



NORTHEAST POWER COORDINATING COUNCIL, INC.
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May 1, 2020

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

Subject: NPCC 2019 True Up Actual vs. Budget Variance Analysis
True Up Filing Based on Audited 2019 Financial Statements

Dear Andy:

Enclosed is the Northeast Power Coordinating Council, Inc. (NPCC) submittal regarding the 2019 NPCC actual vs. budget variances. NPCC's independent audit performed by Pricewaterhouse Coopers LLP was concluded on March 19, 2020 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 93/7 split for 2019 based upon direct program area FTEs. No indirect costs were allocated from the CS division to the RE division and no cross subsidies exist. In addition, NPCC reports interest and investment 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 2019 were \$14,628,082 which is \$1,175,810 or 7.4% under the 2019 operating budget of \$15,803,893. Actual total expenses and fixed asset expenditures for NPCC's CS division for 2019 were \$887,880 which is \$220,694 or 19.9% under the 2019 operating budget of \$1,108,574. In the aggregate, actual total expenses and fixed asset expenditures for the NPCC RE and CS divisions were \$15,515,962 which is \$1,396,503 or 8.3% under the 2019 total corporate expense budget of \$16,912,465. 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 reported using the template provided by NERC which presents actual and budgeted costs in a 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 2019 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
Director, 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.
2019 Statement of Activities Summary
Total NPCC (RE and CS Divisions)

	2019	2019 Budget	2019 Variance from Budget Over(Under)
Funding			
ERO Funding			
Assessments	15,003,411	15,003,411	-
Penalty Sanctions	-	-	-
Total ERO Funding	15,003,411	15,003,411	-
Federal Grants	-	-	-
Non-Statutory Assessments	1,058,866	1,058,866	-
Testing	-	-	-
Services & Software	-	-	-
Workshop Fees	74,790	67,500	7,290
Interest & Investment Income	85,137	-	85,137
Miscellaneous	-	-	-
Total Funding (A)	16,222,205	16,129,777	92,427
Expenses			
Personnel Expenses			
Salaries	7,078,535	7,704,219	(625,684)
Payroll Taxes	526,927	473,690	53,237
Employee Benefits	1,623,904	1,715,858	(91,954)
Savings & Retirement	771,155	896,693	(125,537)
Total Personnel Expenses	10,000,521	10,790,459	(789,937)
Meeting Expenses			
Meetings	357,860	375,750	(17,890)
Travel	701,750	902,700	(200,950)
Conference Calls	24,904	36,000	(11,096)
Total Meeting Expenses	1,084,514	1,314,450	(229,936)
Operating Expenses			
Consultants & Contracts	1,783,354	2,077,510	(294,156)
Rent & Improvements	831,734	820,700	11,034
Office Costs	648,764	676,347	(27,583)
Professional Services	977,203	978,000	(797)
Miscellaneous	40,465	55,000	(14,535)
Depreciation	227,805	269,000	(41,195)
Total Operating Expenses	4,509,325	4,876,557	(367,232)
Indirect Expenses	-	-	-
Other Non-Operating Expenses	-	-	-
Total Expenses (B)	15,594,360	16,981,466	(1,387,105)
Change in Assets (A - B)	627,845	(851,689)	1,479,532
Fixed Assets			
Depreciation	(227,805)	(269,000)	41,195
Computer & Software CapEx	92,608	200,000	(107,392)
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	56,799	-	56,799
Leasehold Improvements	-	-	-
Incr(Dec) in Fixed Assets	(78,398)	(69,000)	(9,398)
Allocation of Fixed Assets	-	-	-
Total Inc(Dec) in Fixed Assets (C)	(78,398)	(69,001)	(9,397)
TOTAL BUDGET (B + C)	15,515,962	16,912,465	(1,396,503)
Change in Working Capital (A-B-C)	706,242	(782,688)	1,488,929
FTE's	37.17	41.00	(3.83)

