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2008 Business Plan and Budget

Northeast Power Coordinating Council, Inc. (NPCC)
**(The cross-border regional entity and criteria services corporation for
Northeastern North America)**

Approved by NPCC Inc. and NPCC CBRE BODs
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Introduction

Total NPCC Resources (in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	24	24	28
Statutory	17	19	25.2
Non-Statutory	7	5*	2.8
Total Funding	\$7,356,910	\$7,356,910	\$8,176,962

**Based on current definitions, several 2007 services included as non-statutory in the 2007 NPCC Business Plan and Budget would have been included as statutory. Utilizing available definitional clarity, 2.4 FTEs would have been allocated in 2007 to non-statutory. Therefore, for 2007, some statutory services are being funded by the NPCC non-statutory member funding mechanism rather than the ERO statutory funding mechanism due to last year's conservative definitions of statutory and non-statutory within the Region.*

Funding for 2007 was based on the mid-2006 regional assumptions of what would likely constitute statutory and non-statutory programs and services. Based upon subsequent information provided through several FERC rulings during the last sixteen months, including definitions of statutory and non-statutory that differed from NPCC's conservative 2006 assumptions, NPCC would have reallocated approximately \$1.4 million of what had been allotted to the regional reliability organization section of its 2007 budget for consistent year to year comparisons.

Based on current definitions, several 2007 services included as non-statutory would have been included as statutory efforts. For the 2008 Business Plan and Budget those efforts have been included in the statutory sections and are:

- Support for the Reliability Readiness Evaluation Program
- Operator Training Workshops
- Resource Adequacy and Transmission Reliability Assessments
- Operational Coordination

For 2007, 90% of NPCC functions and services would have been determined to be statutory rather than the 71% submitted by NERC as activities in support and furtherance of NERC's mission and funded through the statutory mechanism. 10% of NPCC 2007 functions (*those relating exclusively to criteria development and criteria enforcement and administrative support of regionally-specific criteria*) would have been determined to be non-statutory by the NPCC region rather than the 29% used last year to develop the 2007 non-statutory funding needs.

For 2008 budget development, NPCC regional entity (statutory) services comprise 90% of total requirements and NPCC criteria services (non-statutory) comprise 10% of total requirements. NPCC has applied the current definitions to the 2007 budget for consistency and comparisons with regard to growth. Approximately two-thirds of the apparent year to year budget increase can be attributed to implementation of consistent statutory and non-statutory definitions.

Total NPCC Resources Consistent with Current Statutory and Non-Statutory Definitions (in whole dollars)			
	Statutory	Non-Statutory	Total Region
2007 Budget as Submitted	5,214,361	2,142,549	7,356,910
2007 with Consistent Definitions	6,621,219	735,691	7,356,910
Variance	1,406,858	(1,406,858)	0
2008 with Consistent Definitions	7,504,907	672,056	8,176,963
2008 Increase w/ Consistent Definitions	883,688	(63,635)	820,053

Executive Summary

Restructuring: Beginning in 2006, the voluntary international regional reliability organization for Northeastern North America, the Northeast Power Coordinating Council initiated its restructuring efforts. In 2007, with the clear definitions of statutory and non-statutory in place and FERC rulings which allow for divisional separation within regional entities, the Northeast Power Coordinating Council, Inc. (“NPCC, Inc.”), developed a plan of merger to combine with its independent affiliate corporation; Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. (NPCC CBRE) which had been created as a fluid interim step in restructuring.

On May 23, 2007 the respective Boards of Directors of NPCC CBRE and NPCC, Inc. unanimously approved and adopted the Agreement and Plan of Merger of NPCC CBRE with and into NPCC, Inc. with NPCC, Inc. surviving the merger and continuing in existence under the Not-for-Profit Corporation Law of the State of New York. Additionally, the NPCC CBRE Members at the May 23rd, 2007 First Annual Meeting of the Members, also unanimously approved said Agreement and Plan of Merger. On June 4th, 2007, at a special meeting of the Members of NPCC, Inc., the NPCC, Inc. Members also unanimously approved the Agreement and Plan of Merger. NPCC, Inc. and NPCC CBRE believe that the merger will enhance efficiencies in the performance of the surviving corporation that will provide (i) certain functions and services currently being provided by NPCC CBRE with respect to regional reliability standards (*i.e.*, statutory activities) and (ii) non-statutory reliability criteria related services currently being provided by NPCC, Inc. On June 28th, 2007, the Supreme Court of the State of New York issued an order approving the plan of merger and in early July, the Certificate of Merger was filed with the anticipation of an August 1, 2007 effective date of merger.

The resultant Northeast Power Coordinating Council, Inc. (to be referred to as NPCC) will provide the statutory functions and services for Northeastern North America of a cross-border regional entity through a regional entity division, as well as non-statutory criteria services for Northeastern North America through a criteria services division. This divisional separation allows for distinct funding with regard to activities determined to be statutory and in the furtherance of NERC’s mission and for criteria services particular and essential to reliability in Northeastern North America.

The merged NPCC, through its regional entity division will work to enhance the reliability of the international, interconnected bulk power system in Northeastern North America through the development of regional reliability standards, coordination of system planning, design and

operations, assessment of reliability, and compliance assessment and enforcement of reliability standards pursuant to the execution and implementation of a Regional Delegation Agreement with the Electric Reliability Organization ("ERO") under the authority of the Federal Energy Regulatory Commission ("FERC") in the U.S. and by Memoranda of Understanding with applicable Canadian Provincial regulatory and/or governmental authorities. Through its criteria services division, NPCC will also promote the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of regionally-specific criteria, and monitoring and enforcement of compliance with such criteria. In the development of reliability criteria, NPCC, to the extent possible, facilitates attainment of fair, effective and efficient competitive electric markets.

Regulatory Actions

On March 16, 2007 FERC approved 83 reliability standards as mandatory for all users, owners and operators of the interconnected bulk power systems in the United States of America. The approved standards became effective for enforcement purposes in the U.S. on June 18, 2007. NERC standards are already mandatory and enforceable in the provinces of Ontario and New Brunswick in the NPCC region. The Provinces of Québec and Nova Scotia are drafting Memoranda of Understanding with regard to compliance and enforcement in the post Energy Policy Act of 2005 era. The NPCC region has completed its submission to the NERC compliance registry identifying the users, owners, and operators of the international, interconnected bulk power system in Northeastern North America.

The Northeast Power Coordinating Council: Cross-Border Regional Entity (NPCC CBRE) was recognized as the regional entity for Northeastern North America through the FERC April 19th, 2007 approval of the NERC Uniform Compliance Monitoring and Enforcement Program and the delegation agreements NERC had proposed with the eight regional entities in North America. Under authority delegated by NERC, through the delegation agreement, the cross-border regional entity has the primary responsibility for the day-to-day compliance monitoring and enforcement of reliability standards that became effective June 18, 2007. Upon conclusion of the *Agreement and Plan of Merger between Northeast Power Coordinating Council, Inc. and Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc.* including all filings and reviews with the New York State (NYS) Department of State, NYS Attorney General, NYS Supreme Court and associated governmental approvals and consents, the merged NPCC, anticipated for August 1, 2007, will assume NPCC CBRE delegated authorities and incorporate necessary changes into a revised regional delegation agreement to be executed between NERC and NPCC.

FERC stipulated in its April 19th, 2007 ruling on the Regional Delegation Agreements that by October 16th, 2007 (a 180 day period), regional entities will take such actions as required to meet the mandates in that order. Information and guidance that have been provided in the past year allow for the region to conclude its restructuring to capture organizational efficiencies, provide divisional separation for non-statutory functions and comply with FERC directives.

Business Plan Overview

In 2007 NPCC moved from an annual scope of activities to multiyear formalized task force and working group work plans to maintain a forward outlook, identify challenges and opportunities and to align with the NERC annual business planning cycle. Work plans for the years 2007/2008 were submitted and reviewed by the region's Reliability Coordinating Committee.

The Northeast Power Coordinating Council, Inc.'s (NPCC) first full calendar year as a FERC certified Regional Entity will be 2008. This business plan presents NPCC's functions and services as well as financial requirements for meeting its responsibilities under the Delegation Agreement, and in anticipation of executed Canadian Memoranda of Understanding, so that reliability of the international, interconnected systems of Northeastern North America may be assured.

In the Business Plan section of this document, NPCC demonstrates that the majority of its programs, including Reliability Standards Development; Compliance Monitoring and Enforcement and Organization Registration; Reliability Readiness Evaluations and Improvement; Reliability Assessments, Performance Analysis and Studies; and most committee, task force and working group activities, are required to maintain reliability as intended under Section 215 of the Federal Power Act. NPCC considers its workshops and training activities to be statutory.

Activities that are non-statutory are criteria services in the areas of regionally-specific reliability criteria development and criteria compliance.

Significant Business Plan and Budget drivers for 2008 include:

- Increases in the Reliability Standards program area to support NERC's aggressive schedule for standards development, to lead the development of regional reliability standards, and to establish regional reliability directories
- Expansion of the Compliance and Enforcement program area to manage functional entity registration, to incorporate the monitoring and assessment of additional reliability requirements and measures, and to enhance program processes
- Reallocation and additions in the Administrative Services program area to address NERC and FERC budgetary and audit requirements, and to support increased staffing and consultancies in other program areas

Detailed Program Business Plan and Budget

Details of the planning, operation, and review for each program area are included in Section A. The corresponding budget details are shown in Section B. NPCC has provided a Section C for its member funded, non-statutory, criteria services which account for 10% of the total regional resources required.

Funding for the statutory program areas identified in the NPCC 2008 Business Plan and Budget is through NERC, which assesses all load serving entities in Northeastern North America, or their designees, on an NEL basis, consistent with NERC's Rules of Procedure. In addition, the NERC Finance and Audit Committee approved on May 1, 2007 a "Policy on Allocation of Certain Compliance and Enforcement Costs", which allows for a special adjustment for jurisdictions outside of the United States, consistent with applicable, executed agreements or Memoranda of Understanding with provincial regulatory and/or governmental authorities. The application of this policy within NPCC is to provide monetary recognition to an entity, such as the IESO, for the costs of compliance monitoring and enforcement activities conducted by that entity that would otherwise have been conducted and assessed by NPCC.

In this way, those NPCC expenses that are included in the budget for the direct monitoring of enforcement are allocated to those LSEs receiving that service and the balance of the costs of the

Compliance Program are categorized as mutually beneficial or in NERC's characterization in "the public good" and are assessed universally on the bases of net energy for load.

Section A — 2008 NPCC Business Plan

Reliability Standards Program

Reliability Standards Program Resources			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	2.5	2	3.5
Total Direct Funding	\$768,642	\$580,985	\$785,399
Total Indirect Funding [1]	\$276,022	\$302,112	\$630,289
Total Funding	\$1,044,664	\$883,098	\$1,415,688

[1] Direct funding is calculated by allocating all administrative services funding to the operational program areas on a proportional FTE basis.

Background

In order to enhance the quality of reliability standards as well as educate and inform users, owners and operators of the international, interconnected bulk power system in Northeastern North America of the reliability standard's requirements and track the progress and implementation plans of these standards, NPCC has a number of task forces and working groups engaged in the coordination of reliability related activities. These groups provide a coordinated review of all ERO Reliability Standards and serve to develop the NPCC Regional Reliability Standards.

The activities of the reliability standards program will be conducted, to the extent possible, by conference calls, use of e-mail, Web site postings, and other means of electronic communications. In the event face-to-face meetings of participants are needed, those meetings will take place at NPCC's headquarters in New York City, or at other locations in various cities within the Northeastern United States and Canada, as selected from time to time for the convenience of the meeting attendees.

The majority of the proposed reliability standards activities for the NPCC region for 2008 will be directly related to development of ERO Reliability Standards, which will be submitted to FERC and applicable Canadian Provincial regulatory and/or governmental authorities for approval, as well as the implementation of the NPCC Regional Reliability Standard Development Procedure. In addition, FERC staff has referred to some of the NERC standards that assign to regional reliability organizations the responsibility of establishing reliability requirements for regional members as "fill in the blank" standards, because Section 215 of the U.S. Federal Power Act does not allow enforcement of an ERO reliability standard upon a Bulk Power System owner, operator or user, including the setting of financial penalties and sanctions, to the extent a portion of the requirements exists outside the standard. NPCC is working closely with NERC in the Regional Reliability Standards Working Group (RRSWG) to address all of the "fill in the blank" standards. The results of the RRSWG effort appear in the NERC 3 year work plan to revise standards. NPCC regional standards development will be fully coordinated with the development of the standards appearing in the NERC work plan.

Based on the portion of professional/technical staff time, and other resources devoted to reliability standards development, NPCC estimates that it will spend 19 percent of its resources on this activity.

ERO Standards Process

During 2008 NPCC will be refining and revising its Regional Reliability Standards Development Procedure, enhancing the web based tools to increase functionality and promulgating information regarding all ERO and NPCC standards and standards development activities and procedures to those registered entities within the NPCC geographic footprint. NPCC will have mechanisms in place to assist the ERO in development of standards as well as refine ERO procedure through the active involvement of NPCC staff and membership in the NERC committee process. The NPCC Regional Standards Committee (RSC) will manage the regional reliability standards development procedure and also be responsible for development of any transitional activities associated with the ERO standards development.

Standards Program Goals and Objectives

The standards program goals and objectives for 2008 are grouped into six categories: participation in ERO standards development; regional reliability standards development; standards improvement; business practice interface; process improvement, and communications. The goals and objectives of the standards program for 2008 are to:

1) Participate in the ERO Standards Development

- Coordinate the development of ERO reliability standards within NERC work plan
- Conduct thorough reviews of all NERC standards being developed or revised and coordinate comments for Northeastern North America
- Solicit technically qualified candidates from Northeastern North America to participate on each of the NERC drafting teams
- Review and develop comments on FERC preliminary staff assessments as appropriate
- Participate in ballots for ERO standards and provide recommendations to the NPCC Members of the NERC Registered Ballot Body
- Review and develop comments on FERC Notice of Proposed Rulemaking (NOPR) for any and all standards related issues as appropriate
- Evaluate proposed standards utilizing regional technical committees
- Educate and notify stakeholders and regulators about issues related to standards development
- Provide a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC) and NPCC Task Force on Infrastructure Security and Technology (TFIST)

2) Regional Standards Development

- Develop four regional standards utilizing the NPCC Regional Reliability Standard Development Procedure
- Identify additional future regional standard opportunities by developing a set of Regional Reliability Directories incorporating the ERO Reliability Standards, Regional Standards and regionally-specific more stringent Criteria
- Draft proposed standards utilizing regional technical committees
- Accomplish all directives of ERO and governmental and/or regulatory authorities with regard to regional standards development and procedures

- Adhere to and surpass the ERO work plan milestones as they pertain to targets for the regional standards

3) Standards Improvement

- Achieve NPCC reliability goals and objectives by initiating and efficiently completing standards activities
- Leverage internet and web based tools functionality to ensure inter-regional consistency and quality of regional reliability standards
- Establish long-term strategy for standards improvement and initiate implementation
- Ensure the topics addressed by the reliability standards parallel changing industry needs

4) Business Practices Interface

- Coordinate the review of standards with NPCC members of the North American Electric Standards Review Board
- Identify potential market issues for Regional Standards through NPCC Reliability Coordinating Committee (RCC) reviews

5) Process Improvement

- Identify efficiencies for a coordinated NERC standards development process and NPCC Regional Standards Development Procedure and recommend revisions as applicable
- Participate in the revision and redrafting of the NERC procedure
- Establish targets for NERC and NPCC standards procedure improvement and initiate implementation of the strategy
- Streamline and improve the regional standards process and enhance program tools

6) Communications

- Automate notifications process to assure awareness of dates and proceedings of all standard development activities
- Strengthen the relationship with the industry's technical committees to ensure adequate input to standards development
- Sponsor NPCC Workshops and participate in NERC/ERO to promote awareness and educate the industry
- Promote the reliability objectives of the NERC standards as appropriate to the NPCC members of the NERC Registered Ballot Body

ERO Standards Development

Technically excellent standards that enhance reliability require the full participation of industry experts from all regional entities as well as experts from different stakeholder segments to provide diverse yet helpful perspectives when developing reliability standards. The NPCC RSC will promote the drafting team process and solicit drafting team members from appropriate NPCC technical bodies.

