$ 82.8	\$ 0.6
Funding from Reserves			
Assessment Stabilization Reserve	1.0	1.0	-
TOTAL FUNDING	\$ 84.4	\$ 83.8	\$ 0.6
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 79.0	\$ 84.2	\$ (5.2)
Fixed Asset Additions	3.2	3.5	(0.3)
Net Financing Activity	(0.4)	(1.9)	1.5
TOTAL EXPENDITURES	\$ 81.8	\$ 85.8	\$ (4.0)
RESERVE INCREASE (DECREASE)	\$ 2.6	\$ (2.0)	\$ 4.6

Revenues are over budget year-to-date due to higher investment income and miscellaneous revenues. 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 balance that is \$4.6M more than budgeted. 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	\$ 84,387,621	\$ 83,787,622	\$ 599,999	0.7%	\$ 112,202,615	\$ 111,716,829	\$ 485,786	0.4%
EXPENDITURES								
Personnel	48,502,146	49,853,627	(1,351,481)	(2.7%)	65,074,479	65,781,342	(706,863)	(1.1%)
Meetings and Travel	3,115,522	2,630,100	485,422	18.5%	3,510,054	3,506,800	3,254	0.1%
Contracts and Consultants	13,341,384	16,026,851	(2,685,467)	(16.8%)	21,802,296	21,369,135	433,161	2.0%
Office Rent	2,276,626	2,317,394	(40,768)	(1.8%)	3,080,306	3,089,858	(9,552)	(0.3%)
Office Costs, Professional, and Misc. *	11,539,560	13,032,022	(1,492,462)	(11.5%)	15,969,506	17,376,029	(1,406,523)	(8.1%)
Other Non-Operating	234,934	351,030	(116,096)	(33.1%)	304,219	468,040	(163,821)	(35.0%)
Fixed Asset Additions*	3,184,127	3,468,000	(283,873)	(8.2%)	4,012,953	4,624,000	(611,047)	(13.2%)
Net Financing Activity**	(384,004)	(1,945,695)	1,561,691	(80.3%)	(798,643)	(2,594,260)	1,795,617	(69.2%)
TOTAL EXPENDITURES	\$ 81,810,294	\$ 85,733,328	\$ (3,923,034)	(4.6%)	\$ 112,955,170	\$ 113,620,944	\$ (665,774)	(0.6%)
RESERVE INCREASE (DECREASE)	\$ 2,577,327	\$ (1,945,706)	\$ 4,523,033	(232.5%)	\$ (752,555)	\$ (1,904,115)	\$ 1,151,559	(60.5%)
FTEs	242.1	251.1	(9.0)	(3.6%)	243.4	251.1	(7.7)	(3.1%)

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 salaries, medical insurance premiums, and retirement plan costs. Personnel expenses are projected to be under budget at year-end primarily due to lower benefits and retirement 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 over budget at year-end. This is primarily due to 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, including higher-than-anticipated non-capital versus capital spending; and (4) temporary backfills for vacant positions. This is partially offset by (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) lower support needs for the Interregional Transmission Capability Study (ITCS). The actual and projected activity by department is further illustrated in the table below.

