



NORTHEAST POWER COORDINATING COUNCIL, INC.
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May 1, 2018

North American Electric Reliability Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
Attention: Mr. Scott Jones

Subject: NPCC 2017 True Up Actual vs. Budget Variance Analysis
True Up Filing Based on Audited 2017 Financial Statements

Dear Scott:

Enclosed is the Northeast Power Coordinating Council, Inc. (NPCC) submittal regarding the 2017 NPCC actual vs. budget variances. NPCC's independent audit performed by Pricewaterhouse Coopers LLP was concluded on March 26, 2018 and forwarded to NERC for its information and provision to FERC.

As you know, NPCC is a Cross-border Regional Entity which provides Regional Entity functions and services through its regional entity (RE) division. The establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria are provided through the criteria services (CS) division of NPCC. The CS division is funded by assessments to the Independent System Operators/Balancing Authority Areas within the Region based on their respective Net Energy for Load.

No Regional Entity division assessments were used to fund CS division activities. Allocation between the RE division and CS division represents a 95/5 split for 2017 based upon direct program area FTEs of 36.86 in the RE division and 2.14 in the CS division. No indirect costs were allocated from the CS division to the RE division and no cross subsidies exist. In addition, NPCC does not budget for interest income and reports such income apportioned based upon its Regional Entity (RE) and Criteria Services (CS) division full time equivalent (FTE) ratio.

Actual total expenses and fixed asset expenditures for NPCC's RE division for 2017 were \$14,655,814 which is \$491,242 or 3.2% under the 2017 operating budget of \$15,147,059. Actual total expenses and fixed asset expenditures for NPCC's CS division for 2017 were \$952,219 which is \$74,677 or 7.3% under the 2017 operating budget of \$1,026,896. In the aggregate, actual total expenses and fixed asset expenditures for the NPCC RE and CS divisions were \$15,608,033 which is \$565,919 or 3.5% under the 2017 total corporate expense budget of \$16,173,951. Indirect expenses are allocated to the direct programs based on FTE ratio.

Variances from budget in total for NPCC, total non-statutory, total statutory and total by statutory program area are provided using the template provided by NERC which presents actual and budgeted costs on program-by-program format. A single consolidated budget versus actual cost comparison is presented for Administrative Services in order to be consistent with the presentation in NPCC's 2017 Business Plan and Budget. Explanations of significant expense variances are provided for the Regional Entity division in total and by program area where the explanation differs from that for the Regional Entity total.

Should you have any questions please do not hesitate to contact me via email at jhala@npcc.org or via telephone at (212) 840-1070.

Sincerely,

Jessica Hala

Jessica Hala
Senior Manager, Finance and Accounting

Enclosures

cc: Mr. Edward A. Schwerdt – NPCC President & CEO
Ms. Jennifer Budd Mattiello – NPCC Senior Vice President & COO

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary
Total NPCC (RE and CS Divisions)

	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)
Funding			
ERO Funding			
Assessments	14,255,061	14,255,061	-
Penalty Sanctions	-	-	-
Total ERO Funding	14,255,061	14,255,061	-
Federal Grants	-	-	-
Non-Statutory Assessments	1,105,867	1,105,867	-
Testing	-	-	-
Services & Software	-	-	-
Workshop Fees	69,729	64,000	5,729
Interest	11,502	-	11,502
Miscellaneous	-	-	-
Total Funding (A)	15,442,158	15,424,927	17,231
Expenses			
Personnel Expenses			
Salaries	7,041,407	7,160,068	(118,661)
Payroll Taxes	435,446	427,620	7,826
Employee Benefits	1,398,719	1,484,703	(85,984)
Savings & Retirement	849,484	889,828	(40,343)
Total Personnel Expenses	9,725,056	9,962,219	(237,162)
Meeting Expenses			
Meetings	371,335	382,100	(10,765)
Travel	793,855	906,832	(112,977)
Conference Calls	32,239	37,000	(4,761)
Total Meeting Expenses	1,197,429	1,325,932	(128,503)
Operating Expenses			
Consultants & Contracts	1,991,400	2,027,000	(35,600)
Rent & Improvements	776,460	809,700	(33,240)
Office Costs	572,514	679,100	(106,586)
Professional Services	1,021,302	1,041,000	(19,698)
Miscellaneous	51,668	53,000	(1,332)
Depreciation	249,175	260,000	(10,825)
Total Operating Expenses	4,662,519	4,869,800	(207,281)
Indirect Expenses	-	-	-
Other Non-Operating Expenses	-	-	-
Total Expenses (B)	15,585,004	16,157,951	(572,946)
Change in Assets (A - B)	(142,846)	(733,024)	590,177
Fixed Assets			
Depreciation	(249,175)	(260,000)	10,825
Computer & Software CapEx	226,985	276,000	(49,015)
Furniture & Fixtures CapEx	1,062	-	1,062
Equipment CapEx	44,158	-	44,158
Leasehold Improvements	-	-	-
Incr(Dec) in Fixed Assets	23,030	16,000	7,030
Allocation of Fixed Assets	-	-	-
Total Inc(Dec) in Fixed Assets (C)	23,030	16,000	7,030
TOTAL BUDGET (B + C)	15,608,034	16,173,951	(565,917)
Change in Working Capital (A-B-C)	(165,876)	(749,023)	583,147
FTE's	38.54	39.00	(0.46)