NPCC RSC will also provide notifications to Northeastern North America NERC Registered Ballot Body members of applicable deadlines for ballot pool registration and for casting ballots thereby promoting achievement of quorum requirements. This support will enhance efficiency of the NERC procedure.

NPCC will also participate in the development and revision of standards as directed by FERC and other governmental and/or regulatory authorities. FERC has identified 56 NERC Reliability Standards needing “further work”. These 56 standards, along with 28 additional standards delineated in the NERC three-year work plan as needing revision, will be ready to be reviewed and revised in 2007 into 2008 and are all included as follows.

NPCC will provide support and coordination of NERC standards development activities for the following;

2007 Standards Scheduled for Revision (56 total standards) include:

- 2007-01 Under-frequency Load Shedding (PRC-006 to PRC-009)
- 2007-02 Operating Personnel Communications Protocols (COM-002)
- 2007-03 Real-time Transmission Operations and Balancing of Load and Generation (TOP-001 to TOP-008, ORG-001 to ORG-018, and COM-001 and COM-002)
- 2007-04 Certifying System Operators (PER-003)
- 2007-05 Balancing Authority Controls (BAL-002 and BAL-004 to BAL-006)
- 2007-06 System Protection (PRC-001)
- 2007-07 Vegetation Management (FAC-003)
- 2007-08 Emergency Operations (EOP-001 to EOP-003)
- 2007-09 Generator Verification (MOD-024 and MOD-025)
- 2007-10 Modeling Data (MOD-010 to MOD-015, PRC-013, PRC-015, PRC-020 and PRC-021)
- 2007-11 Disturbance Monitoring (PRC-002, PRC-018)

2008 Standards Scheduled for Revision (28 total standards) include:

- 2008-01 Voltage and Reactive Control (VAR-001 and VAR-002)
- 2008-02 Under Voltage Load Shedding (PRC-010, PRC-011 and PRC-022)
- 2008-03 Demand Data (MOD-016 to MOD-021)
- 2008-04 Protection Systems (PRC-003 to PRC-005, PRC-012, PRC-014, PRC-016 and PRC-017)
- 2008-05 Cyber Security (CIP-002 to CIP-009)
- 2008-06 Phasor Measurement Units (new)
- 2008-07 Resource Adequacy Assessments (new)

The above standards, taken from the NERC three-year work plan account for 84 total standards that will be reviewed, commented on as necessary, and coordinated, tracked and communicated with the NPCC membership. NPCC will also participate in the development of new standards resulting from lessons learned through NPCC and NERC programs (e.g., reliability performance assessment, compliance enforcement, readiness evaluations, training, and situation awareness and infrastructure protection).

Regional Standards Development

The NPCC Regional Standards Development Procedure will develop a minimum of four regional reliability standards as noted below and in accordance with the timelines in the NERC three-year standards work plan. These regional standards will include, but not be restricted to the following:

- Underfrequency Load Shedding (UFLS)
- Disturbance Monitoring Equipment
- Special Protection Systems

- Balancing Resource and Demand, reserve sharing and requirements

All regional entities will develop these four standards to support the corresponding NERC ERO standards outlined in the work plan. These four standards, along with the associated ERO standards address the “fill in the blank” standards which FERC currently is “holding” for future action. In addition, NPCC is participating in the NERC Regional Reliability Standards Working Group to strive to achieve uniformity and coordination between the regional entities’ standards.

Standards Improvement

Improvement in the quality of a standard can be quantified in a number of ways. The standards should identify an achievable, technically excellent reliability goal or objective. This goal should be measurable and have specific and concise requirements associated with it. How the reliability goal or objective is achieved will not be the focus of the process. Full participation from industry experts to provide proper technical guidance as well as multiple segments to provide diverse viewpoints is critical to the quality of the resultant standard. These attributes, along with open postings and notifications to allow the industry opportunities to participate are the key components to a successful process and achieving quality standards.

NPCC is committed to providing support to the ERO in its standard development activities. Process improvements resulting from conducting a thorough review of standards and the procedure itself will result in technically superior and excellent standards.

Business Practice Interface

NPCC is an open organization that includes within its membership market participants as well as individuals involved with the North American Electricity Standards Board. During open process review of regional standards and the posting for comment on the NERC website, effective interface with those entities familiar with the business practices is achieved.

Standards Process Improvement

NPCC RSC and staff regularly participate in the NERC Standards Committee activities and contribute to develop revisions of the standards procedure manual. The RSC also seeks efficiencies in the regional standards procedure and utilizes and refines web based tools for easier user interface and to provide effective and timely notifications of standards activities.

Communications

- Educate and inform industry stakeholders through web based tools and participation in NERC Reliability Standards Workshops
- Update and inform governmental regulators and/or authorities on the standards development work plan and processes through individual project discussions and annual meetings/conferences
- Develop standards program communications that support NERC’s overall communications platform
- Develop and maintain NPCC Reliability Directories that will enable users, owners and operators of the international bulk power system in the Region the ability to apply reliability requirements in NERC and NPCC as well as the more stringent NPCC regionally-specific criteria

Compliance Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	5.5	6	7.5
Total Direct Funding	\$1,688,256	\$1,742,956	\$1,997,831
Total Indirect Funding	\$607,248	\$906,337	\$1,350,618
Total Funding	\$2,295,504	\$2,649,293	\$3,348,450

Background

In 2008 NPCC will engage in the first full year implementation of the Compliance Monitoring and Enforcement Program (CMEP) to meet its statutory requirements of NERC Program #400 – Compliance Enforcement. This program, initiated June 18, 2007, monitors, assesses and enforces compliance to ERO Reliability Standards and Regional Reliability Standards of those entities contained in the Compliance Registry for entities in the United States.

In Canada, NPCC will monitor, assess and enforce compliance to ERO Reliability Standards and Regional Reliability Standards in accordance with approved Memoranda of Understanding and Implementation Agreements that are in place with each Canadian province within the Region. An agreement has been executed with Ontario and implementation agreements are still being reviewed in the Québec, New Brunswick and Nova Scotia provinces. Each agreement should describe the particular process that will be utilized, by NPCC, to conduct the monitoring and assessment of compliance requirements in the associated province. Penalties and sanctions will be administered by the defined provincial governmental and/or regulatory authorities as described in each discreet agreement.

The CMEP identifies eight sources of an alleged violation: self report, self certification, compliance audit, spot check, investigation, exception reporting, complaint or data submittal. Each alleged violation will be reviewed and processed by NPCC and if confirmed will have an appropriate sanction recommended to NERC and FERC or the appropriate Canadian governmental and/or regulatory entity.

The NPCC Compliance Committee (CC), a Committee of the NPCC Board of Directors (BOD), will provide policy input and final approval of compliance assessments, including sanction recommendations for the CMEP. This balanced stakeholder committee consists of representatives of the eight voting sectors as described in the NPCC *Bylaws* and is chaired by the Assistant Vice President - Compliance. The CC is also responsible for impaneling a Hearing Body to resolve contested compliance and/or sanction or penalty determinations. Hearings will be conducted by an independent Hearing Officer. The CC is also responsible for the implementation of a settlement process. The CC will also have working groups reporting to it as deemed necessary.

NPCC is utilizing its web-based CMEP Data Administration Application (CDAA) to receive, review and analyze all data associated with the CMEP. NPCC will enhance the CDAA to

address the recommendations of its membership. The CDAA Users Group will be the forum for member input and recommendations for the evolving application.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the reliability standards compliance enforcement process, NPCC estimates that it will spend 45 percent of its resources on this activity.

In 2008 NPCC, under NERC Program #500 - Organization Registration and Certification, will continue to maintain and revise the Compliance Registry to assure that the Registry contains the most current and accurate information. It will also assure that the necessary certification processes are implemented keeping Organization Certification current.

In 2008 there is an increase in the manpower requirements in the Compliance Monitoring and Enforcement and Organization Registration and Certification Programs of an additional 1.5 FTE. This increase is based on the full year implementation of the CMEP including an expanded Compliance Audit and Spot Check Program, continued monitoring, maintenance and revision of the NPCC Compliance Registry and further enhancements and development of the CMEP Data Administration Application (CDAA).

Compliance Enforcement Program Objectives

- Conduct 2008 Compliance Monitoring and Enforcement Program incorporating all NERC Reliability Standards contained in the NERC monitored list for 2008 and any approved and applicable Regional Reliability Standards
 - Implement settlement process when applicable and send proper notifications to NERC and FERC
 - Conduct necessary Hearings related to resolution of outstanding disputes regarding violations and/or sanctions. Send results of hearings to NERC and FERC
- Implement compliance responsibilities identified in the approved Canadian Memoranda of Understanding and Implementation Agreements
- Provide NPCC Regional input, through participation in appropriate NERC compliance committees, on policy and implementation issues related to compliance, including the development of compliance elements for all new or revised NERC Reliability Standards
- Provide required information to NERC on a timely basis including reporting of alleged violations and quarterly reporting of confirmed violations
- Track the progress and report status of all outstanding mitigation plans
- Conduct a full year Compliance Audit Schedule or an estimated total of 100 Compliance Audits, which represents a significant increase over the 2007 Compliance Audit Program. The 2008 Audits can be categorized by the scope of the audit based on the number of requirements for each registered entity contained on the monitored list of reliability Standards for 2007 and 2008. Three categories have been established based on the above criteria. In 2008 there are projected to be nine “large” audits, 40 “medium” audits and 51 “small” audits. The estimates for the number of Compliance Audits are also based on the projected total number of registered entities for each type and the established three-year cycle for RC, BA, TOP Compliance Audits and the established six-year cycle for all other registered entity types

- Conduct an increased number of spot checks during the year. The spot checking process is part of the Compliance Audit Program. A spot check can be viewed as a limited unscheduled off-site compliance audit that will be utilized to verify self certification submittals that have been done earlier in the year. In 2007, NPCC will conduct approximately 125 spot checks. In 2008 the number of spot checks is estimated to be 200
- Assure that NPCC Staff is trained to conduct Compliance Audits
 - Maintain Regional Compliance Auditor Training Program, including the implementation of the “train- the- trainer” function envisioned by the Region. This function is contingent upon the development, by NERC, of the proper training module. Absent of this available module Compliance Auditor Training will be done at the NERC level
 - Work with the Training, Education and Operator certification and Reliability Readiness Evaluation and Improvement Programs to review and maintain compliance auditor training requirements
- Enhance the CDAA to expand its capabilities from both the registered entity perspective and the NPCC Compliance Staff perspective. Use established CDAA Users Group to seek input from the user community as to ways to enhance the application. Provide applicable training to staff personnel to allow for the development of enhanced compliance program reporting
- Conduct 2008 Compliance Workshop(s)

Organization Registration and Certification Objectives

- Maintain and Update Compliance Registry to assure that an accurate listing of registered entities is available
 - Review current Compliance Registry on a regular basis
 - Provide latest Registration Criteria to current or potential registrants
 - Identify new registrants throughout the year
 - Maintain appeal process for entity registration
- Certify necessary Functional Model entities
 - Review certification requirements contained in latest version of Functional Model
 - Assure that certification processes and procedures are current
 - Assure availability of appropriately trained individuals for certification activities (audits)

Reliability Readiness Evaluation and Improvement Program

Reliability Readiness Evaluation and Improvement Program Resources			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.8	0.8	1
Total Direct Funding	\$244,863	\$232,394	\$232,567
Total Indirect Funding	\$88,327	\$120,845	\$180,082
Total Funding	\$333,190	\$353,239	\$412,650

Background

The Reliability Readiness Evaluation and Improvement Program, a collaborative program conducted by the Regional Entities and NERC, assesses the readiness of the operational entities to continue to oversee the reliable operation of the bulk power system. Readiness evaluations are conducted on a three-year cycle for the Reliability Coordinator, the Transmission Operator and the Balancing Authority. The Transmission Owner, which supports the operation of the RC, TOP and BA, is also to be reviewed on a cycle of three years. The NERC Reliability Readiness Evaluation and Improvement Program promotes excellence in operations by establishing a dialogue between the review team and the entity being reviewed and by providing a forum for the exchange of ideas. Opportunities for improvement and examples of excellence are identified in the review process that will assist not only the audited entity, but all entities of the North American bulk power system improve their ability to operate the power system.

The Reliability Readiness Evaluation team itself consists of industry volunteers with the necessary technical expertise, with a member of the NERC staff assuming the lead for each evaluation team. Reliability Readiness Evaluation activities are conducted on-site at the locations of the evaluated entities. The full evaluation team prepares, and concurs in the preparation of, a final report summarizing the conclusions and observations of the team, and, when finalized, it is made publicly available on the NERC website.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Reliability Readiness Evaluation and Improvement program, NPCC estimates that it will spend 6% of its resources on this activity.

The calendar year 2007 commenced the first year of the second three-year cycle of reliability Readiness Evaluations of Reliability Coordinators, Balancing Authorities and Transmission Operators.

The program is expanding to accommodate the Transmission Owner (formerly referred to as the local control center) that has been delegated authority to conduct reliability functions in support of supervising reliability entities. In 2008, NPCC will provide the team co-lead and ensure the completion of the NERC Reliability Readiness Evaluation and Improvement Program review team for the evaluation of one Reliability Coordinator and six Transmission Owners. NPCC will further assist the Reliability Readiness Evaluation and Improvement Program by participating in the evaluation of approximately ten entity evaluations external to the NPCC region.

Communication efforts will be expanded to provide additional program metrics as well as to gain additional industry feedback. When identified in a Readiness Evaluation, examples of excellence are published by the NERC in its quarterly bulletin, “Examples of Excellence.”