Northeast Power Coordinating Council, Inc.
2019 Statement of Activities Summary

TOTAL STATUTORY	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	15,003,411	15,003,411	-	0.00%
Penalty Sanctions	-	-	-	
Total ERO Funding	15,003,411	15,003,411	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	74,790	67,500	7,290	
Interest & Investment Income	79,441	-	79,441	
Miscellaneous	-	-	-	
Total Funding (A)	15,157,642	15,070,911	86,731	0.58%
Expenses				
Personnel Expenses				
Salaries	6,756,406	7,332,280	(575,874)	-7.85%
Payroll Taxes	502,179	449,994	52,185	11.60%
Employee Benefits	1,570,351	1,613,078	(42,727)	-2.65%
Savings & Retirement	742,663	853,512	(110,848)	-12.99%
Total Personnel Expenses	9,571,599	10,248,864	(677,263)	-6.61%
Meeting Expenses				
Meetings	356,111	370,750	(14,639)	-3.95%
Travel	678,169	845,900	(167,731)	-19.83%
Conference Calls	24,904	36,000	(11,096)	-30.82%
Total Meeting Expenses	1,059,184	1,252,650	(193,466)	-15.44%
Operating Expenses				
Consultants & Contracts	1,782,766	2,022,150	(239,384)	-11.84%
Rent & Improvements	831,734	820,700	11,034	1.34%
Office Costs	648,357	676,347	(27,990)	-4.14%
Professional Services	977,203	978,000	(797)	-0.08%
Miscellaneous	40,243	51,000	(10,757)	-21.09%
Depreciation	218,170	255,000	(36,830)	-14.44%
Total Operating Expenses	4,498,473	4,803,197	(304,724)	-6.34%
Indirect Expenses	(425,619)	(415,818)	(9,802)	2.36%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	14,703,637	15,888,893	(1,185,255)	-7.46%
Change in Assets (A - B)	454,005	(817,982)	1,271,986	-155.50%
Fixed Assets				
Depreciation	(218,170)	(255,000)	36,830	-14.44%
Computer & Software CapEx	88,437	170,000	(81,563)	-47.98%
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	54,178	-	54,178	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(75,555)	(85,000)	9,445	
Allocation of Fixed Assets	-	-	-	
Total Inc(Dec) in Fixed Assets (C)	(75,555)	(85,001)	9,445	-11.11%
TOTAL BUDGET (B + C)	14,628,082	15,803,893	(1,175,810)	-7.44%
Change in Working Capital (A-B-C)	529,560	(732,981)	1,262,541	-172.25%
FTE's	35.03	38.86	(3.83)	-9.86%

Northeast Power Coordinating Council, Inc.
2019 Statement of Activities Summary

NON-STATUTORY	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	-	-	-	
Penalty Sanctions	-	-	-	
Total ERO Funding	-	-	-	
Federal Grants	-	-	-	
Non-Statutory Assessments	1,058,866	1,058,866	-	0.00%
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest & Investment Income	5,696	-	5,696	
Miscellaneous	-	-	-	
Total Funding (A)	1,064,562	1,058,866	5,696	0.54%
Expenses				
Personnel Expenses				
Salaries	322,129	371,938	(49,809)	-13.39%
Payroll Taxes	24,748	23,696	1,052	4.44%
Employee Benefits	53,553	102,779	(49,226)	-47.90%
Savings & Retirement	28,492	43,182	(14,690)	-34.02%
Total Personnel Expenses	428,922	541,596	(112,674)	-20.80%
Meeting Expenses				
Meetings	1,749	5,000	(3,251)	-65.02%
Travel	23,581	56,800	(33,219)	-58.48%
Conference Calls	-	-	-	
Total Meeting Expenses	25,330	61,800	(36,470)	-59.01%
Operating Expenses				
Consultants & Contracts	588	55,360	(54,772)	-98.94%
Rent & Improvements	-	-	-	
Office Costs	407	-	407	
Professional Services	-	-	-	
Miscellaneous	222	4,000	(3,778)	-94.45%
Depreciation	9,635	14,000	(4,365)	-31.18%
Total Operating Expenses	10,852	73,360	(62,508)	-85.21%
Indirect Expenses	425,619	415,818	9,801	2.36%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	890,723	1,092,574	(201,851)	-18.47%
Change in Assets (A - B)	173,839	(33,707)	207,547	-615.73%
Fixed Assets				
Depreciation	(9,635)	(14,000)	4,365	-31.18%
Computer & Software CapEx	4,171	30,000	(25,829)	-86.10%
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	2,621	-	2,621	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(2,843)	16,000	(18,843)	
Allocation of Fixed Assets	-	-	-	
Total Inc(Dec) in Fixed Assets (C)	(2,843)	16,000	(18,843)	-117.77%
TOTAL BUDGET (B + C)	887,880	1,108,574	(220,694)	-19.91%
Change in Working Capital (A-B-C)	176,683	(49,707)	226,390	-455.45%
FTE's	2.14	2.14	-	0.00%