	YTD	YTD	YTD	%	Annual	Annual	Annual	%
CONTRACTS and CONSULTANTS	Actual	Budget	Over (Under)	Over (Under)	Projection	Budget	Over (Under)	Over (Under)
Reliability Standards and Power Risk Issues and Strategic Management	\$ 182,866	\$ 164,916	\$ 17,950	10.9%	\$ 269,228	\$ 219,888	\$ 49,340	22.4%
Compliance Assurance	222,954	506,200	(283,246)	(56.0%)	910,100	674,933	235,167	34.8%
Registration and Certification	24,489	79,041	(54,552)	(69.0%)	72,978	105,388	(32,410)	(30.8%)
Compliance Enforcement	222,864	522,700	(299,836)	(57.4%)	925,722	696,933	228,789	32.8%
Engineering and Security Integration	442,456	75,000	367,456	489.9%	437,476	100,000	337,476	337.5%
Reliability Assessment and Technical Committees	1,015,646	1,138,050	(122,404)	(10.8%)	1,342,413	1,517,400	(174,987)	(11.5%)
Advanced System Analytics and Modeling	26,184	42,750	(16,566)	(38.8%)	362,725	57,000	305,725	536.4%
Performance Analysis	97,320	108,000	(10,680)	(9.9%)	239,363	144,000	95,363	66.2%
Situation Awareness	30,130	62,250	(32,120)	(51.6%)	41,630	83,000	(41,370)	(49.8%)
Event Analysis	13,658	123,750	(110,092)	(89.0%)	131,540	165,000	(33,460)	(20.3%)
E-ISAC	2,202,957	1,793,428	409,529	22.8%	2,824,997	2,391,237	433,760	18.1%
Training, Education and Personnel Certification	209,878	654,195	(444,317)	(67.9%)	434,357	872,260	(437,903)	(50.2%)
General and Administrative and Executive	88,257	93,750	(5,493)	(5.9%)	134,000	125,000	9,000	7.2%
Legal and Regulatory	164,146	191,250	(27,104)	(14.2%)	212,262	255,000	(42,738)	(16.8%)
External Affairs	31,613	236,250	(204,638)	(86.6%)	125,000	315,000	(190,000)	(60.3%)
Business Technology	3,162,780	3,447,822	(285,042)	(8.3%)	4,765,516	4,597,096	168,420	3.7%
Human Resources and Administration	873,005	626,250	246,755	39.4%	831,252	835,000	(3,748)	(0.4%)
Finance and Accounting	422,429	405,000	17,429	4.3%	616,096	540,000	76,096	14.1%
TOTAL (excluding CRISP)	\$ 9,433,631	\$ 10,270,601	\$ (836,970)	(8.1%)	\$ 14,676,655	\$ 13,694,135	\$ 982,520	7.2%
CRISP	3,907,752	5,756,250	(1,848,498)	(32.1%)	7,125,641	7,675,000	(549,359)	(7.2%)
TOTAL (including CRISP)	\$ 13,341,384	\$ 16,026,851	\$ (2,685,467)	(16.8%)	\$ 21,802,296	\$ 21,369,135	\$ 433,161	2.0%

- Office Costs, Professional Services, and Miscellaneous expenses are under budget year-to-date largely due to lower than expected (1) software licenses and support expenses; (2) telephone and expensed A/V and hardware lease costs; and (3) outside counsel and insurance expenses. This area is projected to be under budget at year-end due to these same reasons.
- Fixed Asset Additions are under budget year-to-date. This area is projected to be under budget at year-end due to lower spending on capitalized software activities, partially offset by higher-than anticipated hardware expenditures.
- 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 have any loan borrowings during the first three quarters of 2024. By year-end, NERC is projecting to borrow \$2.0M, including \$1.2M for leased assets and an anticipated \$800k for capital software and/or hardware, offset by lower than budgeted loan principal (debt service) payments from less-than-budgeted borrowing in 2023. The projected \$800k in loan borrowings will be further evaluated and determined in the fourth quarter based on final outcomes of budget activity.
- Reserves are over budget year-to-date by \$4.6M, primarily due to the reasons noted above for timing of costs for Contracts and Consultants, and lower spending on Office Costs and Fixed Asset Additions, offset by Net Financing Activity. Reserves are projected to be over budget by \$1.1M at year-end mainly due to lower projected Office, Professional Services, and debt service costs.