Reliability Readiness Evaluation and Improvement Objectives

- Serve as the team co-lead and ensure the completion of the NERC Reliability Readiness Evaluation and Improvement Program review team for the Readiness Evaluation of one Reliability Coordinator and six Transmission Owners
- Participate in ten Reliability Evaluations of entities outside of the NPCC region
- Monitor and report quarterly the status and mitigation of each recommendation directed to an NPCC entity in the Readiness Evaluation process
- Track the status of progress to completion of those recommendations directed to the NPCC entities through the NERC Reliability Readiness Evaluation and Improvement Program

Regional Standards Development

- Identify possible enhancements to reliability standards identified during the Readiness Evaluation process

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification Program Resources			
<small>(in whole dollars)</small>			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.2	0.2	0.5
Total Direct Funding	\$61,216	\$58,099	\$120,770
Total Indirect Funding	\$22,082	\$30,211	\$90,041
Total Funding	\$83,298	\$88,310	\$210,811

Background

System Operator Certification Program

To ensure the basic competencies of operating personnel of the owners, operators and users of the bulk power systems of North America, the System Operator Certification Program has, for several years, provided a certification credential for the operating personnel of the owners, operators and users of the bulk power system, initially certifying the competency of operating personnel through class room administered examinations. Operating personnel seeking certification, or wishing to maintain certification through the System Operator Certification Program, support the program through fees covering the expenses of the examinations and other continuing education activities. Beginning in 2007, the program was expanded to include periodic recertification of system operators through the accumulation of Continuing Education Hours administered in accredited training content, permitting the system operator to submit qualifying Continuing Education Hours to maintain his or her credential in lieu of recertifying via an examination. In this way the system operator maintains his or her credentials through ongoing training as opposed to a rote examination process, and, at the same time, continues to enhance his or her skills and remains current in a changing industry.

Continuing Education Program

The NERC Continuing Education Program fosters the improvement of, and promotes quality in, the training programs implemented by owners, operators and users of the bulk power system. The program approves those activities and entities meeting NERC's continuing education requirements. Specifically, the NERC Continuing Education Program: promotes excellence in training programs, and advances improved performance for, bulk power system operating personnel identified in the preceding paragraph; develops and maintains a process to approve or accredit continuing education providers and activities seeking approval or accreditation and meeting continuing education requirements approved by NERC; periodically audits continuing education providers and training activities to ensure that the approved providers and training activities satisfy NERC's continuing education requirements; and develops and maintains an appeals process for disputed application reviews, interpretations of guidelines and standards, probation or suspension of approved provider status, or continuing education hour disputes.

Continuing Education Program Objectives

- Integrate the NERC Continuing Education program into the respective training programs of the NPCC Balancing Authority Areas (BAAs)
- Where achievable, consolidate training among the NPCC BAAs in the development of course work accredited for Continuing Education Hours

- Enhance the semiannual NPCC System Operators Training Seminar to permit accredited Continuing Education Hours for its participants
- Identify and establish any necessary training requirements which may result from the entity certification process

Training Background

NPCC establishes and coordinates programs for system dispatcher and scheduler training relating to inter-Area matters, criteria, terminology, policies and operating instructions. It develops training seminars, held twice yearly, at which potential operational problems for the coming season are discussed, internal training methods are exchanged, the implementation of NPCC policies are discussed, significant disturbances are reviewed for lessons to be learned and “table-top” drills and event simulations are conducted to replicate selected operational problems. NPCC also evaluates and proposes new techniques and training aids as they become available.

Training Background Objectives

- Develop topics for use in system operator and dispatcher training addressing NPCC wide-area operations, ERO Reliability Standards, regionally-specific Criteria, Procedures, and operating instructions and terminology
- Establish agendas for seminars in NPCC on a semiannual basis
- Achieve discussion of, and an opportunity for the exchange of, information on and consolidation of internal methods of system operator and dispatcher selection, training and training material

Reliability Standards and Regionally-Specific Criteria Feedback

- Identify training deficiencies and review ERO Reliability Standards – Regional Standards and NPCC Procedures and Criteria to identify areas for enhancement

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Training, Education, and Operator Certification Program, NPCC estimates that it will spend 3 percent of its resources on this activity.

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	3	3	3.5
Total Direct Funding	\$918,235	\$871,478	\$1,043,610
Total Indirect Funding	\$331,226	\$453,169	\$630,289
Total Funding	\$1,249,461	\$1,324,646	\$1,673,899

Background

NPCC coordinates operation and planning among the NPCC Areas and NERC Regions to enhance the reliability of the interconnected bulk power system, and coordinates the development of operating criteria, Regional Standards and procedures affecting the reliability and operability of interconnected power systems in coordination with the NERC. NPCC has established the Reliability Coordinating Committee as the top technical committee to integrate the “deliverables” of NPCC’s programs.

Seasonal reviews of the overall NPCC resource adequacy assessments of the operational readiness of NPCC and identification of possible actions to mitigate any potential problems identified are performed. NPCC reviews operations and disturbances both internal and external to the Region in order to identify any lessons to be learned and recommends the necessary follow-up, including the recommendation of remedial or mitigating actions.

If appropriate, enhancements to Regional Criteria are also recommended. NPCC promotes and conducts both inter-Area and interregional studies to enhance reliability and operational effectiveness, and provides a forum for the discussion and coordination of operating issues within the NPCC Areas and with other Regions.

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the performance of reliability and adequacy assessments, the analysis of significant system events on the bulk power system, and to the development of reliability metrics and benchmarks, NPCC estimates that it will spend 22 percent of its resources on this activity.

Resource Adequacy Assessments Objectives

NPCC, through its Reliability Coordinating Committee, Task Forces and Working Groups performs assessments of the future resource adequacy of the Region. These efforts are summarized below:

- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserve margins in accordance with *Guidelines for Area Review of Resource Adequacy* (NPCC Document B-8) and *Basic Criteria for the Design and Operation of Interconnected Power Systems* (Document A-2)
- Performing pre-seasonal (summer/winter) multi-Area probabilistic reliability assessments of the NPCC area

- Periodically performing an overall interregional resource adequacy overview of the NPCC areas and its neighboring Regions
- Identifying potential reliability impacts associated with existing and proposed NPCC Area and neighboring Regions market mechanisms, and providing Regional liaison with NERC/NAESB goals, objectives and activities

Operations Reliability Objectives

NPCC enhances operational reliability by:

- Conducting seasonal reviews of the overall reliability of the generation and transmission systems in NPCC.
- Reviewing the operational readiness of NPCC and recommending actions to mitigate any potential problems identified for the coming operating period
- Acting upon NERC Standards, actions, motions and recommendations.
- Track to completion the completion of NERC Recommendations.
- Ensuring the effectiveness of NPCC operations through the continual analysis of operational issues and disturbances, and by conducting any identified follow-up, including the recommendation of remedial or mitigating actions
- Coordinating wide-area and interregional studies to enhance reliability and operational effectiveness through the development of common operating criteria, standards and procedures.
- Assisting in the compliance efforts of the NPCC members
- Leading the Eastern Interconnection Reliability Assessment Group (ERAG) in its development of the Multi-regional Modeling Group (MMWG) annual base case development work and the seasonal interregional seasonal system assessment studies for the Eastern Interconnection
- Develop tools to ensure wide-area coordination in evaluating interchange schedules

Planning Reliability Objectives

The ongoing activities are defined within the scope of the NPCC Task Force on Coordination of Planning include, but are not confined to:

2003 Blackout Recommendations

- Completing any outstanding 2003 Blackout Recommendation follow-up analyses, including any further Blackout Recommendation activities as they are developed by the NERC Blackout Recommendation Task Force (BRTF) or NPCC
- Coordinating all activities related to the “TFCP Whitepaper on NERC Recommendation 7a Reactive Power and Voltage Control Practices” with the Task Force on Coordination of Operation and the Task Force on System Studies to ensure that developments in the NERC Planning Committee and its Subcommittees are addressed
- Evaluating Under Voltage Load Shedding (UVLS) applicability and capability within NPCC. Coordinate to ensure that further UVLS analysis beyond the initial feasibility/screening study is completed according to schedules

System Protection

- Evaluating system protection and control to address the limiting propagation of a cascading failure

- Defining and determining the requirements for synchronized reserve
- Coordinating, monitoring, reviewing, and making recommendations on proposed or modified Special Protection Systems

Facilitating Wide-Area Planning

- Supporting the Joint ISO/RTO Planning Committee Activities, including implementation of the Northeast Planning Protocol, and performing interconnection reliability analyses, as required
- Following the U.S. Department of Energy (DOE) Eastern Interconnect Phasor Project
- Participating in the DOE Congestion Study and designation of National Interest Electric Transmission Corridors

Standards Activities

- Reviewing the NERC Planning Standards that have been placed into final NERC due process. Recommend changes to those NERC Planning Standards that are scheduled for implementation in latter phases of the NERC Compliance Program. Reviewing the Standards Authorization Requests and Reliability Standards as well as participating in the NERC process
- Educating and informing NPCC members of standards related developments
- Identifying the need and developing potential new regional planning standards
- Identifying the elements of the NPCC Bulk Power System

Resource Adequacy

- On a consistent basis, periodically estimating the amount of interconnection as NPCC assistance available to the NPCC Areas for today's system and for the near term
- Reviewing the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserve margins in accordance with *Guidelines for Area Review of Resource Adequacy* (Document B-8)
- Ensuring coordination and submittal of data and assumptions for conducting NPCC and NERC reliability assessments (e.g. load forecasts, reserve requirements, EIA 411 data, NERC transmission availability data, new facilities)

Compliance Related Activities

- Coordinating the review of the compliance of future Area plans with the NPCC Basic Criteria, including an analysis of resource and transmission system additions, the potential inter-Area effects of special protection systems, and review of specific projects, which could have an impact on the reliability of the NPCC bulk power system
- Assisting in addressing any identified compliance issues

System Protection Reliability Objectives

The ongoing activities are defined within the scope of the NPCC Task Force on System Protection include, but are not confined to:

System Protection Assessments

- Reviewing and analyzing the performance of protection systems following selected major power system disturbances and events, inside as well as outside NPCC in accordance

with Procedures for Task Force on *System Protection Review of Disturbances* (Document C-30)

- Reviewing and assessing regulatory and industry based documents as they relate to system protection. Providing technical representation to working groups for review of such documents
- Identifying the need for special studies and new documents, recommend action to the Reliability Coordinating Committee, and performing special assignments and studies as directed or authorized
- Assessing proposed protection systems and special protection systems in accordance with NPCC Procedure for Reporting and Reviewing Proposed Protection Systems for the Bulk Power System

Information Exchange

- Maintaining an effective liaison with North American groups working in the protection areas, for example the NERC System Protection & Control Task Force
- Exchanging information with Independent System Operators, power pools, Regional Entities, Regional Reliability Organizations, Regional Transmission Organizations and other industry groups on matters concerned with system protection
- Providing technical advice on protection issues to NPCC and coordinating with other Task Forces on the application of Intelligent Electronic Devices (IEDs) that include functions related to energy management systems in addition to their protective functions, in order to safeguard the integrity of the protective functions
- Reviewing and assessing significant protection issues of common interest or informational value

Maintenance Evaluation

- Collecting data relative to Bulk Power System maintenance practices to evaluate protection system maintenance costs and the impact on Bulk Power System performance. This data will be used to optimize protection system maintenance requirements

System Studies Reliability Objectives

The ongoing activities are defined within the scope of the NPCC Task Force on System Studies and include, but are not confined to:

Reliability Assessments

- Conducting Area Reviews, in accordance with the *Guidelines for NPCC AREA Transmission Reviews* (Document B-4) based on material presented by the Areas. These reviews will assess the impact of planned transmission and resource additions or modifications on system reliability, and determine each Area's conformance with the Basic Criteria
- Reviewing and classifying new and modified Special Protection Systems (SPS), in accordance with the *Procedure for NPCC Review of New or Modified Bulk Power System Special Protection Systems* (Document C-16). Annually review and update the NPCC SPS list and present it to the RCC
- Conducting annual reviews and updates of the NPCC library of power flow base cases and associated dynamics data, for use in and support of planning studies, operating studies, and reliability assessments, and coordinating this effort with the NERC inter-regional base case development process. Conducting such load flow, transient stability,

and other studies as required analyzing the overall reliability of the planned bulk power transmission systems of NPCC and the interconnections between NPCC and other regional entities. As a part of this effort, analyze potential inter-Area effects of Special Protection Systems.

Blackout 2003 Follow-up Reliability Objectives

- Investigating specific protection system changes on NPCC interfaces whose performance proved to be critical during the Blackout sequence of events
- Investigating the coordination between generating unit (generator, excitation system, and prime mover) protections and the Under Frequency Load Shedding (UFLS) program by participation on the NERC System Protection and Control Task Force. Cases where generating unit protection cannot be coordinated with the UFLS program without compromising unit protection in future assessments of the UFLS program will be identified. Reviewing NPCC Criteria to ensure that any required coordination between the UFLS program and generators is included
- Ensuring that future assessments of the Under Frequency Load Shedding (UFLS) program include: sensitivity studies to examine: the impact of unexpected load or generation loss near the electrical center of unstable swings during island formation; simulation of island formation across Area and regional boundaries and modeling more severe conditions including modeling of initiating disturbances and non-coincident tripping of circuits across the island boundary; the impact of low voltages on UFLS relay performance including under voltage supervision and accuracy of frequency measurements; and identification of large load areas within NPCC that are frequently deficient in generation by more than 25% and that are susceptible to islanding and assessment of the performance of such islands
- Making improvements in modeling tools and data: validate the reactive power, load power factor, and voltage profile data in the NPCC library power flow cases. Surveying methods available now to create accurate power flow models based on actual operating data, what initiatives are underway by NERC, how much effort it would take to develop a common approach within NPCC and identify associated costs
- Reviewing past industry efforts to study dynamic load behavior, and contact technical experts within the industry to benefit from their research. Focusing on load behavior during large frequency and voltage excursions and the ability to model when load is tripped. Recommending whether to develop improved models for use in analysis of major disturbances or to develop appropriate models at the time of analyzing a disturbance

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program Resources			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	0.5	0.5	1
Total Direct Funding	\$153,039	\$145,246	\$263,328
Total Indirect Funding	\$55,204	\$75,528	\$180,082
Total Funding	\$208,243	\$220,774	\$443,410

Background

The Situation Awareness and Infrastructure Security Program is the combination of near real-time awareness of conditions on the bulk power system with the programs necessary to increase the physical and cyber security of the electricity infrastructure. This includes the operation and maintenance of tools and other support services for the benefit of reliability coordinators and other system operators. Maintaining the real-time awareness of conditions on the interconnected bulk power systems of the NPCC Areas (including awareness of abnormal events, communicating information concerning system conditions and abnormal events to, and facilitating real-time communications among, system operators responsible for the reliable operation of the bulk power systems) is critical to maintaining reliable operation within NPCC.

On an ongoing basis, NPCC monitors the operational status of the bulk power system and coordinates normal and pre-emergency communication, awareness and assistance in addition to the same during an emergency among the Areas. The industry is notified of significant bulk power system events that have occurred in one Area, and which have the potential to impact reliability in other NPCC Areas or Regions external to NPCC. These events include contingencies on the bulk power system, potential shortfalls of operating reserve, operating problems, potential security threats and potential threats or disruptions to the cyber systems of the Areas.