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

TOTAL STATUTORY	2017	Actual	2017 Budget	2017 Variance from Budget Over(Under)
Funding				
ERO Funding				
Assessments		14,255,061	14,255,061	-
Penalty Sanctions		-	-	-
Total ERO Funding		14,255,061	14,255,061	-
Federal Grants		-	-	-
Non-Statutory Assessments		-	-	-
Testing		-	-	-
Services & Software		-	-	-
Workshop Fees		69,729	64,000	5,729
Interest		10,871	-	10,871
Miscellaneous		-	-	-
Total Funding (A)		14,335,661	14,319,061	16,600
Expenses				
Personnel Expenses				
Salaries		6,653,533	6,758,926	(105,393)
Payroll Taxes		411,658	404,319	7,339
Employee Benefits		1,354,227	1,415,603	(61,376)
Savings & Retirement		805,601	847,224	(41,622)
Total Personnel Expenses		9,225,019	9,426,073	(201,052)
Meeting Expenses				
Meetings		369,222	377,100	(7,878)
Travel		744,572	855,232	(110,660)
Conference Calls		32,239	37,000	(4,761)
Total Meeting Expenses		1,146,033	1,269,332	(123,299)
Operating Expenses				
Consultants & Contracts		1,991,400	2,009,000	(17,600)
Rent & Improvements		776,460	809,700	(33,240)
Office Costs		572,514	679,100	(106,586)
Professional Services		1,021,302	1,041,000	(19,698)
Miscellaneous		50,450	50,000	450
Depreciation		238,066	250,000	(11,934)
Total Operating Expenses		4,650,192	4,838,800	(188,608)
Indirect Expenses		(392,639)	(413,146)	20,509
Other Non-Operating Expenses		-	-	-
Total Expenses (B)		14,628,605	15,121,059	(492,450)
Change in Assets (A - B)		(292,944)	(801,998)	509,050
Fixed Assets				
Depreciation		(238,066)	(250,000)	11,934
Computer & Software CapEx		225,641	276,000	(50,359)
Furniture & Fixtures CapEx		1,062	-	1,062
Equipment CapEx		38,572	-	38,572
Leasehold Improvements		-	-	-
Incr(Dec) in Fixed Assets		27,209	26,000	1,209
Allocation of Fixed Assets		-	-	-
Total Inc(Dec) in Fixed Assets (C)		27,209	26,000	1,208
TOTAL BUDGET (B + C)		14,655,814	15,147,059	(491,242)
Change in Working Capital (A-B-C)		(320,153)	(827,997)	507,842
FTE's		36.40	36.86	(0.46)