Variations by Department

DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	YTD	YTD	YTD	Over	Annual	Annual	Annual	Over
	Actual	Budget	Over (Under)	(Under)	Projection	Budget	Over (Under)	(Under)
Reliability Standards and Power Risk Issues and Strategic Manag	\$ 3,926,572	\$ 3,918,433	\$ 8,139	0.2%	\$ 5,175,332	\$ 5,178,957	\$ (3,625)	(0.1%)
Compliance Assurance	4,829,286	4,924,196	(94,910)	(1.9%)	6,759,808	6,515,768	244,040	3.7%
Registration and Certification	1,051,308	946,240	105,068	11.1%	1,442,614	1,251,212	191,402	15.3%
Compliance Enforcement	3,116,467	3,388,762	(272,295)	(8.0%)	4,647,800	4,491,305	156,495	3.5%
Engineering and Security Integration	2,078,558	2,235,254	(156,696)	(7.0%)	2,712,441	2,949,925	(237,484)	(8.1%)
Reliability Assessment and Technical Committees	3,735,823	3,632,320	103,504	2.8%	4,879,056	4,815,683	63,373	1.3%
Advanced System Analytics and Modeling	1,266,535	1,820,480	(553,945)	(30.4%)	2,223,970	2,404,937	(180,967)	(7.5%)
Performance Analysis	1,945,252	1,727,559	217,693	12.6%	2,446,887	2,291,015	155,872	6.8%
Situation Awareness	2,552,065	3,010,216	(458,151)	(15.2%)	3,923,879	3,988,335	(64,456)	(1.6%)
Event Analysis	1,585,422	1,872,192	(286,771)	(15.3%)	2,179,349	2,470,380	(291,031)	(11.8%)
E-ISAC	11,935,580	11,681,503	254,076	2.2%	15,749,717	15,455,423	294,294	1.9%
Training, Education and Personnel Certification	1,283,869	1,618,493	(334,624)	(20.7%)	1,780,364	2,149,794	(369,430)	(17.2%)
General and Administrative and Executive	7,099,822	7,124,322	(24,500)	(0.3%)	9,401,204	9,479,271	(78,067)	(0.8%)
Legal and Regulatory	4,331,032	4,590,256	(259,224)	(5.6%)	5,890,824	6,075,391	(184,567)	(3.0%)
External Affairs	3,411,535	3,461,804	(50,269)	(1.5%)	4,808,606	4,548,817	259,790	5.7%
Business Technology	15,261,293	15,956,340	(695,047)	(4.4%)	20,910,409	21,180,319	(269,910)	(1.3%)
Human Resources and Administration	3,620,254	3,296,607	323,647	9.8%	4,430,787	4,370,563	60,224	1.4%
Finance and Accounting	2,748,453	2,477,992	270,461	10.9%	3,468,214	3,285,324	182,890	5.6%
TOTAL (excluding CRISP)	\$ 75,779,127	\$ 77,682,971	\$ (1,903,843)	(2.5%)	\$ 102,831,262	\$ 102,902,421	\$ (71,159)	(0.1%)
CRISP	6,031,167	8,050,358	(2,019,191)	(25.1%)	10,123,908	10,718,523	(594,614)	(5.5%)
TOTAL DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACT	\$ 81,810,294	\$ 85,733,328	\$ (3,923,034)	(4.6%)	\$ 112,955,170	\$ 113,620,944	\$ (665,773)	(0.6%)

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.
- Engineering and Security Integration – Projected to be under budget due to lower Personnel costs resulting from the reallocation of FTEs to another area, partially offset by higher Contracts and Consultants Costs.
- Advanced System Analytics and Modeling – Under budget year-to-date to lower Personnel expenses. Projected to be under budget at year-end for this same reason.
- Event Analysis – Projected to be under budget primarily due to lower Personnel and Fixed Asset Additions for capital software expenditures (including lower borrowing for capital software).
- Situation Awareness – Under budget year-to-date due to lower Personnel and software licenses expenses and timing of Fixed Asset Additions. Projected to be close to budget at year-end.
- E-ISAC (excluding CRISP) – Projected to be over budget primarily due to higher Contracts & Consultants and Travel costs, partially offset by lower Personnel costs and Meeting expenses.
- 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 be 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.

- **CRISP** – Under budget year-to-date 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. Projected to be under budget at year-end for the same reason.

Supplemental Schedules

Schedule 1 – Year-End Projected Reserves

Reserve Account	1/1/2024			Operating and	12/31/2024
	Beginning Balance ⁽¹⁾	Budgeted Funding/(Use) ⁽²⁾	Unbudgeted Funding/(Use) ⁽³⁾	Financing Activity Versus Budget ⁽⁴⁾	Ending Balance
NERC Operating Contingency	\$ 13,229,753	\$ (1,300,000)	\$ -	\$ 1,593,753	\$ 13,523,506
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)	-	418,172	722,936
CRISP Defense Fund	500,000	-	-	-	500,000
CRISP Operating	3,615,851	-	(450,000)	439,635	3,605,486
CRISP Equipment Reserve	450,000	-	450,000	-	900,000
Total Reserves	\$ 23,868,710	\$ (2,986,062)	\$ -	\$ 2,222,064	\$ 23,104,712