To assist in the evaluation of emerging tools to better identify evolving system conditions, NPCC actively coordinates the implementation of new operational aids, including the Area Control Error (ACE) and Frequency Monitoring System; the NERC Hotline; Real-time Flows; the System Data Exchange (SDX); the Reliability Coordinator Information System (RCIS); the Transmission Services Information Network (TSIN); the Interchange Distribution Calculator (IDC); the interregional Security Network (ISN); and the Central Repository for Security Events (CRC).

Based on the portion of its professional/technical staff time, and other resources that it expects to devote to the Situation Awareness and Infrastructure Security Program activities and functions, NPCC estimates that it will spend 6 percent of its resources on this activity.

System Operations Security Objectives

Coordinate interregional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system. Assist in the development of real time operating tools that assures cyber security concerns are addressed. Assess and implement NERC Real-Time Tools Best Practices Task Force recommendations applicable to NPCC members.

Critical Infrastructure Objectives

The ongoing activities are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology, (TFIST) include:

Standards Activities

- Providing a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC)
- Providing recommendations to the RCC regarding NPCC's position concerning proposed NERC security guidelines/standards
- Annually reviewing infrastructure security & technologies and provide recommendations, when appropriate, to the RCC to enhance physical and cyber security in compliance with NERC guidelines/standards
- Representing and advocating NPCC's position in the activities of NERC groups involved in the development and/or implementation of Physical and Cyber Security. TFIST will focus on the activities of the NERC CIPC

Reliability Criteria Development

- Formulating and recommending Criteria, Guidelines and Procedures to monitor and report conformance pertaining to the reliability, Cyber Security, Physical Security, availability and performance of member systems Energy Management Systems, SCADA, the Telecommunications Networks and Substation automation technology which serve and interconnect them

Operational Situation Awareness Objectives

Coordinate communications within NPCC and, as required, with neighboring regional entities to rapidly exchange critical information and facilitate the procurement of assistance during emergency conditions by:

- Area Coordination Conference Calls
Conference calls of the operations management personnel are initiated by NPCC to discuss operations expected during the forthcoming ten-day period (weekend and week following)
- Emergency Preparedness Coordination Conference Call
The NPCC Emergency Preparedness Coordination Conference Call augments the Area coordination conference call process to enable the Operations Managers in NPCC, and, as required, their counterparts in neighboring Regions, to rapidly communicate the status of current operating conditions and facilitate the procurement of assistance during emergency conditions.
- Area Control Room Coordination Conference Calls
The senior shift supervisor of each of the NPCC Balancing Authority Area control rooms also takes part in a regularly scheduled conference call. The goal of this call is to alert all neighboring Balancing Authority Areas of any potential emerging problems. Subjects for discussion are limited to credible events which could impact the ability of a Balancing Authority Area to serve its load and meet its operating reserve obligations, or which would impose a burden to the Interconnection.

Administrative Services

Administrative Services Resources			
(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	4.5	6.5	8.2
¹ Total Direct Funding	\$1,380,110	\$1,888,202	\$3,061,402

¹ Represents the sum of the indirect costs associated with all of the previously identified program areas

Members' Forums

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. The stakeholders are the source of expertise in the industry, and provide the force that raises the bar for enhancing reliability through technical excellence. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC to identify and discuss emerging issues related to the reliability of the NPCC Region.

The annual NPCC General Meeting provides an opportunity for NPCC Members to meet and discuss topics related to the reliable planning and operation of the power system, including related critical infrastructure and environmental issues. The objective of the NPCC Public Information Committee is to highlight and summarize NPCC activities and accomplishments in the past year, and disseminate appropriate information to the media, as well as respond to related requests for information.

Information Technology

NPCC's Information Technology staff ensures information assets and the environment in which they operate are secure. IT develops and maintains systems used by the electric industry to monitor system conditions in near-real time. NPCC maintains a backup site for continuity of essential operations in the event that its primary location becomes uninhabitable.

Responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems. IT goals include, but are not limited to:

- Establish and direct the strategic long-term goals, policies, and procedures of NPCC's information technology department
- Create an information security program aimed at reducing breach of security risks
- Determine long-term software and systems needs and hardware acquisitions
- Develop and implement information security standards and procedures
- Ensure all information systems are functional and secure, and that all applications running on those systems meet business requirements for performance, availability, and security
- Plan and implement organization-wide information systems, services, and network facilities, including local area networks, wide-area networks, and peripheral systems

Legal and Regulatory

The NPCC legal consultants provide counsel to the President and CEO, Board of Directors, Vice President and COO, Treasurer and staff on legal and regulatory matters including corporate law, code of conduct, confidentiality, governance, employment law and other areas affecting NPCC; counsel reviews items filed with governmental agencies for legal sufficiency; maintains relationships with U.S. and Canadian jurisdictions; and provides contract review.

Legal and regulatory had been allocated as a part of direct program costs for the 2007 Business Plan and Budget and have been reallocated in 2007 projections and 2008 estimates to the administrative, indirect costs associated with operations.

Legal and Regulatory Objectives

- Assure continuing recognition of NPCC as a cross-border regional entity
- Obtain regulatory approvals for new and revised regional reliability standards on a timely basis
- Process all appeals of compliance actions in an effective and efficient manner
- Liaison with the appropriate U.S. and Canadian regulatory and/or governmental authorities regarding responses/filings to related governmental and/or regulatory directives/orders
- Liaison with federal, State and Provincial governmental and/or regulatory authorities

Human Resources Objectives

- Recruit exceptional employees
- Conduct surveys on competitive salaries
- Provide for employee training programs
- Update employee policies
- Develop employee manual
- Review employee benefits

Finance and Accounting Objectives

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements through:

- Conversion to the NERC System of Accounts for Consistency
- Conversion to an accrual method of accounting from a modified cash basis of accounting for consistency with NERC in methodology
- Cash Management
- Budget Development using the NERC budget template formats
- Forecasts and Projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the statutory program areas
- Payroll and expense administration
- Preparation of Quarterly Financial Statements
- IRS Reporting
- Annual Independent Audit initiated by the Regional Entity
- NERC Audit

Section B – 2008 NPCC Budget

2007 Total Budget & Projection, and 2008 Budget Comparisons

Table 1

Statement of Activities
2007 Budget & Projection, and 2008 Budget

	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
Assessments - ERO	\$ 5,214,362	\$ 5,214,362	\$ -	\$ 7,504,907	\$ 2,290,545
Membership Dues*	-	304,998	304,998	-	(304,998)
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 5,214,362	\$ 5,519,360	\$ 304,998	\$ 7,504,907	\$ 1,985,547
Expenses					
Personnel Expenses					
Salaries	\$ 1,806,305	\$ 2,056,305	\$ 250,000	\$ 2,702,620	\$ 646,315
Payroll Taxes	121,697	133,012	11,315	165,893	32,881
Benefits	426,371	445,054	18,683	608,774	163,720
Retirement Costs	232,995	257,995	25,000	315,000	57,005
¹Total Personnel Expenses	\$ 2,587,368	\$ 2,892,366	\$ 304,998	\$ 3,792,287	\$ 899,921
Meeting Expenses					
Meetings	\$ 110,612	\$ 110,612	\$ -	\$ 145,800	\$ 35,188
Travel	434,722	434,722	-	585,000	150,278
Conference Calls	31,875	31,875	-	40,500	8,625
Total Meeting Expenses	\$ 577,209	\$ 577,209	\$ -	\$ 771,300	\$ 194,091
Operating Expenses					
² Consultants	\$ 848,159	\$ 790,206	\$ (57,953)	\$ 1,028,000	\$ 237,794
Contracts	85,045	124,000	38,955	268,300	144,300
Office Rent	178,571	187,571	9,000	297,000	109,429
Office Costs	280,611	290,611	10,000	336,870	46,259
Professional Services	295,072	295,072	-	686,700	391,628
Computer Purch. & Maint.	-	-	-	9,000	9,000
Furniture & Equipment	40,000	40,000	-	4,500	(35,500)
Depreciation	-	-	-	21,150	-
³ Miscellaneous & Contingency	322,325	322,325	-	289,800	-
Total Operating Expenses	\$ 2,049,785	\$ 2,049,785	\$ 0	\$ 2,941,320	\$ 902,910
Total Expenses	\$ 5,214,362	\$ 5,519,360	\$ 304,998	\$ 7,504,907	\$ 1,996,922
Change in Assets	\$ -	\$ -	\$ (0)	\$ -	\$ (11,375)

*Represents non-statutory NPCC member funding of certain services re-defined as statutory functions

¹ Represents increase of 2 FTEs due to redefinition of statutory functions

² Industry Support of \$378,000 used for flat rate reimbursements to members for working group participation

³ Miscellaneous Expenses including contingency account projected at \$322,325 for 2007 and \$289,800 for 2008

Personnel Analysis

Table 2 shows staffing by program area for both 2007 budget and projection and 2008 budget. 2008 Budget levels show an increase of 4 FTEs compared to the 2007 projection.

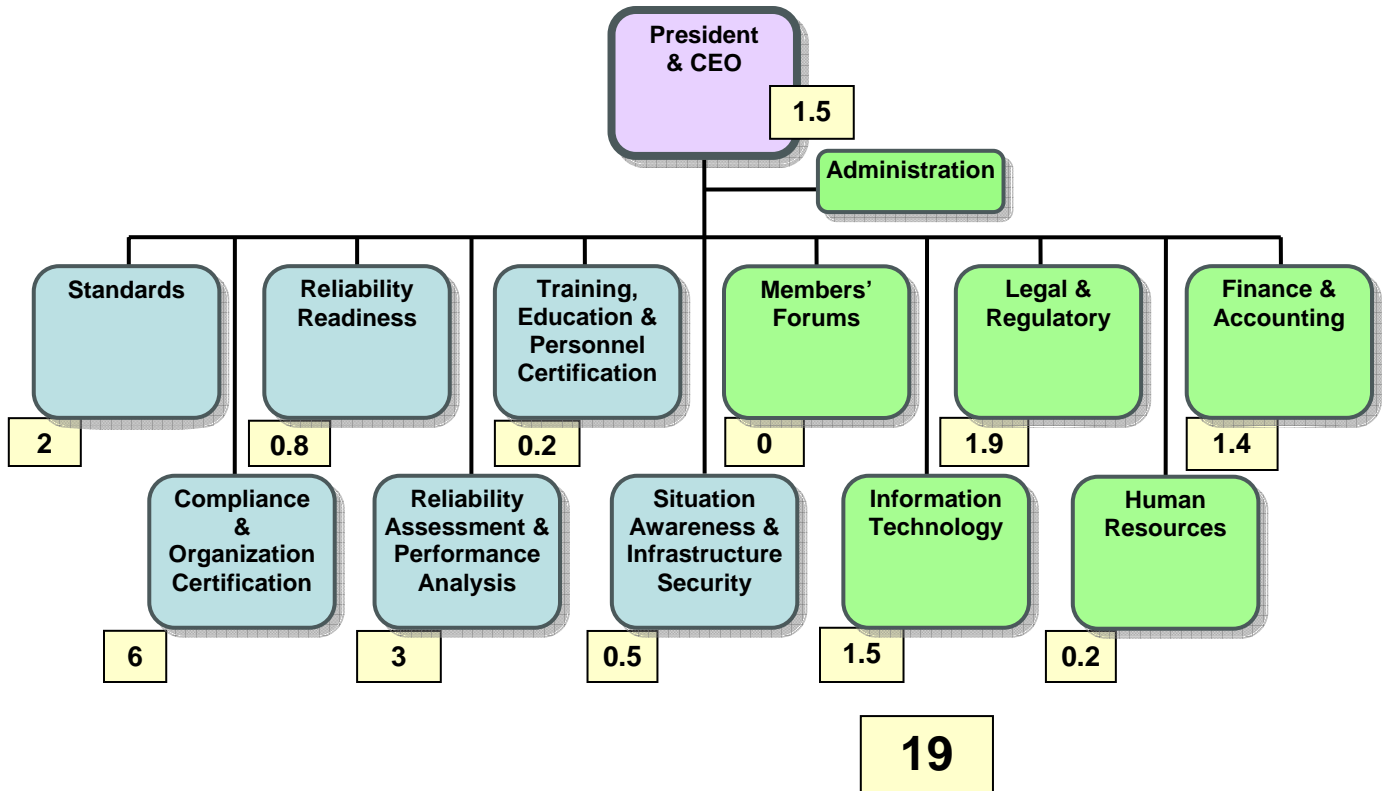
Table 2

FTE's by Program Area	Budget 2007	Projection 2007	Budget 2008	Change
Operational Programs				
Reliability Standards	2.5	2.0	3.5	1.5
Compliance and Organization Registration and Certification	5.5	6.0	7.5	1.5
Reliability Readiness Audit and Improvement	0.8	0.8	1.0	0.2
Training and Education	0.2	0.2	0.5	0.3
Reliability Assessment and Performance Analysis	3.0	3.0	3.5	0.5
Situational Awareness and Infrastructure Security	0.5	0.5	1.0	0.5
FTEs Operational Programs	12.5	12.5	17.0	4.5
Administrative Programs				
Member Forums	0.5	0.0	0.3	0.3
General & Administrative	0.5	1.5	1.9	0.4
Information Technology	1.5	1.5	1.8	0.3
Legal and Regulatory	0.2	1.9	1.8	-0.1
Human Resources	0.4	0.2	0.3	0.1
Accounting	1.4	1.4	2.1	0.7
FTEs Administrative Programs	4.5	6.5	8.2	1.7
FTEs	17.0	19.0	25.2	6.2

2007 Organizational Chart

Shown below in Table 3 is the organizational chart for 2007, including the staff expected to be hired in each program area by the end of 2007.

