



NORTHEAST POWER COORDINATING COUNCIL, INC.
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April 29, 2016

North American Electric Reliability Corporation
3343 Peachtree Road, NE
Fourth Floor East Tower – Suite 400
Atlanta, Georgia 30326
Attention: Mr. Michael Walker

Subject: NPCC 2015 True Up Actual vs. Budget Variance Analysis
True Up Filing Based on Audited 2015 Financial Statements

Dear Michael:

Enclosed is the Northeast Power Coordinating Council, Inc. (NPCC) submittal regarding the 2015 NPCC actual vs. budget variances. NPCC's independent audit performed by Pricewaterhouse Coopers LLP was concluded on March 24, 2016 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 2015 based upon total corporate 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 2015 were \$13,322,350 (excluding non-operating expenses related to pension termination funded through Board of Directors approved draw on reserves) which is \$1,456,189 or 9.8% under the 2015 operating budget of \$14,778,539. Actual total expenses and fixed asset expenditures for NPCC's CS division for 2015 were \$1,109,855 (excluding non-operating expenses) which is \$19,586 or 1.7% under the 2015 operating budget of \$1,129,441. In the aggregate, actual total expenses and fixed asset expenditures (excluding non-operating expenses) for the NPCC RE and CS divisions were \$14,432,206 which is \$1,475,774 or 9.3% under the 2015 total corporate expense budget of \$15,907,981. With the inclusion of funding required to terminate the NPCC defined benefit pension plan which was completed in September, 2015, total expenses were approximately 1.2% under budget. Indirect expenses are allocated to the direct programs based on FTE ratio. As approved by its Board of Directors, NPCC contributed an additional nearly \$1.2 million in 2015 in addition to its budgeted contribution in order to fully fund pension plan termination.

Variations 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 2015 Business Plan and Budget. Explanations of significant expense variations 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
Manager, Finance and Accounting

Enclosures

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

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary
Total NPCC (RE and CS Divisions)

	2015 Actual	2015 Budget	2015 Variance from Budget Over(Under)
Funding			
ERO Funding			
Assessments	14,068,878	14,068,878	-
Penalty Sanctions	290,500	290,500	-
Total ERO Funding	14,359,378	14,359,378	-
Federal Grants	-	-	-
Non-Statutory Assessments	1,035,221	1,035,221	-
Testing	-	-	-
Services & Software	-	-	-
Workshop Fees	56,230	64,000	(7,770)
Interest	6,266	-	6,266
Miscellaneous	-	-	-
Total Funding (A)	15,457,095	15,458,599	(1,504)
Expenses			
Personnel Expenses			
Salaries	6,472,351	6,564,744	(92,393)
Payroll Taxes	407,352	409,890	(2,538)
Employee Benefits	1,216,091	1,333,495	(117,404)
Savings & Retirement	1,233,731	1,235,652	(1,921)
Total Personnel Expenses	9,329,525	9,543,781	(214,255)
Meeting Expenses			
Meetings	272,390	375,000	(102,610)
Travel	722,069	953,000	(230,931)
Conference Calls	29,405	45,000	(15,595)
Total Meeting Expenses	1,023,864	1,373,000	(349,136)
Operating Expenses			
Consultants & Contracts	1,567,314	2,372,000	(804,686)
Rent & Improvements	772,884	751,500	21,384
Office Costs	625,274	578,700	46,574
Professional Services	869,296	1,025,000	(155,704)
Miscellaneous	46,249	42,000	4,249
Depreciation	300,434	212,030	88,404
Total Operating Expenses	4,181,452	4,981,230	(799,778)
Indirect Expenses	(0)	0	(0)
Other Non-Operating Expenses	1,166,511	-	1,166,512
Total Expenses (B)	15,701,352	15,898,011	(196,658)
Change in Assets (A - B)	(244,257)	(439,411)	195,154
Fixed Assets			
Depreciation	(300,434)	(212,030)	(88,404)
Computer & Software CapEx	196,799	222,000	(25,201)
Furniture & Fixtures CapEx	1,001	-	1,001
Equipment CapEx	-	-	-
Leasehold Improvements	-	-	-
Incr(Dec) in Fixed Assets	(102,635)	9,970	(112,605)
Allocation of Fixed Assets	(0)	-	0
Total Inc(Dec) in Fixed Assets (C)	(102,635)	9,970	(112,604)
TOTAL BUDGET (B + C)	15,598,717	15,907,981	(309,262)
Change in Working Capital (A-B-C)	(141,622)	(449,381)	307,758
FTE's	38.79	39.00	(0.21)