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

NON-STATUTORY	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	-	-	-	
Penalty Sanctions	-	-	-	
Total ERO Funding	-	-	-	
Federal Grants	-	-	-	
Non-Statutory Assessments	1,105,867	1,105,867	-	0.00%
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	631	-	631	
Miscellaneous	-	-	-	
Total Funding (A)	1,106,498	1,105,867	631	0.06%
Expenses				
Personnel Expenses				
Salaries	387,874	401,142	(13,268)	-3.31%
Payroll Taxes	23,788	23,301	487	2.09%
Employee Benefits	44,492	69,100	(24,608)	-35.61%
Savings & Retirement	43,883	42,605	1,278	3.00%
Total Personnel Expenses	500,037	536,147	(36,110)	-6.74%
Meeting Expenses				
Meetings	2,113	5,000	(2,887)	-57.74%
Travel	49,283	51,600	(2,317)	-4.49%
Conference Calls	-	-	-	
Total Meeting Expenses	51,396	56,600	(5,204)	-9.19%
Operating Expenses				
Consultants & Contracts	-	18,000	(18,000)	-100.00%
Rent & Improvements	-	-	-	
Office Costs	-	-	-	
Professional Services	-	-	-	
Miscellaneous	1,218	3,000	(1,782)	-59.40%
Depreciation	11,109	10,000	1,109	11.09%
Total Operating Expenses	12,327	31,000	(18,673)	-60.24%
Indirect Expenses	392,638	413,149	(20,511)	-4.96%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	956,398	1,036,896	(80,498)	-7.76%
Change in Assets (A - B)	150,100	68,971	81,129	117.63%
Fixed Assets				
Depreciation	(11,109)	(10,000)	(1,109)	11.09%
Computer & Software CapEx	1,344	-	1,344	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	5,586	-	5,586	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(4,179)	(10,000)	5,821	
Allocation of Fixed Assets	-	-	-	
Total Inc(Dec) in Fixed Assets (C)	(4,179)	(10,000)	5,821	-58.21%
TOTAL BUDGET (B + C)	952,219	1,026,896	(74,677)	-7.27%
Change in Working Capital (A-B-C)	154,279	78,971	75,308	95.36%
FTE's	2.14	2.14	-	0.00%

TOTAL STATUTORY

Personnel Expenses

In 2017, NPCC started the year at a full complement. Staff was reallocated during the year to continue to meet NPCC's Regional Delegation Agreement (RDA) responsibilities. Two partial year vacancies resulted in lower salary expense and associated incentive compensation expenses. Despite being down one FTE for about five months of the year, NPCC performed all of its 2017 delegated responsibilities as well as exceeding target attainment of its corporate goals and objectives. In the benefits area, medical insurance coverage was waived by approximately 25% of NPCC employees who have superior coverage from a former employer. Additionally, premiums were lower than budgeted which contributed to the year-end underage.

Meeting Expenses

Travel expenses were under budget as a result of continued efforts to limit the number of attendees sent to off-site meetings, and to hold more meetings onsite or via webinar where effective.

Office Costs

Under budget variance was driven by lower negotiated telephone contracts and the timing of IT related enhancements, which are ongoing, including the implementation of an enterprise content management system.

Indirect Expenses

Total Administrative Services expenses were under budget for the year, resulting in lower than budgeted allocated indirect expenses to the direct program areas.

Fixed Assets

Computer & Software capital expenditures were under budget primarily due to timing of CMEP Data Administration Application (CDAA) software development project.

Compliance Hearings

No funds were budgeted in association with NPCC conducting compliance hearings and no hearings have been initiated to date in NPCC.

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

RELIABILITY STANDARDS	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	1,022,328	1,022,328	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	1,022,328	1,022,328	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	1,022,328	1,022,328	-	0.00%
Expenses				
Personnel Expenses				
Salaries	369,088	370,220	(1,132)	-0.31%
Payroll Taxes	21,461	21,273	188	0.88%
Employee Benefits	93,206	97,411	(4,205)	-4.32%
Savings & Retirement	30,666	43,020	(12,354)	-28.72%
Total Personnel Expenses	514,421	531,925	(17,504)	-3.29%
Meeting Expenses				
Meetings	2,778	13,000	(10,222)	-78.63%
Travel	89,628	103,157	(13,529)	-13.11%
Conference Calls	-	-	-	
Total Meeting Expenses	92,406	116,157	(23,751)	-20.45%
Operating Expenses				
Consultants & Contracts	-	10,000	(10,000)	-100.00%
Rent & Improvements	-	-	-	
Office Costs	366	-	366	
Professional Services	-	-	-	
Miscellaneous	281	-	281	
Depreciation	-	-	-	
Total Operating Expenses	647	10,000	(9,353)	-93.53%
Indirect Expenses	354,190	372,606	(18,416)	-4.94%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	961,664	1,030,688	(69,024)	-6.70%
Change in Assets (A - B)	60,664	(8,359)	69,024	-825.71%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(2,999)	(8,359)	5,360	-64.12%
Total Inc(Dec) in Fixed Assets (C)	(2,999)	(8,359)	5,360	-64.12%
TOTAL BUDGET (B + C)	958,665	1,022,329	(63,664)	-6.23%
Change in Working Capital (A-B-C)	63,664	-	63,664	
FTE's	1.93	1.93	-	0.00%