TOTAL STATUTORY

Personnel Expenses

Multiple positions were open over varying periods throughout the year and resulted in lower than budgeted personnel expenses including salaries, benefits and savings & retirement. Staff was reallocated during the year to continue to meet NPCC's Regional Delegation Agreement (RDA) responsibilities. Despite not being fully staffed, NPCC performed all of its 2019 delegated responsibilities as outlined in the RDA as well as exceeding target attainment of its corporate goals and objectives for the calendar year. Payroll taxes were over budget due to additional tax recorded in 2019 related to variable incentive payments earned in 2019 and paid in early 2020.

Meeting Expenses

Efforts to hold more meetings onsite, at member facilities or to conduct webinars, where effective for NPCC registered entities, will continue. Additionally, NPCC continues to limit the number of attendees sent to off-site meetings when appropriate and encourages participation via webinar and teleconference when available. Staff vacancies also resulted in lower than budgeted travel expenses for the year. Conference calls expense is underbudget based on ERO group pricing rate.

Consultants and Contracts

Consultants and contracts expenses were under budget primarily in the areas of Situation Awareness and Infrastructure Security (SAIS) and Reliability Assessments and Performance Analysis (RAPA) where consulting support was utilized less than projected. Increased staff efforts enabled NPCC to perform all of its responsibilities in these program areas despite the underspend.

Depreciation

Under budget variance resulting from assets placed in service being less than projected.

Fixed Assets

Under budget variance is due to the timing of scheduled software development projects, which include website enhancements and the continued refinement of document management software and processes. Equipment capital expenditures include hardware related to CRISP implementation.

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.
2019 Statement of Activities Summary

RELIABILITY STANDARDS	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	1,035,390	1,035,390	-	0.00%
Penalty Sanctions	-	-	-	-
Total ERO Funding	<u>1,035,390</u>	<u>1,035,390</u>	<u>-</u>	<u>0.00%</u>
Federal Grants	-	-	-	-
Non-Statutory Assessments	-	-	-	-
Testing	-	-	-	-
Services & Software	-	-	-	-
Workshop Fees	-	-	-	-
Interest & Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
Total Funding (A)	<u>1,035,390</u>	<u>1,035,390</u>	<u>-</u>	<u>0.00%</u>
Expenses				
Personnel Expenses				
Salaries	404,754	382,872	21,882	5.72%
Payroll Taxes	30,235	22,735	7,500	32.99%
Employee Benefits	112,097	106,764	5,333	5.00%
Savings & Retirement	40,906	41,599	(693)	-1.67%
Total Personnel Expenses	<u>587,992</u>	<u>553,970</u>	<u>34,022</u>	<u>6.14%</u>
Meeting Expenses				
Meetings	3,152	7,000	(3,848)	-54.97%
Travel	69,336	94,900	(25,564)	-26.94%
Conference Calls	-	-	-	-
Total Meeting Expenses	<u>72,488</u>	<u>101,900</u>	<u>(29,412)</u>	<u>-28.86%</u>
Operating Expenses				
Consultants & Contracts	3,769	10,000	(6,231)	-62.31%
Rent & Improvements	-	-	-	-
Office Costs	1,205	-	1,205	-
Professional Services	-	-	-	-
Miscellaneous	117	-	117	-
Depreciation	-	-	-	-
Total Operating Expenses	<u>5,091</u>	<u>10,000</u>	<u>(4,909)</u>	<u>-49.09%</u>
Indirect Expenses	<u>399,747</u>	<u>375,014</u>	<u>24,734</u>	<u>6.60%</u>
Other Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses (B)	<u>1,065,318</u>	<u>1,040,884</u>	<u>24,435</u>	<u>2.35%</u>
Change in Assets (A - B)	<u>(29,929)</u>	<u>(5,494)</u>	<u>(24,435)</u>	<u>444.75%</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>	<u>-</u>
Allocation of Fixed Assets	(5,549)	(5,494)	(55)	1.00%
Total Inc(Dec) in Fixed Assets (C)	<u>(5,549)</u>	<u>(5,494)</u>	<u>(55)</u>	<u>1.00%</u>
TOTAL BUDGET (B + C)	<u>1,059,770</u>	<u>1,035,390</u>	<u>24,380</u>	<u>2.35%</u>
Change in Working Capital (A-B-C)	<u>(24,380)</u>	<u>-</u>	<u>(24,380)</u>	<u>-</u>
FTE's	<u>1.93</u>	<u>1.93</u>	<u>-</u>	<u>0.00%</u>

