



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

July 18, 2019

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
Second Quarter 2019 Statement of Activities

Dear Andy:

The variance comparison for the period ended June 30, 2019 is included along with Northeast Power Coordinating Council, Inc.'s unaudited Second Quarter 2019 Statement of Activities.

Please do not hesitate to contact me via email at 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
Director, Finance and Accounting

Enclosures

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



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NPCC Regional Entity Division Budget to Actual Variance Comparison as of June 30, 2019

TOTAL EXPENSES

For the quarter ending June 30, 2019, the NPCC Regional Entity Division is \$352k or -4.60% under budget year to date. Based on planned activities, NPCC's current full year projection is an under budget variance of \$168k or -1.06%. NPCC will reprioritize resources as necessary to fulfill all of its responsibilities under its Regional Delegation Agreement.

INCOME

- **Penalty Sanctions** No penalty sanctions were remitted from July 1, 2017 through June 30, 2018. All penalty sanctions remitted from July 1, 2018 through June 30, 2019 will be included in the NPCC 2020 Business Plan and Budget and applied to reduce 2020 assessments to NPCC U.S. load serving entity designees.
- **Interest & Investment Income** (Actual income of \$33k year-to-date, not included in budget)
NPCC accounts for but has not budgeted for interest income for operating fund investments as returns on U.S. treasury securities fund are negligible and corporate money market fund returns have been minimal.
 - NPCC allocated \$33k 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 2019 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 \$159k under budget year-to-date, and \$165k under budget FYP)
 - NPCC currently has three open positions resulting from recent retirements, which are anticipated to be filled by September 2019. Recent vacancies were filled through a combination of in-house promotions, resource re-allocations and the retention of less seasoned successors with the expected net result of lower than budgeted salaries and related benefits.
- **Meetings and Conference Calls** (Variance of \$56k under budget year-to-date, and as budgeted FYP)
 - The current underage is primarily due to timing of planned meetings, with the heaviest meeting schedule occurring in the fourth quarter. Efforts to limit the number of attendees sent to off-site meetings, and to hold more meetings onsite, at member facilities or via webinar where effective, will continue.

- **Consultants and Contracts** (Variance of \$108k 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. The full year projection continues to be as budgeted.

- **Fixed Assets** (Variance of \$18k over budget year to date and as budgeted FYP)
 - Year to date over budget variance is primarily due to the timing of scheduled software development projects, which include website enhancements and the continued roll out of a document management system. Equipment capital expenditure includes hardware related to CRISP implementation.

(Unaudited)
Submitted July 18, 2019



Northeast Power Coordinating Council, Inc. - Regional Entity Division
Statement of Activities, Fixed Assets and Change in Working Capital
(Unaudited)
For the Period Ended June 30, 2019

	2019 YTD Actual	2019 YTD Budget	2019 YTD Actual Variance from Budget	%	2019 Projection	2019 Annual Budget	2019 Projection Variance from Budget	%
Funding								
Assessments	7,501,706	7,501,706	-		15,003,411	15,003,411	-	
Penalties	-	-	-		-	-	-	
Testing	-	-	-		-	-	-	
Services & Software	-	-	-		-	-	-	
Workshop Fees	37,860	-	37,860		67,500	67,500	-	
Interest	33,294	-	33,294		33,294	-	33,294	
Miscellaneous	-	-	-		-	-	-	
Total Funding	7,572,860	7,501,706	71,154	0.95%	15,104,205	15,070,911	33,294	0.22%
Expenses								
Personnel Expenses								
Salaries	3,551,406	3,666,140	(114,734)		7,216,280	7,332,280	(116,000)	
Payroll Taxes	306,889	314,995	(8,106)		444,992	449,992	(5,000)	
Employee Benefits	779,822	806,539	(26,718)		1,585,078	1,613,078	(28,000)	
Savings & Retirement	417,238	426,755	(9,517)		837,510	853,510	(16,000)	
Total Personnel Expenses	5,055,355	5,214,430	(159,075)	-3.05%	10,083,862	10,248,862	(165,000)	-1.61%
Meeting Expenses								
Meetings	141,866	163,300	(21,434)		370,750	370,750	-	
Travel	311,556	338,360	(26,804)		845,900	845,900	-	
Conference Calls	10,510	18,000	(7,490)		36,000	36,000	-	
Total Meeting Expenses	463,932	519,660	(55,728)	-10.72%	1,252,650	1,252,650	-	0.00%
Operating Expenses								
Consultants & Contracts	775,015	883,360	(108,345)		2,022,150	2,022,150	-	
Rent & Improvements	408,533	410,350	(1,817)		820,700	820,700	-	
Office Costs	309,605	338,173	(28,568)		676,347	676,347	-	
Professional Services	430,551	429,000	1,551		978,000	978,000	-	
Miscellaneous	23,917	25,500	(1,583)		51,000	51,000	-	
Depreciation	103,764	127,500	(23,736)		255,000	255,000	-	
Total Operating Expenses	2,051,385	2,213,883	(162,498)	-7.34%	4,803,197	4,803,197	-	0.00%
Indirect Expense Allocation	(199,995)	(207,909)	7,914	-3.81%	(415,818)	(415,818)	-	0.00%
Other Non-Operating Expenses	-	-	-	n/a	-	-	-	n/a
Total Expenses	7,370,677	7,740,064	(369,387)	-4.77%	15,723,891	15,888,891	(165,000)	-1.04%
Net Change in Assets	202,183	(238,358)	440,541	-184.82%	(619,686)	(817,980)	198,294	-24.24%
Fixed Assets								
Depreciation	(103,764)	(127,500)	23,736		(255,000)	(255,000)	-	
Computer & Software CapEx	9,373	42,500	(33,127)		140,000	170,000	(30,000)	
Furniture & Fixtures CapEx	-	-	-		-	-	-	
Equipment CapEx	27,025	-	27,025		27,025	-	27,025	
Leasehold Improvements	-	-	-		-	-	-	
Incr(Dec) in Fixed Assets	(67,366)	(85,000)	17,634	-20.75%	(87,975)	(85,000)	(2,975)	3.50%
Total Budget (Expenses plus Incr(Dec) in Fixed Assets)	7,303,311	7,655,064	(351,753)	-4.60%	15,635,916	15,803,891	(167,975)	-1.06%
Change in Working Capital (Total Funding less Total Budget)	269,549	(153,358)	422,907	-275.76%	(531,711)	(732,980)	201,269	-27.46%
Equivalent Full Time Employees	36.65	38.86	(2.21)		37.65	36.86	0.79	
Headcount	38.00	41.00	(3.00)		41.00	41.00	-	
Beginning Total Reserves - 1/1/19	4,969,944	4,453,571	516,373		4,969,944	4,453,571	516,373	
Change to Reserves - YTD 2019	269,549	(153,358)	422,907		(531,711)	(732,980)	201,269	
Projected Total Reserves at 12/31/19	5,239,493	4,300,213	939,280		4,438,233	3,720,591	717,642	