RELIABILITY STANDARDS

Personnel

Savings and Retirement expenses were lower than budgeted due to a lower rate of employee participation than anticipated.

Meeting Expenses

Continued efforts to limit the number of attendees sent to off-site meetings, and to hold more meetings onsite or via webinar where effective and have kept meeting and travel expenses under budget.

Consultants and Contracts

Increased staff efforts lessened utilization of outside consultants and contractors.

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

**COMPLIANCE OPERATIONS, ENFORCEMENT and
ORGANIZATION REGISTRATION**

	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	8,084,046	8,084,046	-	0.00%
Penalty Sanctions	-	-	-	
Total ERO Funding	8,084,046	8,084,046	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	8,084,046	8,084,046	-	0.00%
Expenses				
Personnel Expenses				
Salaries	2,535,235	2,749,908	(214,673)	-7.81%
Payroll Taxes	182,458	179,504	2,954	1.65%
Employee Benefits	476,999	519,457	(42,458)	-8.17%
Savings & Retirement	299,626	290,486	9,140	3.15%
Total Personnel Expenses	3,494,318	3,739,356	(245,038)	-6.55%
Meeting Expenses				
Meetings	18,542	23,800	(5,258)	-22.09%
Travel	270,668	329,500	(58,832)	-17.85%
Conference Calls	-	-	-	
Total Meeting Expenses	289,210	353,300	(64,090)	-18.14%
Operating Expenses				
Consultants & Contracts	1,388,390	1,274,000	114,390	8.98%
Rent & Improvements	-	-	-	
Office Costs	1,942	-	1,942	
Professional Services	(2,340)	-	(2,340)	
Miscellaneous	11,223	-	11,223	
Depreciation	-	-	-	
Total Operating Expenses	1,399,215	1,274,000	125,215	9.83%
Indirect Expenses	2,871,085	3,282,024	(410,939)	-12.52%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	8,053,828	8,648,680	(594,852)	-6.88%
Change in Assets (A - B)	30,218	(564,634)	594,852	-105.35%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	55,728	151,000	(95,272)	-63.09%
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	55,728	151,000	(95,272)	
Allocation of Fixed Assets	(16,378)	(73,631)	57,253	-77.76%
Total Inc(Dec) in Fixed Assets (C)	39,350	77,369	(38,019)	-49.14%
TOTAL BUDGET (B + C)	8,093,178	8,726,049	(632,872)	-7.25%
Change in Working Capital (A-B-C)	(9,132)	(642,003)	632,872	-98.58%
FTE's	15.83	17.00	(1.17)	-6.86%

COMPLIANCE OPERATIONS, ENFORCEMENT and ORGANIZATION REGISTRATION

Total Expenses

Despite the under budget variance in total expenses NPCC's Compliance Operations, Enforcement and Organization Registration program area performed all of its 2017 delegated responsibilities as well as exceeding target attainment of its goals and objectives, including:

- Conducted 30 off-site Operations & Planning (O&P) audits, eight on-site O&P audits, four off-site O&P spot checks, eleven off-site CIP audits, and eleven on-site CIP audits;
- Participated on two MRRE audits as the LRE for 5 entities; observed FERC-led CIP audit of one entity
- Performed 40 Inherent Risk Assessments (IRA);
- Performed 10 Internal Control Evaluations (ICE, 8 O&P, 2 CIP);
- Processed 9 new Technical Feasibility Exception (TFE) submittals from 7 registered entities:, 9 Material Change Reports(MCRs) and 7 TFE Terminations;
- Closed 107 Violations;
- Accepted 4 Mitigation Plans;
- Accepted 188 Mitigation Activities;
- Processed 13 new entity registrations, 14 entity delistings, 2 function deactivations, 2 entity name changes, 4 added functions, 4 DP to DPUF changes and 0 certification reviews.