RELIABILITY STANDARDS

Meeting Expenses

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

Northeast Power Coordinating Council, Inc.
2019 Statement of Activities Summary

**COMPLIANCE ENFORCEMENT and ORGANIZATION
REGISTRATION**

	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	8,183,815	8,183,815	-	0.00%
Penalty Sanctions	-	-	-	-
Total ERO Funding	8,183,815	8,183,815	-	0.00%
Federal Grants	-	-	-	-
Non-Statutory Assessments	-	-	-	-
Testing	-	-	-	-
Services & Software	-	-	-	-
Workshop Fees	-	-	-	-
Interest & Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
Total Funding (A)	8,183,815	8,183,815	-	0.00%
Expenses				
Personnel Expenses				
Salaries	2,490,524	2,815,882	(325,358)	-11.55%
Payroll Taxes	186,949	191,849	(4,900)	-2.55%
Employee Benefits	631,897	585,543	46,354	7.92%
Savings & Retirement	261,163	301,025	(39,862)	-13.24%
Total Personnel Expenses	3,570,533	3,894,299	(323,766)	-8.31%
Meeting Expenses				
Meetings	3,530	15,000	(11,470)	-76.47%
Travel	217,284	295,400	(78,116)	-26.44%
Conference Calls	-	-	-	-
Total Meeting Expenses	220,814	310,400	(89,586)	-28.86%
Operating Expenses				
Consultants & Contracts	1,318,822	1,357,150	(38,328)	-2.82%
Rent & Improvements	-	-	-	-
Office Costs	7,044	-	7,044	-
Professional Services	-	-	-	-
Miscellaneous	1,374	-	1,374	-
Depreciation	-	-	-	-
Total Operating Expenses	1,327,240	1,357,150	(29,910)	-2.20%
Indirect Expenses	3,276,452	3,303,230	(26,778)	-0.81%
Other Non-Operating Expenses	-	-	-	-
Total Expenses (B)	8,395,039	8,865,080	(470,041)	-5.30%
Change in Assets (A - B)	(211,224)	(681,264)	470,041	-69.00%
Fixed Assets				
Depreciation	-	-	-	-
Computer & Software CapEx	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-
Equipment CapEx	-	-	-	-
Leasehold Improvements	-	-	-	-
Incr(Dec) in Fixed Assets	-	-	-	-
Allocation of Fixed Assets	(43,125)	(48,392)	5,267	-10.88%
Total Inc(Dec) in Fixed Assets (C)	(43,125)	(48,392)	5,267	-10.88%
TOTAL BUDGET (B + C)	8,351,914	8,816,688	(464,773)	-5.27%
Change in Working Capital (A-B-C)	(168,099)	(632,872)	464,773	-73.44%
FTE's	15.00	17.00	(2.00)	-11.76%

COMPLIANCE ENFORCEMENT and ORGANIZATION REGISTRATION

Total Expenses

Despite the under budget variance in total expenses, NPCC's Compliance Enforcement and Organization Registration program area performed all of its 2019 delegated responsibilities as well as exceeding target attainment of its goals and objectives, including:

