



NORTHEAST POWER COORDINATING COUNCIL, INC.  
1040 AVE OF THE AMERICAS. NEW YORK, NY 10018 (212) 840-1070 FAX (212) 302-2782

April 20, 2015

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

Subject: NPCC Regional Entity Division Variance Comparison and  
First Quarter 2015 Statement of Activities

Dear Michael:

The variance comparison for the period ended March 31<sup>st</sup>, 2015 is included along with Northeast Power Coordinating Council, Inc.'s unaudited First Quarter 2015 Statement of Activities.

Please do not hesitate to contact me via email at [jhala@npcc.org](mailto:jhala@npcc.org) or via telephone at (212) 840-1070 should you have any comments or questions with regard to the materials provided.

Sincerely,

*Jessica Hala*

Jessica Hala  
Manager, Finance and Accounting

JH: jh  
Enclosures

cc: Mr. Christopher Weir, CPA – NPCC Treasurer  
Mr. Edward A. Schwerdt – NPCC President & CEO  
Ms. Jennifer Budd Mattiello – NPCC Vice President & COO  
ERO Finance Group



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## **NPCC Regional Entity Division Budget to Actual Variance Comparison as of March 31, 2015**

### **INCOME**

- **Penalty Sanctions** (Actual income of \$291k remitted to NPCC as of June 30, 2014 has been applied to reduce 2015 assessments to NPCC U.S. load serving entity designees.) All penalty sanctions remitted from July 1, 2014 through June 30, 2015 will be included in the NPCC 2016 Business Plan and Budget and applied to reduce 2016 assessments to NPCC U.S. load serving entity designees.
- **Interest Income** (Actual income of \$2k year-to-date not included in budget)  
NPCC accounts for but has not budgeted for interest income for operating fund investment as returns on U.S. treasury securities fund are negligible and corporate money market fund returns are minimal.
  - NPCC allocated \$2k as a portion of total interest income (93%) to the Regional Entity Division consistent with the ratio of Regional Entity (RE) to Criteria Services (CS) Division 2015 funding. A common system of accounts, with divisional separation, is used for both RE and CS revenue tracking and financial reporting.

### **EXPENSES**

- **Personnel Expenses** (Variance of \$49k under budget year-to-date and as budgeted FYP)
  - NPCC continues to be fully staffed for 2015, with the potential impact of the IRS dictated timing of the termination of the former defined benefits pension plan being an ongoing, but manageable uncertainty.
- **Meetings and Conference Calls** (Variance of \$116k under budget year-to-date and as budgeted FYP)
  - 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 meeting and conference call expenses under budget. Current underage is due to timing of planned meetings, with heaviest meeting schedule later in the year. Reprioritization within these accounts has allowed NPCC to conduct CIP V5 transition seminar for its registered entities, which was not budgeted for 2015. Based upon the significant registered entity participation, positive survey comments, and the cost effective delivery of the information outside of Albany, NY, NPCC is considering holding a Fall, 2015 seminar as well.
- **Consultants and Contracts** (Variance of \$264k under budget year-to-date and as budgeted FYP)
  - Year-to-date under budget is due to the timing of the use of independent contractors for compliance audits. Inherent Risk Assessments and Risk-based Internal Control Evaluations are planned such that the full year projection continues to be as budgeted.

- **Professional Services** (Variance of \$60k under budget year-to-date and as budgeted FYP)
  - Underage in legal fees is due to timing of Board Committee meetings supported by outside counsel, the change in corporate Secretary, and additional workload taken on by General Counsel.

## **FIXED ASSETS**

- **Computer & Software** (Variance of \$19k under budget year-to-date and as budgeted FYP)
  - Current underage is due to timing. The scope of work for CDAA and CITS software development is projected to be as budgeted.