Personnel Expenses

Reallocation of staff due to reprioritization resulted in lower than budgeted personnel expenses in this program area. Under budget personnel expenses were offset by over budget consultants and contracts expenses.

Meeting Expenses

Continued efforts to limit the number of attendees sent to off-site meetings, and to hold more meetings onsite or via webinar where effective and have kept meeting and travel expenses under budget. Travel expenses were also lower because of staff reallocation from this program.

Consultants & Contracts

This over budget variance is primarily due to the utilization of independent contractor support for compliance monitoring activities budgeted to be completed by staff. This overage is offset by underage in Personnel and Travel expenses.

Indirect Expenses

Indirect expenses were under budget resulting from lower than budgeted total Administrative Services expense and a lower than budgeted allocation of those expenses due to less FTEs in this program for the year.

Fixed Assets

Computer & Software capital expenditures were under budget primarily due to timing of CMEP Data Administration Application (CDAA) software development project.

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	3,206,966	3,206,966	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	3,206,966	3,206,966	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	3,206,966	3,206,966	-	0.00%
Expenses				
Personnel Expenses				
Salaries	1,054,885	1,084,994	(30,109)	-2.78%
Payroll Taxes	64,806	65,373	(567)	-0.87%
Employee Benefits	254,435	214,688	39,747	18.51%
Savings & Retirement	130,227	121,271	8,956	7.39%
Total Personnel Expenses	1,504,353	1,486,325	18,028	1.21%
Meeting Expenses				
Meetings	17,103	20,500	(3,397)	-16.57%
Travel	196,692	186,850	9,842	5.27%
Conference Calls	-	-	-	
Total Meeting Expenses	213,795	207,350	6,445	3.11%
Operating Expenses				
Consultants & Contracts	491,390	413,000	78,390	18.98%
Rent & Improvements	-	-	-	
Office Costs	18,285	-	18,285	
Professional Services	-	-	-	
Miscellaneous	2,045	-	2,045	
Depreciation	-	-	-	
Total Operating Expenses	511,720	413,000	98,720	23.90%
Indirect Expenses	1,069,704	1,125,541	(55,837)	-4.96%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	3,299,572	3,232,217	67,355	2.08%
Change in Assets (A - B)	(92,606)	(25,251)	(67,355)	266.74%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(5,968)	(25,251)	19,283	-76.37%
Total Inc(Dec) in Fixed Assets (C)	(5,968)	(25,251)	19,283	-76.37%
TOTAL BUDGET (B + C)	3,293,604	3,206,966	86,639	2.70%
Change in Working Capital (A-B-C)	(86,639)	-	(86,639)	
FTE's	5.83	5.83	-	0.00%

RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS

Personnel Expenses

In the benefits area, medical insurance coverage elections varied from those which were budgeted in this program area, resulting in higher expense than budgeted.

Consultants and Contracts

Reprioritization called for increased utilization of outside consultants and contractors in this program area to assist in the NPCC Event Replication Base Case Development Working Group efforts.

Office Costs

Un-budgeted office costs are primarily software licenses that were budgeted under Contracts.

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

TRAINING, EDUCATION and OPERATOR CERTIFICATION	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	184,658	184,658	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	184,658	184,658	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	69,729	64,000	5,729	8.95%
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	254,387	248,658	5,729	2.30%
Expenses				
Personnel Expenses				
Salaries	21,517	21,012	505	2.40%
Payroll Taxes	1,116	1,396	(280)	-20.05%
Employee Benefits	4,149	4,801	(652)	-13.58%
Savings & Retirement	2,684	2,641	43	1.63%
Total Personnel Expenses	29,466	29,850	(384)	-1.29%
Meeting Expenses				
Meetings	171,655	186,300	(14,645)	-7.86%
Travel	1,474	13,635	(12,161)	-89.19%
Conference Calls	-	-	-	
Total Meeting Expenses	173,129	199,935	(26,806)	-13.41%
Operating Expenses				
Consultants & Contracts	-	-	-	
Rent & Improvements	-	-	-	
Office Costs	8	-	8	
Professional Services	-	-	-	
Miscellaneous	3,069	-	3,069	
Depreciation	-	-	-	
Total Operating Expenses	3,077	-	3,077	
Indirect Expenses	18,187	19,306	(1,119)	-5.80%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	223,859	249,091	(25,232)	-10.13%
Change in Assets (A - B)	30,528	(433)	30,961	-7148.32%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(102)	(433)	331	-76.37%
Total Inc(Dec) in Fixed Assets (C)	(102)	(433)	331	-76.37%
TOTAL BUDGET (B + C)	223,757	248,658	(24,901)	-10.01%
Change in Working Capital (A-B-C)	30,630	-	30,630	
FTE's	0.10	0.10	-	0.00%