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary

TOTAL STATUTORY	2015 Actual	2015 Budget	2015 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	14,068,878	14,068,878	-	0.00%
Penalty Sanctions	290,500	290,500	-	0.00%
Total ERO Funding	14,359,378	14,359,378	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	56,230	64,000	(7,770)	-12.14%
Interest	5,922	-	5,922	
Miscellaneous	-	-	-	
Total Funding (A)	14,421,530	14,423,378	(1,848)	-0.01%
Expenses				
Personnel Expenses				
Salaries	6,100,281	6,195,425	(95,144)	-1.54%
Payroll Taxes	383,861	387,209	(3,348)	-0.86%
Employee Benefits	1,117,674	1,256,595	(138,921)	-11.06%
Savings & Retirement	1,088,263	1,090,013	(1,750)	-0.16%
Total Personnel Expenses	8,690,079	8,929,241	(239,162)	-2.68%
Meeting Expenses				
Meetings	272,271	365,000	(92,729)	-25.41%
Travel	676,087	890,000	(213,913)	-24.04%
Conference Calls	29,405	45,000	(15,595)	-34.66%
Total Meeting Expenses	977,763	1,300,000	(322,237)	-24.79%
Operating Expenses				
Consultants & Contracts	1,561,148	2,342,000	(780,852)	-33.34%
Rent & Improvements	772,884	751,500	21,384	2.85%
Office Costs	624,356	578,700	45,656	7.89%
Professional Services	869,296	1,025,000	(155,704)	-15.19%
Miscellaneous	45,481	40,000	5,481	13.70%
Depreciation	290,269	202,019	88,250	43.68%
Total Operating Expenses	4,163,435	4,939,219	(775,784)	-15.71%
Indirect Expenses				
	(415,610)	(409,902)	(5,708)	1.39%
Other Non-Operating Expenses				
	897,004	-	897,005	
Total Expenses (B)	14,312,671	14,758,558	(445,887)	-3.02%
Change in Assets (A - B)	108,859	(335,180)	444,038	-132.48%
Fixed Assets				
Depreciation	(290,269)	(202,019)	(88,250)	43.68%
Computer & Software CapEx	196,007	222,000	(25,993)	-11.71%
Furniture & Fixtures CapEx	946	-	946	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(93,317)	19,981	(113,298)	
Allocation of Fixed Assets	(0)	-	(1)	
Total Inc(Dec) in Fixed Assets (C)	(93,317)	19,981	(113,297)	-567.03%
TOTAL BUDGET (B + C)	14,219,354	14,778,539	(559,184)	-3.78%
Change in Working Capital (A-B-C)	202,176	(355,161)	557,336	-156.92%
FTE's	36.65	36.86	(0.21)	-0.57%