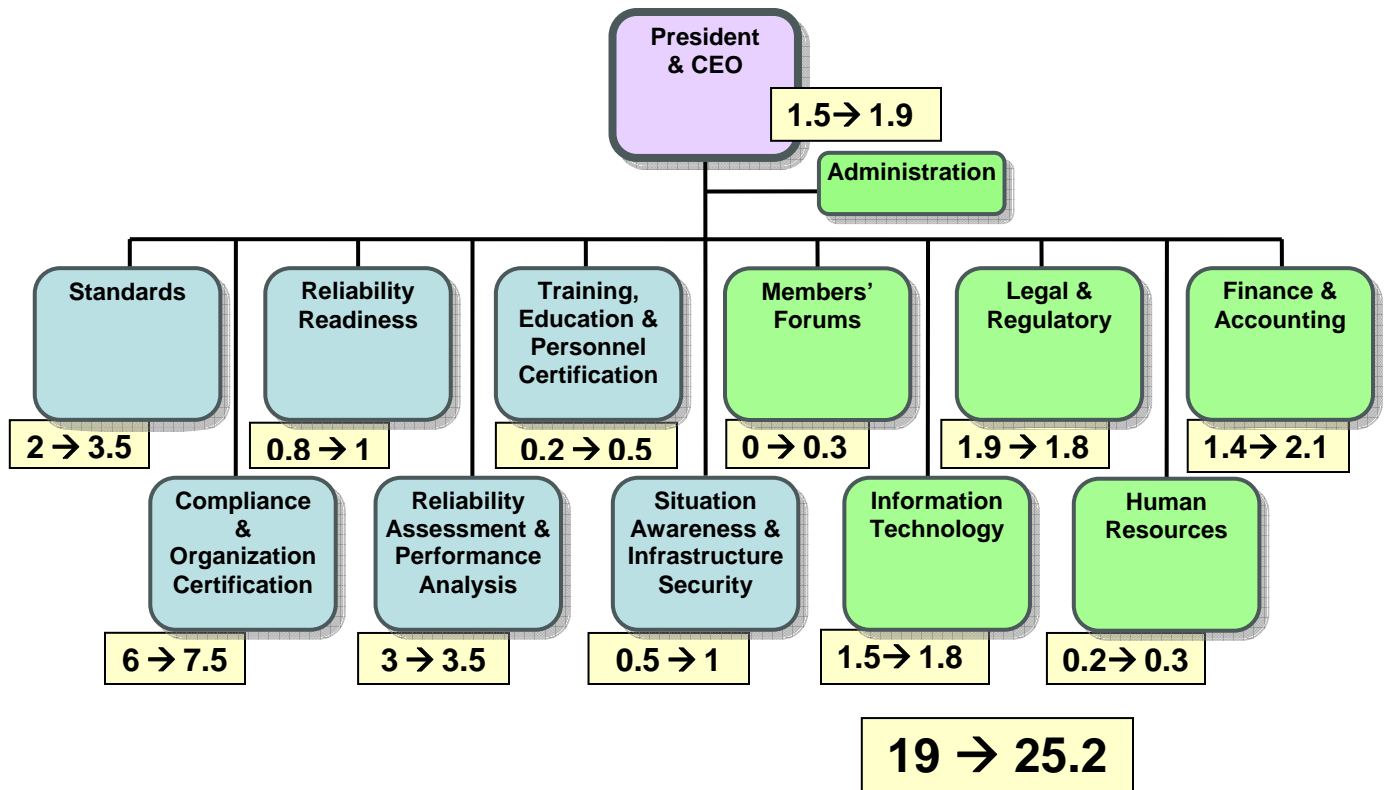
Table 3



2008 Organizational Chart

Shown below in Table 4 is the organizational chart for 2008 with the 2007 staffing levels, plus the additional staff that will be hired to support the increased ERO activities in 2008.

Table 4



Reserve Balance

Table 5 shows the analysis of the cash needed to fund the 2008 budgeted expenses for functions and services performed by NPCC as the cross-border regional entity and criteria services corporation for Northeastern North America and to maintain a 20% operating cash balance for 2008. The cash balance at December 31st, 2006 represents the cash portion of the NPCC Council which had no statutory funding component prior to restructuring to two independent, affiliate corporations: NPCC, Inc., the criteria services corporation providing non-statutory services within Northeastern North America and NPCC CBRE, the cross-border regional entity performing delegated statutory functions and services effective in 2007. All assets and liabilities of NPCC (Council) were transferred to NPCC, Inc. by year end 2006 and are now held by the merged corporation, NPCC.

Table 5

Reserve Analysis 2007-08	
Cash Available Balance 2006:	
Cash Balance @ 12/31/06	1,357,170
2007 Assessment Funding (from ERO - NERC)	5,214,360
2006 other funding sources (Cash basis)	-
Change in assets ¹	-
Total Cash Available 2007	6,571,530
Cash Needed 2007:	
Projected Expenses 2007 (Cash basis)	(5,214,360)
Change in liabilities ²	-
Total Cash Needed 2007	(5,214,360)
Projected Ending Cash Balance @ 12/31/07	1,357,170
Desired Cash Balance @ 12/31/08 (20% of Total NPCC)	1,500,981
Less:	
Projected Cash Balance @ 12/31/07	1,357,170
Increase in assessments needed to raise cash balance	143,811
2008 Assessment	-
Adjustment to increase cash balance	143,811
2008 Assessment and reserve adjustment	143,811

¹Assumes all other assets remain at same levels as 12/31/06

²Assumes all other assets remain at same levels as 12/31/07

Assessments by Balancing Authority Area



Draft 2 - NPCC 2008 Business Plan and Budget
NEL Based Assessment Information



A	B	C	D	E	F	G	H
NPCC ISO and/or Balancing Authority Area	2006 Net Energy for Load (GWh)	2006 % of NPCC Total	2008 NPCC Regional Entity Division	2008 NPCC Criteria Services Division	2008 NPCC Regional Assessment	2007 NPCC Inc. & CBRE Regional Assessment	2008 Projected Regional Increase
New England	132,077	20.10546%	1,508,896	135,120	1,644,016	1,484,159	159,857
New York	162,238	24.69673%	1,853,467	165,976	2,019,442	1,820,036	199,407
Ontario	151,055	22.99434%	1,725,704	154,535	1,880,239	1,708,302	171,937
Quebec	185,829	28.28787%	2,122,978	190,110	2,313,088	2,046,312	266,777
New Brunswick	14,755	2.24614%	168,571	15,095	183,666	163,743	19,923
Nova Scotia	<u>10,967</u>	<u>1.66946%</u>	<u>125,291</u>	<u>11,220</u>	<u>136,511</u>	<u>134,360</u>	<u>2,151</u>
<i>Total</i>	656,921	100.00000%	\$7,504,907	\$672,056	\$8,176,962	\$7,356,912	\$820,050

* IESO - NPCC 6/6/07 Proposal for Compliance and Enforcement Adjustment

NPCC ISO and/or Balancing Authority Area	2006 Net Energy for Load (GWh)	2006 % of NPCC w/o Ontario	2008 Assessment of IESO Adjustment	2008 NPCC Regional Assessment	2008 Total Assessment w/ IESO Adj.	2007 NPCC Inc. & CBRE Regional Assessment	2008 Projected Assessment Inc/(Dec)
New England	132,077	26.10907%	90,445	1,644,016	1,734,462	1,484,159	250,303
New York	162,238	32.07132%	111,100	2,019,442	2,130,542	1,820,036	310,506
Quebec	185,829	36.73479%	127,254	2,313,088	2,440,343	2,046,312	394,031
New Brunswick	14,755	2.91685%	10,104	183,666	193,771	163,743	30,027
Nova Scotia	<u>10,967</u>	<u>2.16796%</u>	<u>7,510</u>	<u>136,511</u>	<u>144,021</u>	<u>134,360</u>	<u>9,661</u>
<i>Sub-total w/o Ontario</i>	505,866	100.00000%	\$346,414	\$6,296,724	\$6,643,138	\$5,648,609	\$994,528
Ontario	151,055	22.99434%	\$346,414	\$1,880,239	\$1,533,825	\$1,708,302	(\$174,477)
<i>Total w/ Ontario</i>	656,921			8,176,962	8,176,962	7,356,911	820,051

* Proposal of 6/6/07 identifies \$346,414 of NPCC CMEP Costs as duplicative of Ontario Compliance and Enforcement Programs
2008 Total Northeast Assessment to be available mid August, 2007

Appendix A - Breakdown by Program Category

Reliability Standards Program

Funding sources and related expenses for the NPCC reliability standards section of the 2008 business plan are shown in Table A-1.

Table A-1

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Reliability Standards					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 768,642	\$ 580,985	\$ (187,657)	\$ 785,399	\$ 204,414
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 768,642	\$ 580,985	\$ (187,657)	\$ 785,399	\$ 204,414
Expenses					
Personnel Expenses					
Salaries	\$ 266,265	\$ 216,453	\$ (49,812)	\$ 301,206	\$ 84,753
Payroll Taxes	17,939	14,001	(3,938)	20,942	6,941
Benefits	62,851	46,848	(16,003)	84,552	37,704
Retirement Costs	34,345	27,157	(7,188)	43,750	16,593
Total Personnel Expenses	\$ 381,401	\$ 304,460	\$ (76,941)	\$ 450,451	\$ 145,991
Meeting Expenses					
Meetings	\$ 16,305	\$ 11,643	\$ (4,662)	\$ 20,250	\$ 8,607
Travel	64,082	45,760	(18,322)	81,250	35,490
Conference Calls	4,699	3,355	(1,343)	5,625	2,270
Total Meeting Expenses	\$ 85,086	\$ 60,759	\$ (24,327)	\$ 107,125	\$ 46,366
Operating Expenses					
Consultants	\$ 125,026	83,180	\$ (41,846)	\$ 227,824	\$ 144,644
Contracts	12,536	13,053	516	-	(13,053)
Office Rent	26,323	19,744	(6,579)	-	(19,744)
Office Costs	41,365	30,591	(10,774)	-	(30,591)
Professional Services	43,496	31,060	(12,436)	-	(31,060)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	5,896	4,211	(1,686)	-	(4,211)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	47,514	33,929	(13,585)	-	(33,929)
Total Operating Expenses	\$ 302,156	\$ 215,767	\$ (86,389)	\$ 227,824	\$ 12,057
Total Expenses	\$ 768,642	\$ 580,985	\$ (187,657)	\$ 785,399	\$ 204,414
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 2 FTEs for the 2007 projection and 3.5 FTEs for the 2008 budget

Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the NERC Standards Committee and the NPCC Regional Standards Committee

Operating Expenses

- Consultant expenses:
 - Consultant expenses to assist in the regional standards development process and facilitation of SARs

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the NPCC compliance enforcement and organization registration and certification section of the 2008 business plan are shown in Table A-2.

Table A-2

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Compliance Enforcement and Organization Registration and Certification					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 1,688,256	\$ 1,742,956	\$ 54,700	\$ 1,997,831	\$ 254,876
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 1,688,256	\$ 1,742,956	\$ 54,700	\$ 1,997,831	\$ 254,876
Expenses					
Personnel Expenses					
Salaries	\$ 584,828	\$ 649,359	\$ 64,531	\$ 679,505	\$ 30,145
Payroll Taxes	39,402	42,004	2,602	47,076	5,072
Benefits	138,046	140,543	2,497	181,183	40,639
Retirement Costs	75,437	81,472	6,035	93,750	12,278
Total Personnel Expenses	\$ 837,713	\$ 913,379	\$ 75,665	\$ 1,001,513	\$ 88,134
Meeting Expenses					
Meetings	\$ 35,813	\$ 34,930	\$ (883)	\$ 43,393	\$ 8,463
Travel	140,750	137,281	(3,469)	174,107	36,827
Conference Calls	10,320	10,066	(254)	12,054	1,988
Total Meeting Expenses	\$ 186,883	\$ 182,277	\$ (4,606)	\$ 229,554	\$ 47,277
Operating Expenses					
Consultants	\$ 274,609	249,539	\$ (25,070)	\$ 406,765	\$ 157,226
Contracts	27,535	39,158	11,623	90,000	50,842
Office Rent	57,816	59,233	1,417	-	(59,233)
Office Costs	90,854	91,772	918	-	(91,772)
Professional Services	95,536	93,181	(2,355)	-	(93,181)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	12,951	12,632	(319)	-	(12,632)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	104,359	101,787	(2,573)	270,000	168,213
Total Operating Expenses	\$ 663,659	\$ 647,301	\$ (16,359)	\$ 766,765	\$ 119,464
Total Expenses	\$ 1,688,256	\$ 1,742,956	\$ 54,700	\$ 1,997,831	\$ 254,876
Change in Assets	\$ -	\$ -	\$ 0	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 6 FTEs for the 2007 projection and 7.5 FTEs for the 2008 budget

Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Compliance Enforcement and Organization Registration and Certification Program

Operating Expenses

- Consultant expenses to assist in the compliance audit programs for mandatory reliability standards
- Software costs to support the transition to the NPCC Compliance Monitoring and Enforcement Program Data Administration Application

Reliability Readiness Evaluations and Improvement Program

Funding sources and related expenses for the NPCC reliability readiness evaluations and improvement section of the 2008 business plan are shown in Table A-3.

Table A-3

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Reliability Readiness Evaluation and Improvement					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 244,863	\$ 232,394	\$ (12,469)	\$ 232,567	\$ 173
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 244,863	\$ 232,394	\$ (12,469)	\$ 232,567	\$ 173
Expenses					
Personnel Expenses					
Salaries	\$ 84,823	\$ 86,581	\$ 1,758	\$ 134,448	\$ 47,867
Payroll Taxes	5,715	5,601	(114)	8,619	3,018
Benefits	20,022	18,739	(1,283)	24,158	5,419
Retirement Costs	10,941	10,863	(78)	12,500	1,637
Total Personnel Expenses	\$ 121,501	\$ 121,784	\$ 283	\$ 179,725	\$ 57,941
Meeting Expenses					
Meetings	\$ 5,194	\$ 4,657	\$ (537)	\$ 5,786	\$ 1,128
Travel	20,414	18,304	(2,110)	23,214	4,910
Conference Calls	1,497	1,342	(155)	1,607	265
Total Meeting Expenses	\$ 27,105	\$ 24,304	\$ (2,802)	\$ 30,607	\$ 6,304
Operating Expenses					
Consultants	\$ 39,829	\$ 33,272	\$ (6,557)	\$ 22,235	\$ (11,037)
Contracts	3,994	5,221	1,227	-	(5,221)
Office Rent	8,386	7,898	(488)	-	(7,898)
Office Costs	13,177	12,236	(941)	-	(12,236)
Professional Services	13,856	12,424	(1,432)	-	(12,424)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	1,878	1,684	(194)	-	(1,684)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	15,136	13,572	(1,565)	-	(13,572)
Total Operating Expenses	\$ 96,256	\$ 86,307	\$ (9,950)	\$ 22,235	\$ (64,071)
Total Expenses	\$ 244,863	\$ 232,394	\$ (12,469)	\$ 232,567	\$ 173
Change in Assets	\$ -	\$ -	\$ 0	\$ -	\$ (0)

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.8 FTEs for the 2007 projection and 1 FTE for the 2008 budget

Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the participation in and facilitation of readiness evaluations of reliability coordinators, balancing authorities and transmission operators both internal and external to the NPCC region

Training, Education, and Operator Certification Program

Funding sources and related expenses for the NPCC training, education, and operator certification section of the 2008 business plan are shown in Table A-4.

Table A-4

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Training, Education, and Operator Certification					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 61,216	\$ 58,099	\$ (3,117)	\$ 120,770	\$ 62,671
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 61,216	\$ 58,099	\$ (3,117)	\$ 120,770	\$ 62,671
Expenses					
Personnel Expenses					
Salaries	\$ 21,206	\$ 21,645	\$ 440	\$ 71,641	\$ 49,995
Payroll Taxes	1,429	1,400	(29)	4,379	2,979
Benefits	5,006	4,685	(321)	12,079	7,394
Retirement Costs	2,735	2,716	(20)	6,250	3,534
Total Personnel Expenses	\$ 30,375	\$ 30,446	\$ 71	\$ 94,348	\$ 63,902
Meeting Expenses					
Meetings	\$ 1,299	\$ 1,164	\$ (134)	\$ 2,893	\$ 1,729
Travel	5,104	4,576	(528)	11,607	7,031
Conference Calls	374	336	(39)	804	468
Total Meeting Expenses	\$ 6,776	\$ 6,076	\$ (700)	\$ 15,304	\$ 9,228
Operating Expenses					
Consultants	\$ 9,957	\$ 8,318	\$ (1,639)	\$ 11,118	\$ 2,800
Contracts	998	1,305	307	-	(1,305)
Office Rent	2,096	1,974	(122)	-	(1,974)
Office Costs	3,294	3,059	(235)	-	(3,059)
Professional Services	3,464	3,106	(358)	-	(3,106)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	470	421	(49)	-	(421)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	3,784	3,393	(391)	-	(3,393)
Total Operating Expenses	\$ 24,064	\$ 21,577	\$ (2,487)	\$ 11,118	\$ (10,459)
Total Expenses	\$ 61,216	\$ 58,099	\$ (3,117)	\$ 120,770	\$ 62,671
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.2 FTEs for the 2007 projection and 0.5 FTEs for the 2008 budget

Meeting Expenses

- Meeting and staff travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Training, Education, and Operator Certification Program

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the NPCC reliability assessment and performance analysis section of the 2008 business plan are shown in Table A-5.