TRAINING, EDUCATION and OPERATOR CERTIFICATION

Meeting expenses

Continued efforts to limit the number of attendees sent to off-site meetings, and to control meeting costs have kept meeting and travel expenses under budget. Multiple proposals for larger meetings have resulted in more competitive rates and use of certain hotels repetitively has provided customer loyalty discounts.

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

SITUATION AWARENESS and INFRASTRUCTURE SECURITY	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	1,943,053	1,943,053	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	<u>1,943,053</u>	<u>1,943,053</u>	<u>-</u>	<u>0.00%</u>
Federal Grants	-	-		
Non-Statutory Assessments	-	-		
Testing	-	-		
Services & Software	-	-		
Workshop Fees	-	-		
Interest	-	-		
Miscellaneous	-	-		
Total Funding (A)	<u>1,943,053</u>	<u>1,943,053</u>	<u>-</u>	<u>0.00%</u>
Expenses				
Personnel Expenses				
Salaries	732,411	660,213	72,198	10.94%
Payroll Taxes	52,933	42,778	10,155	23.74%
Employee Benefits	150,075	160,814	(10,739)	-6.68%
Savings & Retirement	94,246	72,333	21,913	30.29%
Total Personnel Expenses	<u>1,029,665</u>	<u>936,137</u>	<u>93,528</u>	<u>9.99%</u>
Meeting Expenses				
Meetings	4,706	13,500	(8,794)	-65.14%
Travel	95,979	78,500	17,479	22.27%
Conference Calls	-	-		
Total Meeting Expenses	<u>100,685</u>	<u>92,000</u>	<u>8,685</u>	<u>9.44%</u>
Operating Expenses				
Consultants & Contracts	30,000	160,000	(130,000)	-81.25%
Rent & Improvements	-	-		
Office Costs	7,001	-	7,001	
Professional Services	-	-		
Miscellaneous	1,376	-	1,376	
Depreciation	-	-		
Total Operating Expenses	<u>38,377</u>	<u>160,000</u>	<u>(121,623)</u>	<u>-76.01%</u>
Indirect Expenses	<u>917,456</u>	<u>772,241</u>	<u>145,215</u>	<u>18.80%</u>
Other Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	
Total Expenses (B)	<u>2,086,183</u>	<u>1,960,378</u>	<u>125,805</u>	<u>6.42%</u>
Change in Assets (A - B)	<u>(143,130)</u>	<u>(17,325)</u>	<u>(125,805)</u>	<u>726.15%</u>
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	
Allocation of Fixed Assets	(3,071)	(17,325)	14,254	-82.27%
Total Inc(Dec) in Fixed Assets (C)	<u>(3,071)</u>	<u>(17,325)</u>	<u>14,254</u>	<u>-82.27%</u>
TOTAL BUDGET (B + C)	<u>2,083,112</u>	<u>1,943,053</u>	<u>140,059</u>	<u>7.21%</u>
Change in Working Capital (A-B-C)	<u>(140,059)</u>	<u>-</u>	<u>(140,059)</u>	
FTE's	<u>4.71</u>	<u>4.00</u>	<u>0.71</u>	<u>17.71%</u>

SITUATION AWARENESS and INFRASTRUCTURE SECURITY

Personnel

Reallocation of staff due to reprioritization resulted in higher than budgeted personnel expenses in this program area. Over budget personnel expenses were offset by under budget consultants and contracts expenses.