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary

NON-STATUTORY	2015	2015	2015 Variance	
	Actual	Budget	from Budget	
			Over(Under)	
Funding				
ERO Funding				
Assessments	-	-	-	
Penalty Sanctions	-	-	-	
Total ERO Funding	-	-	-	
Federal Grants	-	-	-	
Non-Statutory Assessments	1,035,221	1,035,221	-	0.00%
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	344	-	344	
Miscellaneous	-	-	-	
Total Funding (A)	1,035,565	1,035,221	344	0.03%
Expenses				
Personnel Expenses				
Salaries	372,070	369,319	2,751	0.74%
Payroll Taxes	23,491	22,681	810	3.57%
Employee Benefits	98,417	76,900	21,517	27.98%
Savings & Retirement	145,468	145,639	(171)	-0.12%
Total Personnel Expenses	639,446	614,539	24,907	4.05%
Meeting Expenses				
Meetings	119	10,000	(9,881)	-98.81%
Travel	45,982	63,000	(17,018)	-27.01%
Conference Calls	-	-	-	
Total Meeting Expenses	46,101	73,000	(26,899)	-36.85%
Operating Expenses				
Consultants & Contracts	6,166	30,000	(23,834)	-79.45%
Rent & Improvements	-	-	-	
Office Costs	918	-	918	
Professional Services	-	-	-	
Miscellaneous	768	2,000	(1,232)	-61.60%
Depreciation	10,165	10,011	154	1.54%
Total Operating Expenses	18,017	42,011	(23,994)	-57.11%
Indirect Expenses	415,609	409,902	5,707	1.39%
Other Non-Operating Expenses	269,507	-	269,507	
Total Expenses (B)	1,388,680	1,139,452	249,228	21.87%
Change in Assets (A - B)	(353,115)	(104,231)	(248,884)	238.78%
Fixed Assets				
Depreciation	(10,165)	(10,011)	(154)	1.54%
Computer & Software CapEx	792	-	792	
Furniture & Fixtures CapEx	55	-	55	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(9,318)	(10,011)	693	
Allocation of Fixed Assets	-	-	-	
Total Inc(Dec) in Fixed Assets (C)	(9,318)	(10,011)	693	-6.92%
TOTAL BUDGET (B + C)	1,379,362	1,129,441	249,921	22.13%
Change in Working Capital (A-B-C)	(343,797)	(94,220)	(249,577)	264.89%
FTE's	2.14	2.14	-	0.00%

TOTAL NPCC

Personnel Expenses

In 2015 NPCC experienced partial year vacancies due to elimination of a position and a retirement such that human capital was reallocated to continue to meet its Regional Delegation Agreement (RDA) responsibilities. These partial year vacancies resulted in lower salary and associated incentive compensation accruals. Despite not being at a 100% staffing level for a few months of the year, NPCC performed all of its 2015 delegated responsibilities as well as exceeding target attainment of its goals and objectives. In the benefits area, medical insurance coverage was waived by approximately 33% of NPCC employees who have superior coverage from a former employer. Additionally, premiums were lower than budgeted which contributed to the year end underage. The termination of the defined benefit pension plan has been completed and the related nearly \$1.2 million expense is shown separately under other non-operating expenses. The release of funding additional pension contribution on a plan termination basis was as approved by the NPCC Board of Directors. No special assessments were required and reserve balances continue to be within the Finance and Audit Committee approved established Working Capital and Operating Reserves Policy range.

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, travel and conference call expenses under budget. NPCC was also able to conduct two un-budgeted CIP V5 transition seminars by scheduling them along with the Spring and Fall, 2015 Compliance and Standards workshops at negligible additional expense.

Consultants and Contracts

This significant under budget variance is primarily due to the early and aggressive implementation of risk-based compliance monitoring utilizing Inherent Risk Assessments and Internal Control Evaluations in a newly formed Entity Risk Assessment (ERA) program within Compliance. These cost savings were previously anticipated to be realized starting in 2016 which is reflected in the 2016 budget. NPCC is currently sharing many of its ERA processes and procedures with other Regional Entities to assist them in achieving similar efficiencies. Contract expenditures were also reduced through the increased utilization of staff for compliance monitoring offsetting previously budgeted independent contractor support. Additionally, within the RAPA program area increased staff efforts with regard to reliability assessment similarly lessened utilization of outside contractors.