Table A-5

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Reliability Assessment and Performance Analysis					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 918,235	\$ 871,478	\$ (46,757)	\$ 1,043,610	\$ 172,132
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 918,235	\$ 871,478	\$ (46,757)	\$ 1,043,610	\$ 172,132
Expenses					
Personnel Expenses					
Salaries	\$ 318,086	\$ 324,680	\$ 6,594	\$ 432,523	\$ 107,843
Payroll Taxes	21,431	21,002	(429)	27,836	6,835
Benefits	75,083	70,272	(4,811)	84,552	14,280
Retirement Costs	41,030	40,736	(294)	43,750	3,014
Total Personnel Expenses	\$ 455,629	\$ 456,689	\$ 1,061	\$ 588,661	\$ 131,972
Meeting Expenses					
Meetings	\$ 19,478	\$ 17,465	\$ (2,013)	\$ 20,250	\$ 2,785
Travel	76,553	68,640	(7,913)	81,250	12,610
Conference Calls	5,613	5,033	(580)	5,625	592
Total Meeting Expenses	\$ 101,645	\$ 91,138	\$ (10,507)	\$ 107,125	\$ 15,987
Operating Expenses					
Consultants	\$ 149,359	\$ 124,769	\$ (24,589)	\$ 247,824	\$ 123,054
Contracts	14,976	19,579	4,603	100,000	80,421
Office Rent	31,446	29,616	(1,829)	-	(29,616)
Office Costs	49,415	45,886	(3,529)	-	(45,886)
Professional Services	51,961	46,590	(5,371)	-	(46,590)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	7,044	6,316	(728)	-	(6,316)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	56,761	50,893	(5,867)	-	(50,893)
Total Operating Expenses	\$ 360,962	\$ 323,650	\$ (37,311)	\$ 347,824	\$ 24,173
Total Expenses	\$ 918,235	\$ 871,478	\$ (46,757)	\$ 1,043,610	\$ 172,132
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for three FTEs for the 2007 projection and 3.5 FTEs for the 2008 budget

Meeting Expenses

- Meeting and staff travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Reliability Assessment and Performance Analysis Program

Operating Expenses

- Contracts expenses to support transmission reliability and resource adequacy assessments
- Consultant expenses to support probabilistic assessment of resource adequacy

Situational Awareness and Infrastructure Program

Funding sources and related expenses for the NPCC situational awareness and infrastructure section of the 2008 business plan are shown in Table A-6.

Table A-6

Statement of Activities 2007 Budget & Projection, and 2008 Budget Situational Awareness and Infrastructure					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 153,039	\$ 145,246	\$ (7,793)	\$ 263,328	\$ 118,081
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 153,039	\$ 145,246	\$ (7,793)	\$ 263,328	\$ 118,081
Expenses					
Personnel Expenses					
Salaries	\$ 53,014	\$ 54,113	\$ 1,099	\$ 142,582	\$ 88,468
Payroll Taxes	3,572	3,500	(71)	8,746	5,246
Benefits	12,514	11,712	(802)	24,158	12,446
Retirement Costs	6,838	6,789	(49)	12,500	5,711
Total Personnel Expenses	\$ 75,938	\$ 76,115	\$ 177	\$ 187,985	\$ 111,870
Meeting Expenses					
Meetings	\$ 3,246	\$ 2,911	\$ (336)	\$ 5,786	\$ 2,875
Travel	12,759	11,440	(1,319)	23,214	11,774
Conference Calls	936	839	(97)	1,607	768
Total Meeting Expenses	\$ 16,941	\$ 15,190	\$ (1,751)	\$ 30,607	\$ 15,417
Operating Expenses					
Consultants	\$ 24,893	\$ 20,795	\$ (4,098)	\$ 22,235	\$ 1,440
Contracts	2,496	3,263	767	22,500	19,237
Office Rent	5,241	4,936	(305)	-	(4,936)
Office Costs	8,236	7,648	(588)	-	(7,648)
Professional Services	8,660	7,765	(895)	-	(7,765)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	1,174	1,053	(121)	-	(1,053)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	9,460	8,482	(978)	-	(8,482)
Total Operating Expenses	\$ 60,160	\$ 53,942	\$ (6,219)	\$ 44,735	\$ (9,206)
Total Expenses	\$ 153,039	\$ 145,246	\$ (7,793)	\$ 263,328	\$ 118,081
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.5 FTEs for the 2007 projection and one FTE for the 2008 budget

Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Situational Awareness and Infrastructure Security Program

Operating Expenses

- Contract expenses to support solar terrestrial dispatch information available to the operator during solar alerts and suggesting measures that may be taken to mitigate the impact of a solar magnetic disturbance.

Technical Committees and Member Forums Program

Funding sources and related expenses for the NPCC technical committees and member forums section of the 2008 business plan are shown in Table A-7.

Table A-7

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Technical Committees and Member Forums					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 153,039	\$ -	\$ (153,039)	\$ 71,417	\$ 71,417
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 153,039	\$ -	\$ (153,039)	\$ 71,417	\$ 71,417
Expenses					
Personnel Expenses					
Salaries	\$ 53,014	\$ -	\$ (53,014)	\$ 57,563	\$ 57,563
Payroll Taxes	3,572	-	(3,572)	2,856	2,856
Benefits	12,514	-	(12,514)	7,247	7,247
Retirement Costs	6,838	-	(6,838)	3,750	3,750
Total Personnel Expenses	\$ 75,938	\$ -	\$ (75,938)	\$ 71,417	\$ 71,417
Meeting Expenses					
Meetings	\$ 3,246	\$ -	\$ (3,246)	\$ -	\$ -
Travel	12,759	-	(12,759)	-	-
Conference Calls	936	-	(936)	-	-
Total Meeting Expenses	\$ 16,941	\$ -	\$ (16,941)	\$ -	\$ -
Operating Expenses					
Consultants	\$ 24,893	\$ -	\$ (24,893)	\$ -	\$ -
Contracts	2,496	-	(2,496)	-	-
Office Rent	5,241	-	(5,241)	-	-
Office Costs	8,236	-	(8,236)	-	-
Professional Services	8,660	-	(8,660)	-	-
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	1,174	-	(1,174)	-	-
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	9,460	-	(9,460)	-	-
Total Operating Expenses	\$ 60,160	\$ -	\$ (60,160)	\$ -	\$ -
Total Expenses	\$ 153,039	\$ -	\$ (153,039)	\$ 71,417	\$ 71,417
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0 FTEs for the 2007 projection and 0.3 FTEs for the 2008 budget

Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Technical Committees and Member Forums Program

Information Technology Program

Funding sources and related expenses for the NPCC information technology section of the 2008 business plan are shown in Table A-8.

Table A-8

Statement of Activities 2007 Budget & Projection, and 2008 Budget Information Technology					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 459,807	\$ 435,739	\$ (24,068)	\$ 264,368	\$ (171,371)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 459,807	\$ 435,739	\$ (24,068)	\$ 264,368	\$ (171,371)
Expenses					
Personnel Expenses					
Salaries	\$ 159,282	\$ 162,340	\$ 3,058	\$ 184,410	\$ 22,071
Payroll Taxes	10,731	10,501	(230)	13,974	3,473
Benefits	37,598	35,136	(2,462)	43,484	8,348
Retirement Costs	20,546	20,368	(178)	22,500	2,132
Total Personnel Expenses	\$ 228,156	\$ 228,345	\$ 188	\$ 264,368	\$ 36,024
Meeting Expenses					
Meetings	\$ 9,754	\$ 8,733	\$ (1,021)	\$ -	\$ (8,733)
Travel	38,334	34,320	(4,014)	-	(34,320)
Conference Calls	2,811	2,516	(294)	-	(2,516)
Total Meeting Expenses	\$ 50,899	\$ 45,569	\$ (5,330)	\$ -	\$ (45,569)
Operating Expenses					
Consultants	\$ 74,791	\$ 62,385	\$ (12,407)	\$ -	\$ (62,385)
Contracts	7,499	9,789	2,290	-	(9,789)
Office Rent	15,747	14,808	(938)	-	(14,808)
Office Costs	24,745	22,943	(1,802)	-	(22,943)
Professional Services	26,020	23,295	(2,725)	-	(23,295)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	3,527	3,158	(369)	-	(3,158)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	28,423	25,447	(2,976)	-	(25,447)
Total Operating Expenses	\$ 180,752	\$ 161,825	\$ (18,927)	\$ -	\$ (161,825)
Total Expenses	\$ 459,807	\$ 435,739	\$ (24,068)	\$ 264,368	\$ (171,371)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.5 FTEs for the 2007 projection and 1.8 FTEs for the 2008 budget

Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Information Technology Program

Legal and Regulatory Program

Funding sources and related expenses for the NPCC legal and regulatory section of the 2008 business plan are shown in Table A-9.

Table A-9

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Legal and Regulatory					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 61,354	\$ 551,936	\$ 490,582	\$ -	\$ (551,936)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 61,354	\$ 551,936	\$ 490,582	\$ -	\$ (551,936)
Expenses					
Personnel Expenses					
Salaries	\$ 21,253	\$ 205,631	\$ 184,377	\$ -	\$ (205,631)
Payroll Taxes	1,432	13,301	11,869	-	(13,301)
Benefits	5,017	44,505	39,489	-	(44,505)
Retirement Costs	2,741	25,800	23,058	-	(25,800)
Total Personnel Expenses	\$ 30,444	\$ 289,237	\$ 258,793	\$ -	\$ (289,237)
Meeting Expenses					
Meetings	\$ 1,301	\$ 11,061	\$ 9,760	\$ -	\$ (11,061)
Travel	5,115	43,472	38,357	-	(43,472)
Conference Calls	375	3,188	2,812	-	(3,188)
Total Meeting Expenses	\$ 6,792	\$ 57,721	\$ 50,929	\$ -	\$ (57,721)
Operating Expenses					
Consultants	\$ 9,980	\$ 79,021	\$ 69,041	\$ -	\$ (79,021)
Contracts	1,001	12,400	11,399	-	(12,400)
Office Rent	2,101	18,757	16,656	-	(18,757)
Office Costs	3,302	29,061	25,759	-	(29,061)
Professional Services	3,472	29,507	26,035	-	(29,507)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	471	4,000	3,529	-	(4,000)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	3,793	32,233	28,440	-	(32,233)
Total Operating Expenses	\$ 24,118	\$ 204,979	\$ 180,860	\$ -	\$ (204,979)
Total Expenses	\$ 61,354	\$ 551,936	\$ 490,582	\$ -	\$ (551,936)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.9 FTEs for the 2007 projection and 1.8 FTEs for the 2008 budget

Meeting Expenses

- Meeting and staff travel, and conference call expenses in support of the Legal and Regulatory Program

Human Resources Program

Funding sources and related expenses for the NPCC human resources section of the 2008 business plan are shown in Table A-10.

Table A-10

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Human Resources					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 122,983	\$ 58,099	\$ (64,884)	\$ 34,428	\$ (23,671)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 122,983	\$ 58,099	\$ (64,884)	\$ 34,428	\$ (23,671)
Expenses					
Personnel Expenses					
Salaries	\$ 42,602	\$ 21,645	\$ (20,957)	\$ 21,510	\$ (135)
Payroll Taxes	2,870	1,400	(1,470)	1,920	520
Benefits	10,056	4,685	(5,371)	7,247	2,563
Retirement Costs	5,495	2,716	(2,780)	3,750	1,034
Total Personnel Expenses	\$ 61,024	\$ 30,446	\$ (30,578)	\$ 34,428	\$ 3,982
Meeting Expenses					
Meetings	\$ 2,609	\$ 1,164	\$ (1,444)	\$ -	\$ (1,164)
Travel	10,253	4,576	(5,677)	-	(4,576)
Conference Calls	752	336	(416)	-	(336)
Total Meeting Expenses	\$ 13,614	\$ 6,076	\$ (7,538)	\$ -	\$ (6,076)
Operating Expenses					
Consultants	\$ 20,004	\$ 8,318	\$ (11,686)	\$ -	\$ (8,318)
Contracts	2,006	1,305	(701)	-	(1,305)
Office Rent	4,212	1,974	(2,237)	-	(1,974)
Office Costs	6,618	3,059	(3,559)	-	(3,059)
Professional Services	6,959	3,106	(3,853)	-	(3,106)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	943	421	(522)	-	(421)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	7,602	3,393	(4,209)	-	(3,393)
Total Operating Expenses	\$ 48,345	\$ 21,577	\$ (26,768)	\$ -	\$ (21,577)
Total Expenses	\$ 122,983	\$ 58,099	\$ (64,884)	\$ 34,428	\$ (23,671)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 0.2 FTEs for the 2007 projection and 0.3 FTEs for the 2008 budget

Meeting Expenses

- Meeting, staff and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Human Resources Program

Accounting Program

Funding sources and related expenses for the NPCC accounting section of the 2008 business plan are shown in Table A-11.

Table A-11

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
Accounting					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 429,888	\$ 406,690	\$ (23,199)	\$ 167,990	\$ (238,699)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 429,888	\$ 406,690	\$ (23,199)	\$ 167,990	\$ (238,699)
Expenses					
Personnel Expenses					
Salaries	\$ 148,917	\$ 151,517	\$ 2,600	\$ 83,159	\$ (68,358)
Payroll Taxes	10,033	9,801	(232)	7,850	(1,951)
Benefits	35,151	32,793	(2,358)	50,731	17,938
Retirement Costs	19,209	19,010	(199)	26,250	7,240
Total Personnel Expenses	\$ 213,311	\$ 213,122	\$ (189)	\$ 167,990	\$ (45,131)
Meeting Expenses					
Meetings	\$ 9,119	\$ 8,150	\$ (969)	\$ -	\$ (8,150)
Travel	35,840	32,032	(3,808)	-	(32,032)
Conference Calls	2,628	2,349	(279)	-	(2,349)
Total Meeting Expenses	\$ 47,587	\$ 42,531	\$ (5,056)	\$ -	\$ (42,531)
Operating Expenses					
Consultants	\$ 69,925	\$ 58,226	\$ (11,699)	\$ -	\$ (58,226)
Contracts	7,011	9,137	2,125	-	(9,137)
Office Rent	14,722	13,821	(901)	-	(13,821)
Office Costs	23,134	21,413	(1,721)	-	(21,413)
Professional Services	24,327	21,742	(2,585)	-	(21,742)
Computer Purch. & Maint.	-	-	-	-	-
Furniture & Equipment	3,298	2,947	(350)	-	(2,947)
Depreciation	-	-	-	-	-
Miscellaneous/Contingency	26,574	23,750	(2,823)	-	(23,750)
Total Operating Expenses	\$ 168,991	\$ 151,037	\$ (17,954)	\$ -	\$ (151,037)
Total Expenses	\$ 429,888	\$ 406,690	\$ (23,199)	\$ 167,990	\$ (238,699)
Change in Assets	\$ -	\$ -	\$ 0	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.4 FTEs for the 2007 projection and 2.1 FTEs for the 2008 budget

Meeting Expenses

- Meeting and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the Finance and Accounting Program

General and Administrative Program

Funding sources and related expenses for the NPCC general and administrative section of the 2008 business plan are shown in Table A-12.