Consultants and Contracts

This significant under budget variance is primarily due to increased staff efforts resulting from additional FTE allocation to this program area. The underage was partially offset by overage in personnel expenses.

Indirect Expenses

Indirect expenses were over budget in this program area resulting from a higher than budgeted allocation percentage due to a greater than budgeted number of FTEs for this year.

Northeast Power Coordinating Council, Inc.
2017 Statement of Activities Summary

ADMINISTRATIVE SERVICES	2017 Actual	2017 Budget	2017 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	(185,991)	(185,991)	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	(185,991)	(185,991)	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	10,871	-	10,871	
Miscellaneous	-	-	-	
Total Funding (A)	(175,120)	(185,991)	10,871	-5.84%
Expenses				
Personnel Expenses				
Salaries	1,940,397	1,872,579	67,818	3.62%
Payroll Taxes	88,884	93,995	(5,111)	-5.44%
Employee Benefits	375,363	418,433	(43,070)	-10.29%
Savings & Retirement	248,152	317,471	(69,319)	-21.83%
Total Personnel Expenses	2,652,796	2,702,478	(49,682)	-1.84%
Meeting Expenses				
Meetings	154,438	120,000	34,438	28.70%
Travel	90,131	143,590	(53,459)	-37.23%
Conference Calls	32,239	37,000	(4,761)	-12.87%
Total Meeting Expenses	276,808	300,590	(23,782)	-7.91%
Operating Expenses				
Consultants & Contracts	81,620	152,000	(70,380)	-46.30%
Rent & Improvements	776,460	809,700	(33,240)	-4.11%
Office Costs	544,912	679,100	(134,188)	-19.76%
Professional Services	1,023,642	1,041,000	(17,358)	-1.67%
Miscellaneous	32,456	50,000	(17,544)	-35.09%
Depreciation	238,066	250,000	(11,934)	-4.77%
Total Operating Expenses	2,697,156	2,981,800	(284,644)	-9.55%
Indirect Expenses	(5,623,261)	(5,984,868)	361,607	-6.04%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	3,500	-	3,500	
Change in Assets (A - B)	(178,620)	(185,991)	7,371	-3.96%
Fixed Assets				
Depreciation	(238,066)	(250,000)	11,934	-4.77%
Computer & Software CapEx	169,913	125,000	44,913	35.93%
Furniture & Fixtures CapEx	1,062	-	1,062	
Equipment CapEx	38,572	-	38,572	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(28,519)	(125,000)	96,481	
Allocation of Fixed Assets	28,519	125,000	(96,481)	-77.18%
Total Inc(Dec) in Fixed Assets (C)	-	-	-	
TOTAL BUDGET (B + C)	3,500	-	3,500	
Change in Working Capital (A-B-C)	(178,620)	(185,991)	7,371	-3.96%
FTE's	8.00	8.00	-	0.00%

ADMINISTRATIVE SERVICES

Interest Income

Interest income, while not budgeted, was allocated by FTE ratio between statutory and non-statutory.

Personnel

Salaries over budget variance was related to MDCC recommended and Board approved adjustments to variable incentives, based on the findings of a third party total remuneration study. Under budget Benefits expense was driven by lower than budgeted medical coverage premiums. Savings & Retirement under budget variance was related to changes in participation levels.

Meeting Expenses

Continued efforts to limit the number of attendees sent to off-site meetings, and to hold more meetings onsite or via webinar where effective, have kept travel expenses under budget and resulted in an overage in meetings expense.

Consultants and Contracts

Regional Entity Management Group related contract was terminated subsequent to the finalization of the 2017 budget resulting in an under budget variance.

Office Costs

Under budget variance was driven by lower negotiated telephone contracts and the timing of IT related enhancements, which are ongoing, including the implementation of an enterprise content management system.

Miscellaneous

Underage primarily driven by recording various expenses and fees directly to program areas. NPCC total miscellaneous expenses were within 3% or \$2,000 of budget.

Fixed Assets

Computer & Software capital expenditures were over budget due to timing of the implementation of an enterprise content management system. The implementation and roll out of this project will continue into 2018 and the total project cost is projected to be within budget. Unbudgeted equipment capital expenditure was to for an upgraded office telephone system with lower maintenance costs.