Professional Services

Underage in legal fees is due to the change in corporate Secretary that was implemented at the beginning of 2015, and additional workload taken on through a structure change adopting a General Counsel. Both General Counsel and NPCC's Compliance Attorney took on greater workloads rather than having outside counsel perform certain consultations.

Depreciation

Over budget due to additional assets placed in service in late 2014 subsequent to completion of 2015 budget. These assets were CMEP Data Administration Application (CDAA) and Compliance Information Tracking System (CITS) software development costs that were capitalized in 2014.

Non-Operating Expenses

The termination of the defined benefit pension plan has been completed and the related nearly \$1.2 million expense is shown separately under other non-operating expenses. The application of funds was approved by the NPCC Board of Directors. No special assessments were required and reserve balances continue to be within the Finance and Audit Committee approved established range for Working Capital and Operating Reserves. Extensive efforts in terms of participant financial education resulted in substantial NPCC savings and a lower cost plan termination in terms of participant elections.

Fixed Assets

Computer & Software capital expenditures were under budget due to timing of CMEP Data Administration Application (CDAA) software development project as well as a portion of associated costs being expensed rather than capitalized based on GAAP.

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.
2015 Statement of Activities Summary

RELIABILITY STANDARDS	2015 Actual	2015 Budget	2015 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	1,425,578	1,425,578	-	0.00%
Penalty Sanctions	30,552	30,552	-	0.00%
Total ERO Funding	1,456,129	1,456,129	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	1,456,129	1,456,129	-	0.00%
Expenses				
Personnel Expenses				
Salaries	517,992	535,458	(17,467)	-3.26%
Payroll Taxes	33,367	31,420	1,946	6.19%
Employee Benefits	102,066	93,684	8,382	8.95%
Savings & Retirement	73,482	85,075	(11,593)	-13.63%
Total Personnel Expenses	726,906	745,637	(18,731)	-2.51%
Meeting Expenses				
Meetings	-	20,000	(20,000)	-100.00%
Travel	89,122	115,000	(25,878)	-22.50%
Conference Calls	-	-	-	
Total Meeting Expenses	89,122	135,000	(45,878)	-33.98%
Operating Expenses				
Consultants & Contracts	1,216	25,000	(23,784)	-95.14%
Rent & Improvements	-	-	-	
Office Costs	1,290	-	1,290	
Professional Services	-	-	-	
Miscellaneous	680	-	680	
Depreciation	-	-	-	
Total Operating Expenses	3,186	25,000	(21,814)	-87.26%
Indirect Expenses	568,698	561,221	7,477	1.33%
Other Non-Operating Expenses	70,720	-	70,720	
Total Expenses (B)	1,458,632	1,466,858	(8,227)	-0.56%
Change in Assets (A - B)	(2,503)	(10,729)	8,227	-76.68%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(21,458)	(10,729)	(10,729)	100.00%
Total Inc(Dec) in Fixed Assets (C)	(21,458)	(10,729)	(10,729)	100.00%
TOTAL BUDGET (B + C)	1,437,173	1,456,129	(18,956)	-1.30%
Change in Working Capital (A-B-C)	18,956	-	18,956	
FTE's	2.85	2.93	(0.08)	-2.83%

RELIABILITY STANDARDS

Consultants and Contracts

Under budget as a result of judicious use of contractor and consultant services to complement staff functions.

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.