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 (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 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 \$455,444, with \$15,809 going into the NERC OCR for the portion of CRISP costs funded by assessments and \$439,635 going into 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	\$ 22,332,851	\$ 29,777,134	\$ 29,777,134	\$ -
Other Funding	8,556,726	11,254,856	11,276,439	(21,583)
TOTAL FUNDING	\$ 30,889,577	\$ 41,031,990	\$ 41,053,573	\$ (21,583)
EXPENDITURES				
Personnel Expense	\$ 9,454,861	\$ 12,856,197	\$ 13,072,503	\$ (216,306)
Meetings and Travel Expense	640,068	665,852	483,000	182,852
Operating Expenses (excluding Depreciation)	7,726,969	12,241,576	12,440,651	(199,075)
Other Non-Operating Expenses	-	-	8,791	(8,791)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	144,849	110,000	173,000	(63,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	(4,000)	4,000
Total Direct Costs (excluding Depreciation and Allocations)	\$ 17,966,746	\$ 25,873,625	\$ 26,173,946	\$ (300,321)
Indirect Expense Allocation	10,609,349	14,309,148	14,590,026	(280,878)
Fixed Asset Allocation	934,872	779,816	617,658	162,158
Net Financing Activity Allocation	(483,228)	(279,862)	(328,056)	48,195
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 29,027,740	\$ 40,682,728	\$ 41,053,574	\$ (370,846)
RESERVE INCREASE (DECREASE)	\$ 1,861,837	\$ 349,263	\$ -	\$ 349,263

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

CRISP

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 1,857,874	\$ 2,477,166	\$ 2,477,166	\$ -
Other Funding	7,724,818	10,134,067	10,319,598	(185,531)
TOTAL FUNDING	\$ 9,582,692	\$ 12,611,233	\$ 12,796,764	\$ (185,531)
EXPENDITURES				
Personnel Expense	\$ 1,178,615	\$ 1,736,409	\$ 1,780,267	\$ (43,858)
Meetings and Travel Expense	251,377	275,306	146,000	129,306
Operating Expenses (excluding Depreciation)	4,465,394	8,002,193	8,652,256	(650,063)
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	135,780	110,000	140,000	(30,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-
Total Direct Costs (excluding Depreciation and Allocations)	\$ 6,031,166	\$ 10,123,908	\$ 10,718,523	\$ (594,614)
Indirect Expense Allocation	1,454,037	1,963,285	2,037,792	(74,508)
Fixed Asset Allocation	128,127	106,995	86,268	20,726
Net Financing Activity Allocation	(66,228)	(38,398)	(45,820)	7,421
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 7,547,102	\$ 12,155,789	\$ 12,796,764	\$ (640,975)
RESERVE INCREASE (DECREASE)	\$ 2,035,590	\$ 455,444	\$ -	\$ 455,444

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	\$ 20,474,977	\$ 27,299,969	\$ 27,299,969	\$ -
Other Funding	831,908	1,120,788	956,841	163,947
TOTAL FUNDING	\$ 21,306,885	\$ 28,420,757	\$ 28,256,810	\$ 163,947
EXPENDITURES				
Personnel Expense	\$ 8,276,246	\$ 11,119,788	\$ 11,292,236	\$ (172,449)
Meetings and Travel Expense	388,691	390,546	337,000	53,546
Operating Expenses (excluding Depreciation)	3,261,575	4,239,383	3,788,396	450,987
Other Non-Operating Expenses	-	-	8,791	(8,791)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	9,069	-	33,000	(33,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	(4,000)	4,000
Total Direct Costs (excluding Depreciation and Allocations)	\$ 11,935,580	\$ 15,749,717	\$ 15,455,423	\$ 294,294
Indirect Expense Allocation	9,155,313	12,345,863	12,552,234	(206,370)
Fixed Asset Allocation	806,746	672,821	531,389	141,432
Net Financing Activity Allocation	(417,001)	(241,463)	(282,236)	40,773
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 21,480,638	\$ 28,526,939	\$ 28,256,810	\$ 270,129
RESERVE INCREASE (DECREASE)	\$ (173,753)	\$ (106,182)	\$ -	\$ (106,182)

Schedule 3 – Summary of Investments

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	\$ 21,180,163	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.76%
SOCED Account Sweep	2,110,440	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.76%
CRISP Account Sweep	14,750,311	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.76%
<u>Total Cash Sweep Accounts</u>	<u>\$ 38,040,914</u>				
<u>Investment Account</u>					
Reserve Funds	\$ 2,268,958		Federated Hermes Gov't Obligations Fund	AAAm	4.86%
U.S. Treasury Portfolio	9,189,110		PNC Ultra Short U.S. Government Portfolio	AA+	4.67%
<u>Total Investments</u>	<u>\$ 11,458,068</u>				