- Conducted 26 off-site Operations & Planning (O&P) audits, 5 on-site O&P audits, 1 off-site O&P spot checks, 8 on-site CIP audits, and 24 off-site CIP self-certifications;
- Participated on 3 MRRE audits;
- Performed 35 Inherent Risk Assessments (IRA);
- Developed 27 Compliance Oversight Plans (COP);
- Performed 16 Evaluation of Internal Controls (EIC) (11 O&P, 5 CIP);
- Processed 12 new Technical Feasibility Exception (TFE) submittals from five registered entities and 15 Material Change Reports (MCR);
- Closed 179 Violations;
- Accepted 253 Mitigation Activities;
- Processed 5 new entity registrations, 9 entity delistings, 9 function deactivations, 10 registered entity name changes, 2 added functions, and 3 certification reviews.

Personnel Expenses

Two vacancies during the year resulted in lower salary expense and associated incentive compensation expenses. Employee benefits were over budget as a result of more employees enrolling in NPCC's medical plan and/or electing family coverage rather than retaining insurance from a prior employer and/or at a single or couple rate as many had in past years.

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 vacancies in this program.

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 than budgeted in this program for the year.

Northeast Power Coordinating Council, Inc.
2019 Statement of Activities Summary

RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	3,332,686	3,332,686	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	<u>3,332,686</u>	<u>3,332,686</u>	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest & Investment Income	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	<u>3,332,686</u>	<u>3,332,686</u>	-	0.00%
Expenses				
Personnel Expenses				
Salaries	1,081,347	1,135,264	(53,917)	-4.75%
Payroll Taxes	79,144	69,027	10,117	14.66%
Employee Benefits	265,756	219,655	46,101	20.99%
Savings & Retirement	114,929	123,322	(8,393)	-6.81%
Total Personnel Expenses	<u>1,541,176</u>	<u>1,547,268</u>	(6,092)	-0.39%
Meeting Expenses				
Meetings	15,072	23,000	(7,928)	-34.47%
Travel	172,772	216,200	(43,428)	-20.09%
Conference Calls	-	-	-	
Total Meeting Expenses	<u>187,844</u>	<u>239,200</u>	(51,356)	-21.47%
Operating Expenses				
Consultants & Contracts	354,991	430,000	(75,009)	-17.44%
Rent & Improvements	-	-	-	
Office Costs	4,336	-	4,336	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Depreciation	-	-	-	
Total Operating Expenses	<u>359,327</u>	<u>430,000</u>	(70,673)	-16.44%
Indirect Expenses	<u>1,202,212</u>	<u>1,132,814</u>	69,398	6.13%
Other Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	
Total Expenses (B)	<u>3,290,559</u>	<u>3,349,282</u>	(58,723)	-1.75%
Change in Assets (A - B)	<u>42,127</u>	<u>(16,596)</u>	58,723	-353.84%
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	(17,049)	(16,596)	(453)	2.73%
Total Inc(Dec) in Fixed Assets (C)	<u>(17,049)</u>	<u>(16,596)</u>	(453)	2.73%
TOTAL BUDGET (B + C)	<u>3,273,510</u>	<u>3,332,686</u>	(59,176)	-1.78%
Change in Working Capital (A-B-C)	<u>59,176</u>	<u>-</u>	59,176	
FTE's	5.93	5.83	0.10	1.72%

RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS

Personnel Expenses

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

Meeting Expenses

NPCC continues to limit the number of attendees sent to off-site meetings when appropriate and encourages participation via webinar and teleconference when available.

Consultants and Contracts

Consulting support was utilized less than projected. Increased staff efforts enabled NPCC to perform all of its responsibilities in this program area despite the underspend.