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary

COMPLIANCE OPERATIONS, ENFORCEMENT and
ORGANIZATION REGISTRATION

	2015 Actual	2015 Budget	2015 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	8,401,311	8,401,311	-	0.00%
Penalty Sanctions	166,834	166,834	-	0.00%
Total ERO Funding	<u>8,568,145</u>	<u>8,568,145</u>	<u>-</u>	<u>0.00%</u>
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	<u>8,568,145</u>	<u>8,568,145</u>	<u>-</u>	<u>0.00%</u>
Expenses				
Personnel Expenses				
Salaries	2,387,212	2,393,832	(6,620)	-0.28%
Payroll Taxes	148,418	162,511	(14,093)	-8.67%
Employee Benefits	411,416	479,499	(68,083)	-14.20%
Savings & Retirement	285,049	284,206	844	0.30%
Total Personnel Expenses	<u>3,232,096</u>	<u>3,320,048</u>	<u>(87,953)</u>	<u>-2.65%</u>
Meeting Expenses				
Meetings	13,746	32,000	(18,254)	-57.05%
Travel	286,457	360,000	(73,543)	-20.43%
Conference Calls	-	-	-	
Total Meeting Expenses	<u>300,203</u>	<u>392,000</u>	<u>(91,797)</u>	<u>-23.42%</u>
Operating Expenses				
Consultants & Contracts	1,178,715	1,728,000	(549,285)	-31.79%
Rent & Improvements	-	-	-	
Office Costs	30,682	-	30,682	
Professional Services	-	-	-	
Miscellaneous	7,913	-	7,913	
Depreciation	80	-	80	
Total Operating Expenses	<u>1,217,390</u>	<u>1,728,000</u>	<u>(510,610)</u>	<u>-29.55%</u>
Indirect Expenses	<u>3,104,262</u>	<u>3,064,686</u>	<u>39,576</u>	<u>1.29%</u>
Other Non-Operating Expenses	<u>78,650</u>	<u>-</u>	<u>78,650</u>	
Total Expenses (B)	<u>7,932,600</u>	<u>8,504,735</u>	<u>(572,135)</u>	<u>-6.73%</u>
Change in Assets (A - B)	<u>635,545</u>	<u>63,410</u>	<u>572,135</u>	<u>902.27%</u>
Fixed Assets				
Depreciation	(80)	-	(80)	
Computer & Software CapEx	110,801	122,000	(11,199)	-9.18%
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	<u>110,721</u>	<u>122,000</u>	<u>(11,279)</u>	
Allocation of Fixed Assets	(117,179)	(58,590)	(58,589)	100.00%
Total Inc(Dec) in Fixed Assets (C)	<u>(6,458)</u>	<u>63,410</u>	<u>(69,868)</u>	<u>-110.18%</u>
TOTAL BUDGET (B + C)	<u>7,926,142</u>	<u>8,568,145</u>	<u>(642,003)</u>	<u>-7.49%</u>
Change in Working Capital (A-B-C)	<u>642,003</u>	<u>-</u>	<u>642,003</u>	
FTE's	<u>16.00</u>	<u>16.00</u>	<u>-</u>	<u>0.00%</u>

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 2015 delegated responsibilities as well as exceeding target attainment of its goals and objectives, including:

- Conducted 26 off-site Operations & Planning (O&P) audits, four on-site O&P audits, one on-site CIP audits and four CIP spot checks;
- Performed 59 Inherent Risk Assessments (IRA);
- Performed nine Internal Control Evaluations (ICE);
- Processed 270 Technical Feasibility Exception (TFE) submittals from 20 registered entities: 143 new TFEs, 119 Material Change Reports(MCRs) and 8 Terminations for TFEs;
- Closed 126 Violations;
- Accepted 14 Mitigation Plans;
- Accepted 71 Mitigation Activities;
- Processed eight new entity registrations, 88 deactivations, eight entity name changes and seven certification reviews.

Personnel Expenses

In the benefits area, medical insurance coverage was waived by several employees who have superior coverage from a former employer. Additionally, medical premiums were lower than budgeted.

Consultants and Contracts

This significant under budget variance is primarily due to the early and aggressive implementation of risk-based compliance monitoring utilizing Inherent Risk Assessments and Internal Control Evaluations in a newly formed Entity Risk Assessment (ERA) program. These cost savings were previously anticipated to be realized starting in 2016 which is reflected in the 2016 budget. NPCC is currently sharing many of its ERA processes and procedures with other Regional Entities to assist them in achieving similar efficiencies. Contract expenditures were also reduced through the increased utilization of staff for compliance monitoring offsetting previously budgeted independent contractor support

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.

