



April 20, 2022

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

Subject: NPCC Regional Entity Division Variance Comparison and  
First Quarter 2022 Statement of Activities

Dear Andy:

The variance comparison for the period ended March 31, 2022 is included along with Northeast Power Coordinating Council, Inc.'s unaudited First Quarter 2022 Statement of Activities.

Please do not hesitate to contact me via email at [jhala@npcc.org](mailto:jhala@npcc.org) or (646) 632-7071 should you have any comments or questions with regard to the materials provided.

Sincerely,

*Jessica Hala*

Jessica Hala  
Director, Finance and Accounting

Enclosures

cc: Mr. Charles Dickerson – NPCC President & CEO  
Mr. Christopher Weir, CPA – NPCC Treasurer  
ERO Finance Group



**NPCC Regional Entity Division  
Budget to Actual  
Variance Comparison as of March 31, 2022**

**TOTAL EXPENSES**

For the quarter ending March 31, 2022, the NPCC Regional Entity Division is \$415k or 9.54% under budget year to date. Based on planned activities, NPCC's current full year projection (FYP) is an under budget variance of \$532k or 3.05%. It is anticipated that projections will change throughout 2022 and will be updated in quarterly variance reports. NPCC will reprioritize resources as necessary to fulfill all of its responsibilities under its Regional Delegation Agreement, agreements and memorandums of understanding respecting Canadian Provinces, and the NPCC Bylaws.

**INCOME**

- **Penalty Sanctions** (Penalties released of \$201k were applied to reduce 2022 assessments to NPCC U.S. load serving entity designees.) Penalty sanctions remitted are included in NPCC's Assessment Stabilization Reserve (ASR) to be applied to future budget years to reduce assessments to NPCC U.S. load serving entity designees. Penalties are reported in NPCC's audited financial statements in accordance with GAAP.

**EXPENSES**

- **Personnel Expenses** (Variance of \$188k under budget year-to-date and \$532k under budget FYP) NPCC is currently recruiting to retain qualified technical individuals to fill four open positions. Five additional positions will be strategically phased in throughout the remainder of the year. In the interim, current responsibilities of any open positions are being addressed through resource re-allocations among the existing workforce. The under budget full year projection is based on planned onboarding dates for new hires and lower than budgeted increases in medical insurance premiums. Onboarding dates for new hires will be adjusted throughout the year as open positions are filled.
- **Meeting Expenses** (Variance of \$127k under budget year-to-date and as budgeted FYP) Under budget variance resulted from continued in-person meeting and travel limitations due to the COVID-19 pandemic. Meetings and travel expenses are projected to increase throughout the year as a result of a measured return to meeting in-person. Some meetings will continue to be held in virtual or hybrid format to allow for remote participation and greater access.
- **Consultants and Contracts** (Variance of \$90k under budget year-to-date and as budgeted FYP) Under budget variance is due to the timing. The full year projection continues to be as budgeted.



- **Office Costs** (Variance of \$41k under budget year-to-date and as budgeted FYP)  
Under budget variance is due to the timing of some IT software contracts and licenses. The full year projection continues to be as budgeted.
- **Fixed Assets** (Variance of \$58k over budget year to date and as budgeted FYP)  
Year to date over budget variance is due to the timing of software development projects, which include website enhancements and the implementation of an enterprise risk management system.

*(Unaudited)*  
*Submitted April 20, 2022*



**Northeast Power Coordinating Council, Inc. - Regional Entity Division**  
**Statement of Activities, Fixed Assets and Change in Working Capital**  
**(Unaudited)**  
**For the Period Ended March 31, 2022**