Office Costs

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

Northeast Power Coordinating Council, Inc.
2019 Statement of Activities Summary

TRAINING, EDUCATION and OPERATOR CERTIFICATION	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	184,943	184,943	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	184,943	184,943	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	74,790	67,500	7,290	10.80%
Interest & Investment Income	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	259,733	252,443	7,290	2.89%
Expenses				
Personnel Expenses				
Salaries	19,688	18,600	1,088	5.85%
Payroll Taxes	1,505	1,513	(8)	-0.53%
Employee Benefits	4,039	6,805	(2,766)	-40.65%
Savings & Retirement	2,756	2,379	377	15.86%
Total Personnel Expenses	27,988	29,297	(1,309)	-4.47%
Meeting Expenses				
Meetings	136,261	189,000	(52,739)	-27.90%
Travel	2,889	15,000	(12,111)	-80.74%
Conference Calls	-	-	-	
Total Meeting Expenses	139,150	204,000	(64,850)	-31.79%
Operating Expenses				
Consultants & Contracts	-	-	-	
Rent & Improvements	-	-	-	
Office Costs	21	-	21	
Professional Services	-	-	-	
Miscellaneous	4,002	-	4,002	
Depreciation	-	-	-	
Total Operating Expenses	4,023	-	4,023	
Indirect Expenses	15,560	19,431	(3,871)	-19.92%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	186,721	252,728	(66,007)	-26.12%
Change in Assets (A - B)	73,012	(285)	73,297	-25748.65%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(287)	(285)	(3)	1.00%
Total Inc(Dec) in Fixed Assets (C)	(287)	(285)	(3)	1.00%
TOTAL BUDGET (B + C)	186,434	252,443	(66,009)	-26.15%
Change in Working Capital (A-B-C)	73,299	-	73,299	
FTE's	0.10	0.10	-	0.00%

TRAINING, EDUCATION and OPERATOR CERTIFICATION

Meeting expenses

Cost savings resulted from streamlining NPCC Spring and Fall Compliance and Standards Workshops from a three-day format to a two-day format. Efforts to hold more meetings onsite, at member facilities or to conduct webinars, where effective for NPCC registered entities, will continue.

Northeast Power Coordinating Council, Inc.
2019 Statement of Activities Summary

SITUATION AWARENESS and INFRASTRUCTURE SECURITY	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	2,366,685	2,366,685	-	0.00%
Penalty Sanctions	-			
Total ERO Funding	<u>2,366,685</u>	<u>2,366,685</u>	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest & Investment Income	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	<u>2,366,685</u>	<u>2,366,685</u>	-	0.00%
Expenses				
Personnel Expenses				
Salaries	654,387	832,408	(178,021)	-21.39%
Payroll Taxes	53,070	57,432	(4,362)	-7.59%
Employee Benefits	143,833	201,196	(57,363)	-28.51%
Savings & Retirement	60,955	89,043	(28,088)	-31.54%
Total Personnel Expenses	<u>912,245</u>	<u>1,180,079</u>	<u>(267,834)</u>	<u>-22.70%</u>
Meeting Expenses				
Meetings	3,438	10,000	(6,562)	-65.62%
Travel	111,696	89,300	22,396	25.08%
Conference Calls	-	-	-	
Total Meeting Expenses	<u>115,134</u>	<u>99,300</u>	<u>15,834</u>	<u>15.95%</u>
Operating Expenses				
Consultants & Contracts	30,000	130,000	(100,000)	-76.92%
Rent & Improvements	-	-	-	
Office Costs	13,594	-	13,594	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Depreciation	-	-	-	
Total Operating Expenses	<u>43,594</u>	<u>130,000</u>	<u>(86,406)</u>	<u>-66.47%</u>
Indirect Expenses	<u>695,020</u>	<u>971,538</u>	<u>(276,518)</u>	<u>-28.46%</u>
Other Non-Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	
Total Expenses (B)	<u>1,765,993</u>	<u>2,380,918</u>	<u>(614,924)</u>	<u>-25.83%</u>
Change in Assets (A - B)	<u>600,691</u>	<u>(14,233)</u>	<u>614,924</u>	<u>-4320.39%</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	(9,545)	(14,233)	4,688	-32.94%
Total Inc(Dec) in Fixed Assets (C)	<u>(9,545)</u>	<u>(14,233)</u>	<u>4,688</u>	<u>-32.94%</u>
TOTAL BUDGET (B + C)	<u>1,756,448</u>	<u>2,366,685</u>	<u>(610,236)</u>	<u>-25.78%</u>
Change in Working Capital (A-B-C)	<u>610,236</u>	<u>-</u>	<u>610,236</u>	
FTE's	3.32	5.00	(1.68)	-33.60%

SITUATION AWARENESS and INFRASTRUCTURE SECURITY

Personnel

Staff vacancies during the year resulted in lower than budgeted personnel expenses in this program area.