Office Costs

Over budget due to costs related to CMEP Data Administration Application (CDAA) software ongoing maintenance being budgeted under Consultants and Contracts.

Fixed Assets

Computer & Software capital expenditures were under budget due to timing of CMEP Data Administration Application (CDAA) software development project as well as a portion of associated costs being expensed rather than capitalized based on GAAP.

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary

RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS	2015 Actual	2015 Budget	2015 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	2,993,133	2,993,133	-	0.00%
Penalty Sanctions	60,790	60,790	-	0.00%
Total ERO Funding	3,053,923	3,053,923	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	3,053,923	3,053,923	-	0.00%
Expenses				
Personnel Expenses				
Salaries	953,578	937,098	16,480	1.76%
Payroll Taxes	59,418	61,387	(1,969)	-3.21%
Employee Benefits	181,107	196,252	(15,145)	-7.72%
Savings & Retirement	185,706	172,840	12,866	7.44%
Total Personnel Expenses	1,379,809	1,367,577	12,233	0.89%
Meeting Expenses				
Meetings	15,071	41,000	(25,929)	-63.24%
Travel	167,748	185,000	(17,252)	-9.33%
Conference Calls	-	-	-	
Total Meeting Expenses	182,819	226,000	(43,181)	-19.11%
Operating Expenses				
Consultants & Contracts	161,968	365,000	(203,032)	-55.63%
Rent & Improvements	-	-	-	
Office Costs	18,372	-	18,372	
Professional Services	-	-	-	
Miscellaneous	1,394	-	1,394	
Depreciation	-	-	-	
Total Operating Expenses	181,734	365,000	(183,266)	-50.21%
Indirect Expenses	1,130,992	1,116,695	14,297	1.28%
Other Non-Operating Expenses	184,946	-	184,946	
Total Expenses (B)	3,060,301	3,075,272	(14,971)	-0.49%
Change in Assets (A - B)	(6,377)	(21,349)	14,971	-70.13%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(42,697)	(21,349)	(21,348)	100.00%
Total Inc(Dec) in Fixed Assets (C)	(42,697)	(21,349)	(21,348)	100.00%
TOTAL BUDGET (B + C)	3,017,603	3,053,923	(36,320)	-1.19%
Change in Working Capital (A-B-C)	36,320	-	36,320	
FTE's	5.83	5.83	-	0.00%

RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS

Personnel Expenses

In the benefits area, medical insurance coverage was waived by several employees who have superior coverage from a former employer. Additionally, medical premiums were lower than budgeted.

Consultants and Contracts

Increased staff efforts lessened utilization of outside consultants and contractors.

Office Costs

Software expenses recorded to office costs were budgeted under contracts.