Table A-12

Statement of Activities 2007 Budget & Projection, and 2008 Budget General & Administrative					
	2007 Budget	2007 Projection	Variance	2008 Budget	Variance
Funding					
ERO Funding	\$ 153,039	\$ 435,739	\$ 282,700	\$ 2,523,199	\$ 2,087,460
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	-	-	-	-
Total Funding	\$ 153,039	\$ 435,739	\$ 282,700	\$ 2,523,199	\$ 2,087,460
Expenses					
Personnel Expenses					
Salaries	\$ 53,014	\$ 162,340	\$ 109,326	\$ 594,072	\$ 431,732
Payroll Taxes	3,572	10,501	6,929	21,694	11,193
Benefits	12,514	35,136	22,622	89,383	54,248
Retirement Costs	6,838	20,368	13,530	46,250	25,882
Total Personnel Expenses	\$ 75,938	\$ 228,345	\$ 152,407	\$ 751,400	\$ 523,055
Meeting Expenses					
Meetings	\$ 3,246	\$ 8,733	\$ 5,486	\$ 47,443	\$ 38,710
Travel	12,759	34,320	21,561	190,357	156,037
Conference Calls	936	2,516	1,581	13,179	10,662
Total Meeting Expenses	\$ 16,941	\$ 45,569	\$ 28,628	\$ 250,979	\$ 205,409
Operating Expenses					
Consultants	\$ 24,893	\$ 62,385	\$ 37,492	\$ 90,000	\$ 27,615
Contracts	2,496	9,789	7,293	55,800	46,011
Office Rent	5,241	14,808	9,567	297,000	282,192
Office Costs	8,236	22,943	14,707	336,870	313,927
Professional Services	8,660	23,295	14,635	686,700	663,405
Computer Purch. & Maint.	-	-	-	9,000	9,000
Furniture & Equipment	1,174	3,158	1,984	4,500	1,342
Depreciation	-	-	-	21,150	21,150
Miscellaneous/Contingency	9,460	25,447	15,987	19,800	(5,647)
Total Operating Expenses	\$ 60,160	\$ 161,825	\$ 101,665	\$ 1,520,820	\$ 1,358,995
Total Expenses	\$ 153,039	\$ 435,739	\$ 282,700	\$ 2,523,199	\$ 2,087,460
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of 2007 Projection and 2008 Budgeted Funding and Expenses

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

Funding Sources

- Funding for this program in 2008 is provided through assessments to the ERO (NERC)

Personnel Expenses

- Salary, payroll taxes, benefits, and savings and retirement expenses for 1.5 FTEs for the 2007 projection and 1.9 FTEs for the 2008 budget

Meeting Expenses

- Meeting and consultant travel, and conference call expenses in support of the committees, task forces and working groups in place to support the General and Administrative Program

Appendix B - Breakdown by Statement of Activity Sections

This appendix provides detailed schedules in support of Table 1 in Section B of the 2007 NPCC Business Plan and Budget. All significant variances have been disclosed as detailed in **Appendix A**.

Supplemental Funding

Table B-1

Outside Funding Breakdown By Program (excluding ERO Assessments)	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
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No supplemental funding is identified for statutory activities.

Personnel Expenses

Table B-2

Personnel Expenses	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Salaries	1,806,305	2,056,305	2,702,620	\$ 646,315	31.4%
Total Salaries	\$ 1,806,305	\$ 2,056,305	\$ 2,702,620	\$ 646,315	31.4%
Payroll Taxes	\$ 121,697	\$ 133,012	\$ 165,893	\$ 32,881	24.7%
Total Payroll Taxes	\$ 121,697	\$ 133,012	\$ 165,893	\$ 32,881	24.7%
Benefits	\$ 426,371	\$ 445,054	\$ 608,774	\$ 163,720	36.8%
Total Benefits	\$ 426,371	\$ 445,054	\$ 608,774	\$ 163,720	36.8%
Retirements	\$ 232,995	\$ 257,995	\$ 315,000	\$ 57,005	(257,995)
Total Retirement	\$ 232,995	\$ 257,995	\$ 315,000	\$ 57,005	22.1%
Total Personnel Costs	\$ 2,587,368	\$ 2,892,366	\$ 3,792,287	\$ 899,921	31.1%

Meeting Expenses

Table B-3

Meeting Expenses by Business Plan Category	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Reliability Standards	\$ 16,305	\$ 11,643	\$ 20,250	\$ 8,607	73.9%
Compliance and Organization Registration and Certification	35,813	34,930	43,393	8,463	24.2%
Reliability Readiness Audit and Improvement	5,194	4,657	5,786	1,128	24.2%
Reliability Assessment and Performance Analysis	19,478	17,465	20,250	2,785	15.9%
Training and Education	1,299	1,164	2,893	1,729	148.5%
Situational Awareness and Infrastructure Security	3,246	2,911	5,786	2,875	98.8%
Committee and Member Forums	3,246	-	-	-	-
General and Administrative	3,246	8,733	47,443	38,710	443.3%
Legal and Regulatory	1,301	11,061	-	(11,061)	-100.0%
Information Technology	9,754	8,733	-	(8,733)	-100.0%
Human Resources	2,609	1,164	-	(1,164)	-100.0%
Accounting and Finance	9,119	8,150	-	(8,150)	-100.0%
Total Meeting Expenses	\$ 110,612	\$ 110,612	\$ 145,800	\$ 35,188	31.8%

Travel Expenses by Business Plan Category	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Reliability Standards	\$ 64,082	\$ 45,760	\$ 81,250	\$ 35,490	77.6%
Compliance and Organization Registration and Certification	140,750	137,281	174,107	36,827	26.8%
Reliability Readiness Audit and Improvement	20,414	18,304	23,214	4,910	26.8%
Reliability Assessment and Performance Analysis	76,553	68,640	81,250	12,610	18.4%
Training and Education	5,104	4,576	11,607	7,031	153.7%
Situational Awareness and Infrastructure Security	12,759	11,440	23,214	11,774	102.9%
Committee and Member Forums	12,759	-	-	-	-
General and Administrative	12,759	34,320	190,357	156,037	454.7%
Legal and Regulatory	5,115	43,472	-	(43,472)	-100.0%
Information Technology	38,334	34,320	-	(34,320)	-100.0%
Human Resources	10,253	4,576	-	(4,576)	-100.0%
Accounting and Finance	35,840	32,032	-	(32,032)	-100.0%
Total Travel Expenses	\$ 434,722	\$ 434,722	\$ 585,000	\$ 150,278	34.6%

Conference Call Expenses	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Reliability Standards	\$ 4,699	\$ 3,355	\$ 5,625	\$ 2,270	67.6%
Compliance and Organization Registration and Certification	10,320	10,066	12,054	1,988	19.7%
Reliability Readiness Audit and Improvement	1,497	1,342	1,607	265	19.7%
Reliability Assessment and Performance Analysis	5,613	5,033	5,625	592	11.8%
Training and Education	374	336	804	468	139.5%
Situational Awareness and Infrastructure Security	936	839	1,607	768	91.6%
Committee and Member Forums	936	-	-	-	-
General and Administrative	936	2,516	13,179	10,662	423.7%
Legal and Regulatory	375	3,188	-	(3,188)	-100.0%
Information Technology	2,811	2,516	-	(2,516)	-100.0%
Human Resources	752	336	-	(336)	-100.0%
Accounting and Finance	2,628	2,349	-	(2,349)	-100.0%
Total Conference Calls	\$ 31,875	\$ 31,875	\$ 40,500	\$ 8,625	27.1%

Operating Expenses

Table B-4

Consultants	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Consultants					
Reliability Standards	\$ 125,026	\$ 83,180	\$ 227,824	\$ 144,644	173.9%
Compliance and Organization Registration and Certification	274,609	249,539	406,765	157,226	63.0%
Reliability Readiness Audit and Improvement	39,829	33,272	22,235	(11,037)	-33.2%
Reliability Assessment and Performance Analysis	149,359	124,769	247,824	123,054	98.6%
Training and Education	9,957	8,318	11,118	2,800	33.7%
Situational Awareness and Infrastructure Security Committee and Member Forums	24,893	20,795	22,235	1,440	6.9%
General and Administrative	24,893	-	-	-	-
Legal and Regulatory	24,893	62,385	90,000	27,615	44.3%
Information Technology	9,980	79,021	-	(79,021)	-100.0%
Human Resources	74,791	62,385	-	(62,385)	-100.0%
Accounting and Finance	20,004	8,318	-	(8,318)	-100.0%
	69,925	58,226	-	(58,226)	-100.0%
Consultants Total	\$ 848,159	\$ 790,206	\$ 1,028,000	\$ 237,794	30.1%
Total Consultants and Contracts	\$ 933,204	\$ 914,706	\$ 1,296,300	\$ 381,594	145.6%

Table B-5

Contracts	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Contracts - Software					
GE Mars	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	0.0%
Power World	15,000	15,000	15,000	-	0.0%
PSSE Maintenance	10,000	10,000	10,000	-	0.0%
Veritech Web Maintenance	545	40,000	45,000	5,000	12.5%
PC and Server Licenses	12,000	12,000	10,800	(1,200)	-10.0%
Eastern Interconnection Reliability (ERAG)	-	-	50,000	50,000	-
Solar Terrestrial Dispatch	22,500	22,500	22,500	-	0.0%
Guidance Compliance Database	-	-	90,000	90,000	-
Contracts - Software Total	\$ 85,045	\$ 124,500	\$ 268,300	\$ 143,800	115.5%
Contracts Total	\$ 85,045	\$ 124,500	\$ 268,300	\$ 143,800	115.5%

Table B-6

Office Rent	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Office Rent	178,571	187,571	297,000	109,429	58.3%
Total Office Rent	\$ 178,571	\$ 187,571	\$ 297,000	\$ 109,429	58.3%

Total statutory and non-statutory rent for 2008 is \$330,000, a projected increase of 4% over the total 2007 total rent of \$317,460.

Table B-7

Office Costs	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Office Costs	280,611	290,613	336,870	46,257	15.9%
Total Office Costs	\$ 280,611	\$ 290,613	\$ 336,870	\$ 46,257	15.9%

Table B-8

Professional Services	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Professional Services	295,072	295,072	686,700	391,628	(295,072)
Total Professional Services	\$ 295,072	\$ 295,072	\$ 686,700	\$ 391,628	1.327228609

Table B-9

Computer	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Purchase and Lease	-	-	9,000	9,000	-
Total Computer	\$ -	\$ -	\$ 9,000	\$ 9,000	-

Table B-10

Furniture & Equipment	2007 Budget	2007 Projection	2008 Budget	Variance	Variance %
Furniture	40,000	40,000	4,500	(35,500)	-88.7%
Equipment	-	-	-	-	-
Depreciation	-	-	21,150	21,150	-
Miscellaneous & Contingency	322,325	-	289,800	289,800	-
Total Services	\$ 362,325	\$ 40,000	\$ 315,450	\$ 275,450	688.6%

Section C — 2008 NPCC Non-Statutory Business Plan and Budget

Full Member Criteria Services

(in whole dollars)			
	2007 Budget	2007 Projection	2008 Budget
Total FTEs	7	5*	2.8
Total Direct Funding	\$1,377,353	*	\$440,172
Total Indirect Funding	\$765,196	*	\$231,884
Total Funding	\$2,142,549	\$1,837,557	\$672,056

**Based on current definitions, several 2007 services included as non-statutory in the 2007 NPCC Business Plan and Budget would have been included as statutory. Utilizing available definitional clarity, 2.4 FTEs would have been allocated in 2007 to non-statutory. Therefore, for 2007, some statutory services are being funded by the NPCC non-statutory member funding mechanism rather than the ERO statutory funding mechanism due to last year's conservative definitions of statutory and non-statutory within the Region.*

NPCC Regionally-Specific Criteria Services

Background

NPCC regional non-statutory activities are in the development, maintenance and promulgation of regionally-specific more stringent Criteria and Criteria establishing resource adequacy requirements within the Region.

Planning and Design Objectives

- Initiate reviews of the Basic Criteria for the Design and Operation of Interconnected Power Systems (Document A-2), of other NPCC criteria, guidelines, and procedures related to planning, and of those documents which provide for the uniform implementation, interpretation and monitoring of compliance with criteria, guidelines and procedures related to planning, system studies and system protection. These reviews will be coordinated with the Task Force on Coordination of Operation, based on a schedule set forth in the Reliability Assessment Program
- Initiate and coordinate with designated Task Forces, review of NPCC protection related criteria, guidelines and procedures

Operations Objectives

- Coordinate the development of operating criteria, guidelines and procedures affecting the reliability and operability of interconnected power systems in coordination with, and as directed by, NERC and NPCC
- Recommend revisions to NPCC Criteria and Procedures regarding control performance and conducts investigations of control performance problems

Critical Infrastructure Objectives

- Formulate and recommend Criteria, Guidelines and Procedures to monitor and report conformance pertaining to the reliability, Cyber Security, Physical Security, availability and performance of member systems Energy Management Systems, SCADA, the Telecommunications Networks and Substation automation technology which serve and interconnect them

Criteria Compliance Enforcement Program Objectives

To meet its non-statutory requirements in the compliance area, specifically the monitoring and assessment of compliance with its more stringent NPCC regional criteria, NPCC will continue to conduct its Reliability Assessment Program (RCEP). RCEP will continue to be administered through the Areas and focus on the more stringent and specific NPCC criteria and resource adequacy requirements. Sanctions associated with the requirements of the RCEP will continue to be non-monetary in nature.

- Conduct 2008 NPCC Reliability Compliance and Enforcement Program (RCEP)
 - Assess NPCC Area compliance with NPCC more stringent or specific criteria including requirements in the NPCC RCEP, NPCC Reliability Assessment Program
 - Documenting results and providing appropriate reports to RCC
 - For instances of identified non-compliance, providing a report fully explaining the reason for the non-compliance and recommend to the RCC the appropriate sanction and reviewing any mitigation plan or action proposed to achieve compliance
 - Developing and implementing the necessary processes and procedures to efficiently execute the NPCC Compliance Program
 - Providing information and feedback on compliance program to NPCC Members, RCC, Task Forces and participants in the program
 - Conducting workshops as necessary to communicate NPCC Compliance Program requirements and obtain feedback from the program participants
 - Conducting compliance surveys as required
 - Managing the Review Process for the NPCC RCEP
 - Providing oversight review of NPCC Area compliance programs.
 - Reviewing and proposing changes to existing documents as required for the NPCC Compliance Program, and propose new documents as required

Members Forums

Background

To promote NPCC interaction and coordination with Federal/State/Provincial governmental and/or regulatory agencies on a coordinated regional basis, and identify and develop policy input for NPCC and Northeast Regional governmental and/or regulatory bodies.