	2022 YTD Actual	2022 YTD Budget	2022 YTD Actual Variance from Budget Over(Under)	%	2022 Projection	2022 Annual Budget	2022 Projection Variance from Budget Over(Under)	%
<b>Funding</b>								
Assessments	3,978,078	3,978,078	-		15,912,313	15,912,313	-	
Penalties Released*	201,132	201,132	-		201,132	201,132	-	
Testing	-	-	-		-	-	-	
Services & Software	-	-	-		-	-	-	
Workshop Fees	-	-	-		33,750	33,750	-	
Interest & Investment Income	412	7,116	(6,705)		2,000	28,465	(26,465)	
<b>Total Funding</b>	<b>4,179,622</b>	<b>4,186,326</b>	<b>(6,705)</b>	<b>-0.16%</b>	<b>16,149,195</b>	<b>16,175,660</b>	<b>(26,465)</b>	<b>-0.16%</b>
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	2,223,296	2,268,102	(44,806)		8,825,235	9,072,408	(247,173)	
Payroll Taxes	190,290	228,117	(37,827)		592,019	595,815	(3,796)	
Employee Benefits	465,653	558,684	(93,031)		2,058,244	2,234,738	(176,494)	
Savings & Retirement	247,757	260,351	(12,594)		937,021	1,041,405	(104,384)	
<b>Total Personnel Expenses</b>	<b>3,126,996</b>	<b>3,315,255</b>	<b>(188,258)</b>	<b>-5.68%</b>	<b>12,412,519</b>	<b>12,944,366</b>	<b>(531,847)</b>	<b>-4.11%</b>
<b>Meeting Expenses</b>								
Meetings & Conference Calls	1,992	28,595	(26,603)		230,600	230,600	-	
Travel	816	101,114	(100,298)		505,572	505,572	-	
<b>Total Meeting Expenses</b>	<b>2,809</b>	<b>129,709</b>	<b>(126,901)</b>	<b>-97.83%</b>	<b>736,172</b>	<b>736,172</b>	<b>-</b>	<b>0.00%</b>
<b>Operating Expenses, excluding Depreciation</b>								
Consultants & Contracts	120,345	209,913	(89,568)		839,650	839,650	-	
Rent & Improvements	206,693	224,885	(18,192)		906,141	906,141	-	
Office Costs	263,167	304,518	(41,351)		1,218,071	1,218,071	-	
Professional Services	194,914	210,200	(15,286)		1,017,000	1,017,000	-	
Miscellaneous	1,410	12,750	(11,340)		51,000	51,000	-	
<b>Total Operating Expenses</b>	<b>786,529</b>	<b>962,265</b>	<b>(175,736)</b>	<b>-18.26%</b>	<b>4,031,862</b>	<b>4,031,862</b>	<b>-</b>	<b>0.00%</b>
Indirect Expense Allocation	(70,853)	(89,604)	18,751	-20.93%	(358,417)	(358,417)	-	0.00%
Other Non-Operating Expenses	-	-	-	n/a	-	-	-	n/a
<b>Total Expenses</b>	<b>3,845,481</b>	<b>4,317,625</b>	<b>(472,144)</b>	<b>-10.94%</b>	<b>16,822,136</b>	<b>17,353,983</b>	<b>(531,847)</b>	<b>-3.06%</b>
<b>Change in Net Assets</b>	<b>334,140</b>	<b>(131,299)</b>	<b>465,439</b>	<b>-354.49%</b>	<b>(672,941)</b>	<b>(1,178,323)</b>	<b>505,382</b>	<b>-42.89%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets</b>	<b>85,420</b>	<b>27,788</b>	<b>57,633</b>	<b>207.40%</b>	<b>111,150</b>	<b>111,150</b>	<b>-</b>	<b>0.00%</b>
<b>Net Financing Activity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
<b>Total Budget (Expenses plus Fixed Assets and Net Financing Activity)</b>	<b>3,930,901</b>	<b>4,345,413</b>	<b>(414,511)</b>	<b>-9.54%</b>	<b>16,933,286</b>	<b>17,465,133</b>	<b>(531,847)</b>	<b>-3.05%</b>
<b>Change in Working Capital (Total Funding less Total Budget)</b>	<b>248,720</b>	<b>(159,086)</b>	<b>407,807</b>	<b>-256.34%</b>	<b>(784,091)</b>	<b>(1,289,473)</b>	<b>505,382</b>	<b>-39.19%</b>
Equivalent Full Time Employees	44.07	47.90	(3.83)		47.07	49.90	(2.83)	
Headcount	45.00	50.00	(5.00)		52.00	52.00	-	
Beginning Total Reserves - 1/1/22	7,452,044	6,179,595	1,272,449		7,452,044	6,179,595	1,272,449	
Change to Working Capital	248,720	(159,086)	407,807		(784,091)	(1,289,473)	505,382	
Penalties Received (+)	10,080	-	10,080		10,080	-	10,080	
Penalties Released (-)	(201,132)	(201,132)	-		(201,132)	(201,132)	-	
Other Reserve Activity	-	-	-		-	-	-	
<b>Total Reserves at 12/31/22</b>	<b>7,509,712</b>	<b>5,819,377</b>	<b>1,690,336</b>		<b>6,476,901</b>	<b>4,688,990</b>	<b>1,787,911</b>	
<b>Reserve Balance Summary</b>								
Working Capital & Operating Contingency Reserves	6,972,827	5,416,509	1,556,319		5,940,016	4,286,122	1,653,894	
Assessment Stabilization & Penalty Reserves	536,885	402,868	134,017		536,885	402,868	134,017	
Other Reserves	-	-	-		-	-	-	
<b>Total Projected Reserve Balance at 12/31/22</b>	<b>7,509,712</b>	<b>5,819,377</b>	<b>1,690,336</b>		<b>6,476,901</b>	<b>4,688,990</b>	<b>1,787,911</b>	

\*Penalties Released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).