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary

TRAINING, EDUCATION and OPERATOR CERTIFICATION	2015 Actual	2015 Budget	2015 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	133,967	133,967	-	0.00%
Penalty Sanctions	1,043	1,043	-	0.00%
Total ERO Funding	135,010	135,010	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	56,230	64,000	(7,770)	-12.14%
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	191,240	199,010	(7,770)	-3.90%
Expenses				
Personnel Expenses				
Salaries	18,329	18,460	(131)	-0.71%
Payroll Taxes	1,138	1,274	(137)	-10.73%
Employee Benefits	3,541	4,052	(510)	-12.59%
Savings & Retirement	4,774	4,436	339	7.64%
Total Personnel Expenses	27,782	28,222	(439)	-1.56%
Meeting Expenses				
Meetings	141,675	137,000	4,675	3.41%
Travel	1,994	15,000	(13,006)	-86.71%
Conference Calls	-	-	-	
Total Meeting Expenses	143,669	152,000	(8,332)	-5.48%
Operating Expenses				
Consultants & Contracts	-	-	-	
Rent & Improvements	-	-	-	
Office Costs	1,886	-	1,886	
Professional Services	-	-	-	
Miscellaneous	1,676	-	1,676	
Depreciation	-	-	-	
Total Operating Expenses	3,562	-	3,562	
Indirect Expenses	19,209	19,154	55	0.28%
Other Non-Operating Expenses	6,290	-	6,290	
Total Expenses (B)	200,512	199,376	1,136	0.57%
Change in Assets (A - B)	(9,272)	(366)	(8,906)	2432.05%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(732)	(366)	(366)	100.00%
Total Inc(Dec) in Fixed Assets (C)	(732)	(366)	(366)	100.00%
TOTAL BUDGET (B + C)	199,779	199,010	770	0.39%
Change in Working Capital (A-B-C)	(8,540)	-	(8,540)	
FTE's	0.10	0.10	-	0.00%

TRAINING, EDUCATION and OPERATOR CERTIFICATION

Meeting expenses

More meetings held on-site resulted in over budget meeting expenses offset by under budget travel expenses.

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary

SITUATION AWARENESS and INFRASTRUCTURE SECURITY	2015	2015	2015 Variance	
	Actual	Budget	from Budget	
			Over(Under)	
Funding				
ERO Funding				
Assessments	1,470,051	1,470,051	-	0.00%
Penalty Sanctions	31,281	31,281	-	0.00%
Total ERO Funding	1,501,332	1,501,332	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	-	-	-	
Miscellaneous	-	-	-	
Total Funding (A)	1,501,332	1,501,332	-	0.00%
Expenses				
Personnel Expenses				
Salaries	516,046	541,258	(25,212)	-4.66%
Payroll Taxes	33,938	32,811	1,127	3.43%
Employee Benefits	53,946	80,801	(26,856)	-33.24%
Savings & Retirement	106,064	107,819	(1,754)	-1.63%
Total Personnel Expenses	709,994	762,689	(52,695)	-6.91%
Meeting Expenses				
Meetings	6,148	15,000	(8,852)	-59.01%
Travel	50,838	60,000	(9,162)	-15.27%
Conference Calls	-	-	-	
Total Meeting Expenses	56,986	75,000	(18,014)	-24.02%
Operating Expenses				
Consultants & Contracts	99,994	100,000	(6)	-0.01%
Rent & Improvements	-	-	-	
Office Costs	5,202	-	5,202	
Professional Services	-	-	-	
Miscellaneous	1,109	-	1,109	
Depreciation	-	-	-	
Total Operating Expenses	106,305	100,000	6,305	6.30%
Indirect Expenses	582,086	574,629	7,457	1.30%
Other Non-Operating Expenses	126,277	-	126,277	
Total Expenses (B)	1,581,647	1,512,318	69,329	4.58%
Change in Assets (A - B)	(80,315)	(10,986)	(69,329)	631.09%
Fixed Assets				
Depreciation	-	-	-	
Computer & Software CapEx	-	-	-	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	-	-	-	
Allocation of Fixed Assets	(21,971)	(10,986)	(10,985)	100.00%
Total Inc(Dec) in Fixed Assets (C)	(21,971)	(10,986)	(10,985)	100.00%
TOTAL BUDGET (B + C)	1,559,676	1,501,332	58,344	3.89%
Change in Working Capital (A-B-C)	(58,344)	-	(58,344)	
FTE's	2.96	3.00	(0.04)	-1.45%

SITUATION AWARENESS and INFRASTRUCTURE SECURITY

Personnel

Under budget due to elimination of a position and a retirement that occurred in later 2015 and reallocation of staff to focus on critical infrastructure security and to enhance emergency preparedness in operations. Medical premium savings related to lower premiums and a significant number of employee's continuing to waive coverage also contributed to the under budget variance.