NPCC Regulatory/Governmental Affairs Advisory Group

The NPCC Governmental/Regulatory Affairs Advisory Group provides a forum where industry and governmental and/or regulatory representatives can exchange views and strive to develop consensus policy recommendations on reliability issues specific to the NPCC Region (Northeastern United States and Eastern Canada) and share actionable information among NPCC, NERC (ERO) and other related governmental and/or regulatory agencies related to regional energy and reliability matters.

2007 Total Budget & Projection, and 2008 Budget Comparisons

Statement of Activities					
2007 Budget & Projection, and 2008 Budget					
	2007	2007		2008	
	Budget	Projection	Variance	Budget	Variance
Funding					
Assessments - NPCC	\$ 2,142,549	\$ 2,142,549	\$ -	\$ 672,056	\$ (1,165,501)
Membership Dues*	12,500	(304,992)	(317,492)	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Interest	-	140,000	140,000	-	(140,000)
Total Funding	\$ 2,155,049	\$ 1,977,557	\$ (177,492)	\$ 672,056	\$ (1,305,501)
Expenses					
Personnel Expenses					
Salaries	\$ 899,348	\$ 649,348	\$ (250,000)	\$ 219,717	\$ (429,631)
Payroll Taxes	66,080	51,080	(15,000)	13,017	(38,063)
Benefits	227,701	167,702	(59,999)	67,642	(100,060)
Retirement Costs	124,490	144,490	20,000	35,000	(109,490)
¹Total Personnel Expenses	\$ 1,317,618	\$ 1,012,620	\$ (304,998)	\$ 335,376	\$ (677,244)
Meeting Expenses					
Meetings	\$ 45,546	\$ 55,000	\$ 9,454	\$ 16,200	\$ (38,800)
Travel	179,003	169,549	(9,454)	65,000	(104,549)
Conference Calls	13,125	13,125	0	4,500	(8,625)
Total Meeting Expenses	\$ 237,674	\$ 237,674	\$ (0)	\$ 85,700	\$ (151,974)
Operating Expenses					
² Consultants	\$ 161,902	\$ 132,500	\$ (29,402)	\$ 52,000	\$ (80,500)
Contracts	19,480	19,480	0	16,200	(3,280)
Office Rent	138,889	138,889	0	33,000	(105,889)
Office Costs	112,149	112,151	2	37,430	(74,721)
Professional Services	142,918	178,118	35,200	76,300	(101,818)
Computer Purch. & Maint.	-	-	-	1,000	1,000
Furniture & Equipment	-	-	-	500	500
Depreciation	-	-	-	2,350	2,350
³ Miscellaneous & Contingency	11,920	6,125	(5,795)	32,200	26,075
Total Operating Expenses	\$ 587,256	\$ 587,263	\$ 7	\$ 250,980	\$ (336,283)
Total Expenses	\$ 2,142,549	\$ 1,837,557	\$ (304,992)	\$ 672,056	\$ (1,165,501)
Change in Assets	\$ 12,500	\$ 140,000	\$ 127,500	\$ -	\$ (140,000)

* Represents membership fees and ISO/BAA membership funding applied to re-defined statutory services

¹ Represents decrease of 2 FTEs due to redefinition of statutory functions

² Industry Support of \$378,000 for statutory and \$42,000 for non-statutory used for flat rate reimbursements to members for working group participation

³ Miscellaneous Expenses including contingency account projected at \$322,325 for 2007 statutory, \$11,922 for 2007 nonstatutory, \$289,800 for 2008 statutory, and \$32,200 for 2008 nonstatutory

Personnel Analysis

Table 2 shows staffing by what had originally been assumed to be non-statutory, regional reliability organization program areas for both 2007 budget and projection and 2008 budget. 2008 Budget levels show a decrease of 2.2 FTEs compared to the 2007 projection. FTEs would have increased from 2.4 in 2007 to 2.8 in 2008 using the current definition of non-statutory for consistency.

Table 2

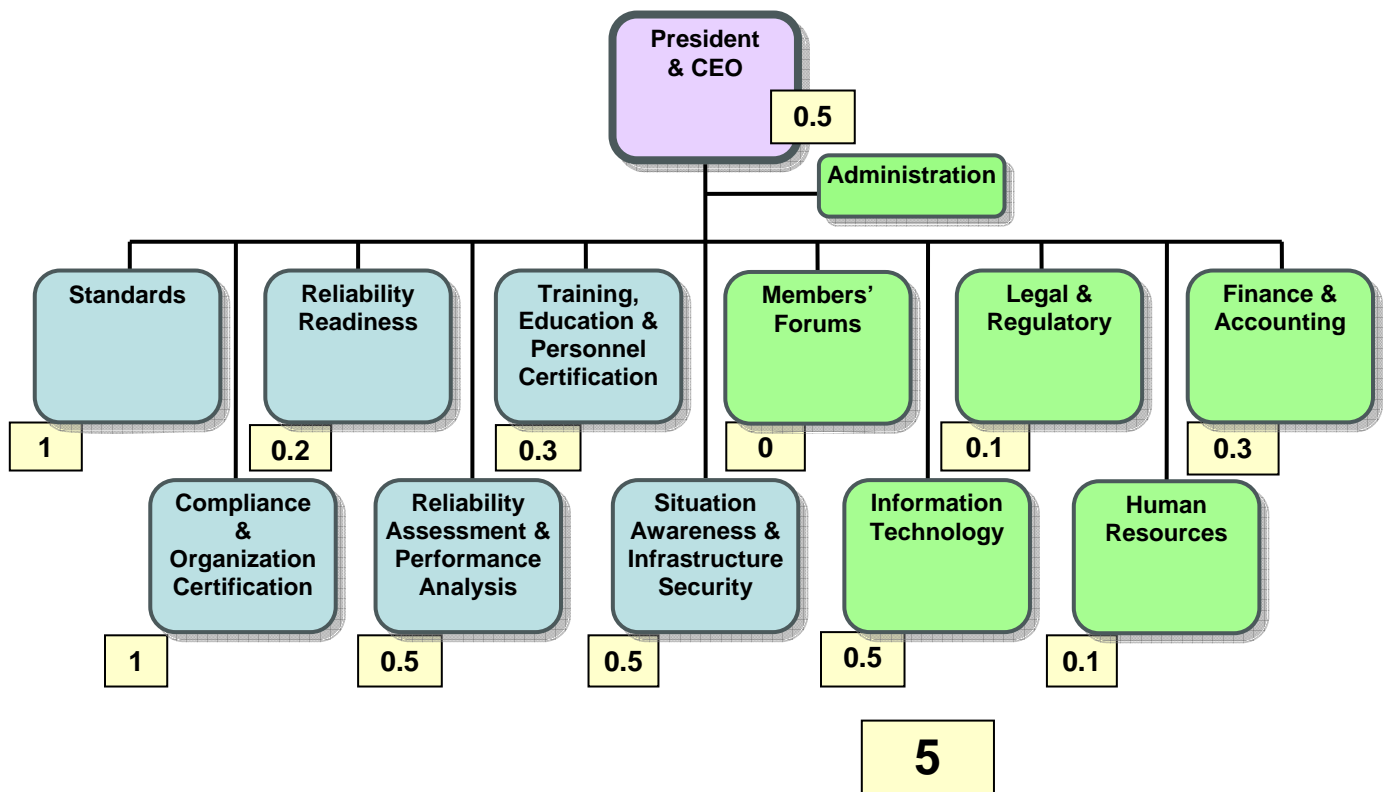
FTE's by Program Area	Budget 2007	Projection 2007	Budget 2008	Change
Operational Programs				
Reliability Standards	1.0	1.0	1.0	0.0
Compliance and Organization Registration and Certification	2.0	1.0	1.0	0.0
Reliability Readiness Audit and Improvement	0.2	0.2	0.0	-0.2
Training and Education	0.3	0.3	0.0	-0.3
Reliability Assessment and Performance Analysis	0.5	0.5	0.0	-0.5
Situational Awareness and Infrastructure Security	0.5	0.5	0.0	-0.5
FTEs Operational Programs	4.5	3.5	2.0	-1.5
Administrative Programs				
Member Forums	1.0	0.0	0.2	0.2
General & Administrative	0.5	0.5	0.1	-0.4
Information Technology	0.5	0.5	0.2	-0.3
Legal and Regulatory	0.1	0.1	0.2	0.1
Human Resources	0.1	0.1	0.0	-0.1
Accounting	0.3	0.3	0.1	-0.2
FTEs Administrative Programs	2.5	1.5	0.8	-0.7
FTEs	7.0	5.0	2.8	-2.2

2007 Organizational Chart

Shown below in Table 3 is the organizational chart for 2007, including the staff expected to be in each program area by the end of 2007. NPCC non-statutory support would have totaled 2.4 FTEs or 10% of the total regional FTEs if the current definitions of statutory and non-statutory had been applied last year.

Full Member Criteria Services

Table 3

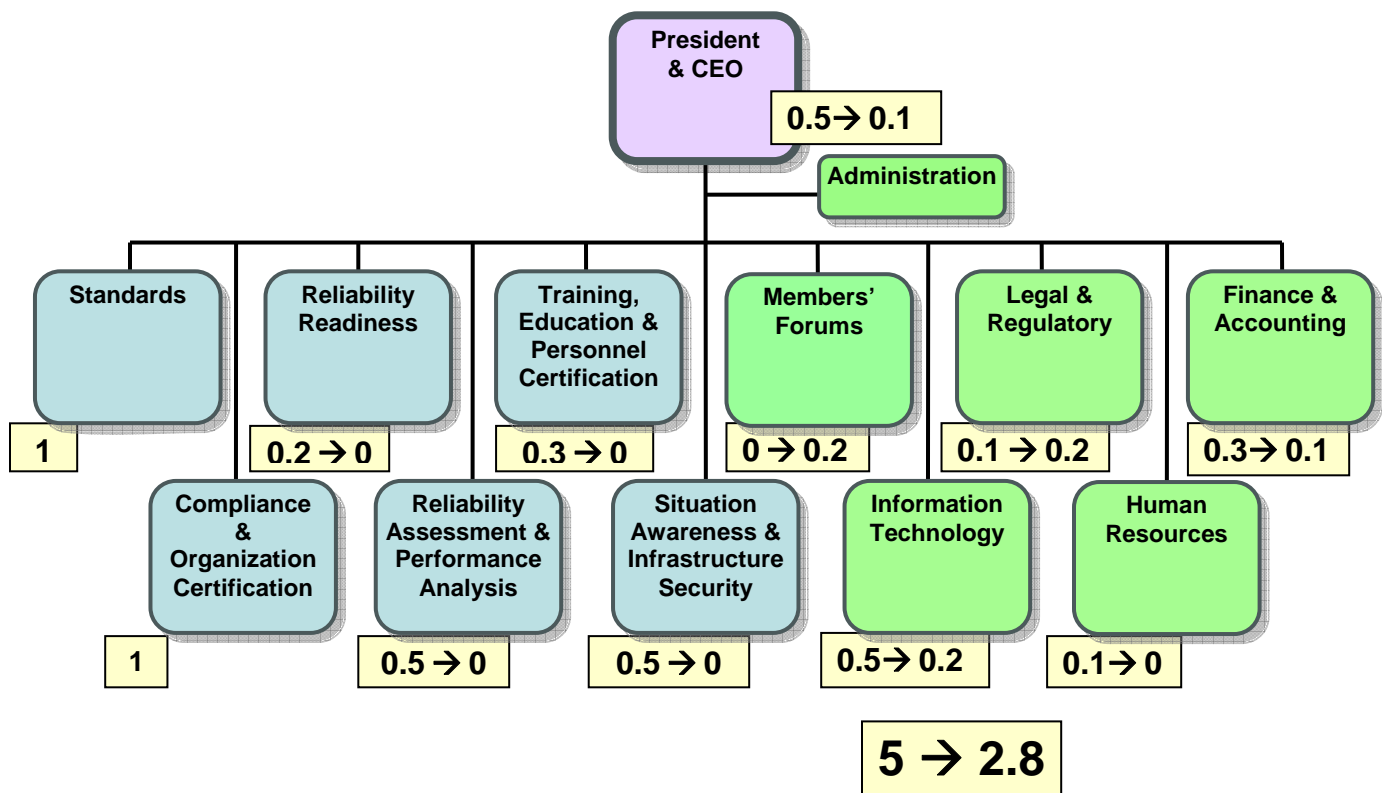


2008 Organizational Chart

Shown below in Table 4 is the organizational chart for 2008 with the 2007 staffing levels allocated to non-statutory functions to support the regional criteria related activities for 2008. NPCC non-statutory support would have grown from 2.4 FTEs to 2.8 FTEs if consistent statutory and non-statutory definitions were applied.

Full Member Criteria Services

Table 4



Reserve Balance

Table 5 shows the analysis of the cash needed to fund the 2008 budgeted expenses for functions and services performed by the merged NPCC as the cross-border regional entity and criteria services corporation for Northeastern North America and to maintain a 20% operating cash balance for 2008. The cash balance at December 31st, 2006 represented the cash portion of the NPCC Council prior to restructuring to two independent, affiliate corporations: NPCC, Inc., the member reliability services corporation providing non-statutory criteria services within Northeastern North America and NPCC CBRE, the cross-border regional entity performing delegated statutory functions and services effective in 2007. All assets and liabilities of NPCC (Council) were transferred to NPCC, Inc. by year end 2006 and are now held by the merged corporation, NPCC. Reserves were member funded from Council. Allocated 10% of 12/31/06 total reserves of \$1,507,967 and 90% on statutory Table 5.

Table 5

Reserve Analysis 2007-08	
Cash Available Balance 2006:	
Cash Balance @ 12/31/06	150,797
2007 Assessment Funding (from ERO - NERC)	2,142,549
2006 other funding sources (Cash basis)	-
Change in assets ¹	-
Total Cash Available 2007	2,293,346
Cash Needed 2007:	
Projected Expenses 2007 (Cash basis)	2,142,549
Change in liabilities ²	-
Total Cash Needed 2007	(2,142,549)
Projected Ending Cash Balance @ 12/31/07	150,797
Desired Cash Balance @ 12/31/08 (20% of Total NPCC)	134,411
Less:	
Projected Cash Balance @ 12/31/07	150,797
Increase in assessments needed to raise cash balance	(16,386)
2008 Assessment	-
Adjustment to increase cash balance	(16,386)
2008 Assessment and reserve adjustment	(16,386)

¹Assumes all other assets remain at same levels as 12/31/06

²Assumes all other assets remain at same levels as 12/31/07