*(Unaudited)*  
*Submitted April 20<sup>th</sup>, 2015*



**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, 2015**

	2015 YTD Actual	2015 YTD Budget	2015 YTD Actual Variance from Budget	%	2015 Projection	2015 Annual Budget	2015 Projection Variance from Budget	%
<b>Funding</b>								
Assessments	3,517,220	3,517,220	-		14,068,878	14,068,878	-	
Penalties	290,500	290,500	-		290,500	290,500	-	
Testing	-	-	-		-	-	-	
Services & Software	-	-	-		-	-	-	
Workshop Fees	11,400	16,000	(4,600)		64,000	64,000	-	
Interest	2,046	-	2,046		2,046	-	2,046	
Miscellaneous	-	-	-		-	-	-	
<b>Total Funding</b>	<b>3,821,166</b>	<b>3,823,720</b>	<b>(2,554)</b>	<b>-0.07%</b>	<b>14,425,424</b>	<b>14,423,378</b>	<b>2,046</b>	<b>0.01%</b>
<b>Expenses</b>								
Personnel Expenses								
Salaries	1,550,450	1,548,856	1,594		6,195,425	6,195,425	-	
Payroll Taxes	174,793	174,244	549		387,209	387,209	-	
Employee Benefits	284,049	314,149	(30,100)		1,256,594	1,256,594	-	
Savings & Retirement	251,221	272,503	(21,282)		1,090,013	1,090,013	-	
<b>Total Personnel Expenses</b>	<b>2,260,513</b>	<b>2,309,752</b>	<b>(49,239)</b>	<b>-2.13%</b>	<b>8,929,241</b>	<b>8,929,241</b>	<b>-</b>	<b>0.00%</b>
Meeting Expenses								
Meetings	15,854	47,000	(31,146)		365,000	365,000	-	
Travel	98,943	178,000	(79,057)		890,000	890,000	-	
Conference Calls	5,200	11,250	(6,050)		45,000	45,000	-	
<b>Total Meeting Expenses</b>	<b>119,997</b>	<b>236,250</b>	<b>(116,253)</b>	<b>-49.21%</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>-</b>	<b>0.00%</b>
Operating Expenses								
Consultants & Contracts	242,095	506,700	(264,605)		2,342,000	2,342,000	-	
Rent & Improvements	168,976	185,875	(16,899)		751,500	751,500	-	
Office Costs	149,337	144,675	4,662		578,700	578,700	-	
Professional Services	159,542	219,750	(60,208)		1,025,000	1,025,000	-	
Miscellaneous	7,081	10,000	(2,919)		40,000	40,000	-	
Depreciation	64,356	50,505	13,852		202,019	202,019	-	
<b>Total Operating Expenses</b>	<b>791,388</b>	<b>1,117,505</b>	<b>(326,117)</b>	<b>-29.18%</b>	<b>4,939,219</b>	<b>4,939,219</b>	<b>-</b>	<b>0.00%</b>
Indirect Expense Allocation	(84,883)	(102,475)	17,592	-17.17%	(409,902)	(409,902)	-	0.00%
Other Non-Operating Expenses	-	-	-	n/a	-	-	-	n/a
<b>Total Expenses</b>	<b>3,087,015</b>	<b>3,561,031</b>	<b>(474,016)</b>	<b>-13.31%</b>	<b>14,758,558</b>	<b>14,758,558</b>	<b>-</b>	<b>0.00%</b>
<b>Net Change in Assets</b>	<b>734,151</b>	<b>262,688</b>	<b>471,462</b>	<b>179.48%</b>	<b>(333,134)</b>	<b>(335,180)</b>	<b>2,046</b>	<b>-0.61%</b>
<b>Fixed Assets</b>								
Depreciation	(64,356)	(50,505)	(13,852)		(202,019)	(202,019)	-	
Computer & Software CapEx	14,720	55,500	(40,780)		222,000	222,000	-	
Furniture & Fixtures CapEx	-	-	-		-	-	-	
Equipment CapEx	-	-	-		-	-	-	
Leasehold Improvements	-	-	-		-	-	-	
<b>Incr(Dec) in Fixed Assets</b>	<b>(49,636)</b>	<b>4,995</b>	<b>(54,632)</b>	<b>-1093.67%</b>	<b>19,981</b>	<b>19,981</b>	<b>-</b>	<b>0.00%</b>
<b>Total Budget (Expenses plus Incr(Dec) in Fixed Assets)</b>	<b>3,037,379</b>	<b>3,566,026</b>	<b>(528,648)</b>	<b>-14.82%</b>	<b>14,778,539</b>	<b>14,778,539</b>	<b>-</b>	<b>0.00%</b>
<b>Change in Working Capital (Total Funding less Total Budget)</b>	<b>783,787</b>	<b>257,693</b>	<b>526,094</b>	<b>204.16%</b>	<b>(353,115)</b>	<b>(355,161)</b>	<b>2,046</b>	<b>-0.58%</b>
Equivalent Full Time Employees	36.86	36.86	-		36.86	36.86	-	
Headcount	38.00	38.00	-		38.00	38.00	-	
Beginning Total Reserves - 1/1/15	4,287,707	2,654,866	1,632,841		4,287,707	2,654,866	1,632,841	
Change to Reserves - YTD 2015	783,787	257,693	526,094		(353,115)	(355,161)	2,046	
<b>Total Reserves at 12/31/15</b>	<b>5,071,494</b>	<b>2,912,559</b>	<b>2,158,935</b>		<b>3,934,592</b>	<b>2,299,705</b>	<b>1,634,887</b>	