Travel

Cross-training of staff in this program area resulted in higher than budgeted travel expenses for the year.

Consultants and Contracts

Consulting support was utilized less than projected. Increased staff efforts enabled NPCC to perform all of its responsibilities in this program area despite the underspend.

Office Costs

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

Northeast Power Coordinating Council, Inc.
2019 Statement of Activities Summary

ADMINISTRATIVE SERVICES	2019 Actual	2019 Budget	2019 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	(100,108)	(100,108)	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	(100,108)	(100,108)	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest & Investment Income	79,441	-	79,441	
Miscellaneous	-	-	-	
Total Funding (A)	(20,667)	(100,108)	79,441	-79.36%
Expenses				
Personnel Expenses				
Salaries	2,105,706	2,147,254	(41,548)	-1.93%
Payroll Taxes	151,276	107,437	43,839	40.80%
Employee Benefits	412,729	493,115	(80,386)	-16.30%
Savings & Retirement	261,954	296,142	(34,188)	-11.54%
Total Personnel Expenses	2,931,665	3,043,948	(112,283)	-3.69%
Meeting Expenses				
Meetings	194,658	126,750	67,908	53.58%
Travel	104,192	135,100	(30,908)	-22.88%
Conference Calls	24,904	36,000	(11,096)	-30.82%
Total Meeting Expenses	323,754	297,850	25,904	8.70%
Operating Expenses				
Consultants & Contracts	75,184	95,000	(19,816)	-20.86%
Rent & Improvements	831,734	820,700	11,034	1.34%
Office Costs	622,157	676,347	(54,190)	-8.01%
Professional Services	977,203	978,000	(797)	-0.08%
Miscellaneous	34,750	51,000	(16,250)	-31.86%
Depreciation	218,170	255,000	(36,830)	-14.44%
Total Operating Expenses	2,759,198	2,876,047	(116,849)	-4.06%
Indirect Expenses	(6,014,611)	(6,217,845)	203,234	-3.27%
Other Non-Operating Expenses	-	-	-	
Total Expenses (B)	-	-	-	
Change in Assets (A - B)	(20,667)	(100,108)	79,441	-79.36%
Fixed Assets				
Depreciation	(218,170)	(255,000)	36,830	-14.44%
Computer & Software CapEx	88,437	170,000	(81,563)	-47.98%
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	54,178	-	54,178	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(75,555)	(85,000)	9,445	
Allocation of Fixed Assets	75,555	85,000	(9,445)	-11.11%
Total Inc(Dec) in Fixed Assets (C)	-	-	-	
TOTAL BUDGET (B + C)	-	-	-	
Change in Working Capital (A-B-C)	(20,667)	(100,108)	79,441	-79.36%
FTE's	8.75	9.00	(0.25)	-2.78%

ADMINISTRATIVE SERVICES

Interest & Investment Income

NPCC accounts for but has not budgeted for interest & investment income as returns in recent years have been low. The transfer of operating reserves into a 100% U.S. Treasury Securities fund during 2019 has resulted in higher returns. Accordingly, NPCC budgeted for investment income beginning in 2020.

Personnel

Payroll taxes were over budget due to additional tax recorded in 2019 related to variable incentive payments earned in 2019 and paid in early 2020. Payroll tax accruals have been adjusted for 2020. In the benefits area, medical insurance coverage elections varied from assumptions which were budgeted in this program area, resulting in lower expense than budgeted.

Meeting Expenses

Meeting expenses were overbudget due to costs at the locations of planned meetings varying above the average meeting costs. 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. Conference calls expense is underbudget based on ERO group pricing rate.

Consultants and Contracts

Lower than budgeted expense related to a limited compensation study conducted this year.

Depreciation

Under budget variance resulting from assets placed in service being less than projected.

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

Under budget variance is due to the timing of scheduled software development projects, which include website enhancements and the continued refinement of document management software and processes. Equipment capital expenditures include hardware related to CRISP implementation.