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.

Northeast Power Coordinating Council, Inc.
2015 Statement of Activities Summary

ADMINISTRATIVE SERVICES	2015 Actual	2015 Budget	2015 Variance from Budget Over(Under)	
Funding				
ERO Funding				
Assessments	(355,161)	(355,161)	-	0.00%
Penalty Sanctions	-	-		
Total ERO Funding	(355,161)	(355,161)	-	0.00%
Federal Grants	-	-	-	
Non-Statutory Assessments	-	-	-	
Testing	-	-	-	
Services & Software	-	-	-	
Workshop Fees	-	-	-	
Interest	5,922	-	5,922	
Miscellaneous	-	-	-	
Total Funding (A)	(349,240)	(355,161)	5,922	-1.67%
Expenses				
Personnel Expenses				
Salaries	1,707,125	1,769,318	(62,194)	-3.52%
Payroll Taxes	107,583	97,804	9,778	10.00%
Employee Benefits	365,598	402,307	(36,709)	-9.12%
Savings & Retirement	433,186	435,638	(2,451)	-0.56%
Total Personnel Expenses	2,613,492	2,705,068	(91,576)	-3.39%
Meeting Expenses				
Meetings	95,632	120,000	(24,368)	-20.31%
Travel	79,928	155,000	(75,072)	-48.43%
Conference Calls	29,405	45,000	(15,595)	-34.66%
Total Meeting Expenses	204,965	320,000	(115,035)	-35.95%
Operating Expenses				
Consultants & Contracts	119,256	124,000	(4,744)	-3.83%
Rent & Improvements	772,884	751,500	21,384	2.85%
Office Costs	566,925	578,700	(11,775)	-2.03%
Professional Services	869,296	1,025,000	(155,704)	-15.19%
Miscellaneous	32,709	40,000	(7,291)	-18.23%
Depreciation	290,189	202,019	88,170	43.64%
Total Operating Expenses	2,651,258	2,721,219	(69,961)	-2.57%
Indirect Expenses	(5,820,855)	(5,746,287)	(74,568)	1.30%
Other Non-Operating Expenses	430,121	-	430,121	
Total Expenses (B)	78,981	-	78,981	
Change in Assets (A - B)	(428,221)	(355,161)	(73,060)	20.57%
Fixed Assets				
Depreciation	(290,189)	(202,019)	(88,170)	43.64%
Computer & Software CapEx	85,206	100,000	(14,794)	-14.79%
Furniture & Fixtures CapEx	946	-	946	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	-	-	
Incr(Dec) in Fixed Assets	(204,038)	(102,019)	(102,019)	
Allocation of Fixed Assets	204,038	102,019	102,019	100.00%
Total Inc(Dec) in Fixed Assets (C)	-	-	-	
TOTAL BUDGET (B + C)	78,981	-	78,981	
Change in Working Capital (A-B-C)	(428,221)	(355,161)	(73,060)	20.57%
FTE's	8.92	9.00	(0.08)	-0.92%

ADMINISTRATIVE SERVICES

Interest Income

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

Personnel

Under budget due to reallocation of staff during the year. IT ended the year with one less FTE for a portion of the year. Medical premium savings related to lower premiums and employee's continuing to waive coverage also contributed to the under budget variance.

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.

Professional Services

Underage in legal fees is due to the change in corporate Secretary that was implemented at the beginning of 2015, and additional workload taken on by General Counsel and NPCC's Compliance Attorney performing several activities rather than outside counsel.

Depreciation

Over budget due to additional assets placed in service in late 2014 subsequent to completion of 2015 budget. These assets were CMEP Data Administration Application (CDAA) and Compliance Information Tracking System (CITS) software development costs that were capitalized in 2014.

Fixed Assets

Computer & Software capital expenditures were under budget due to costs being expensed rather than capitalized based on GAAP.