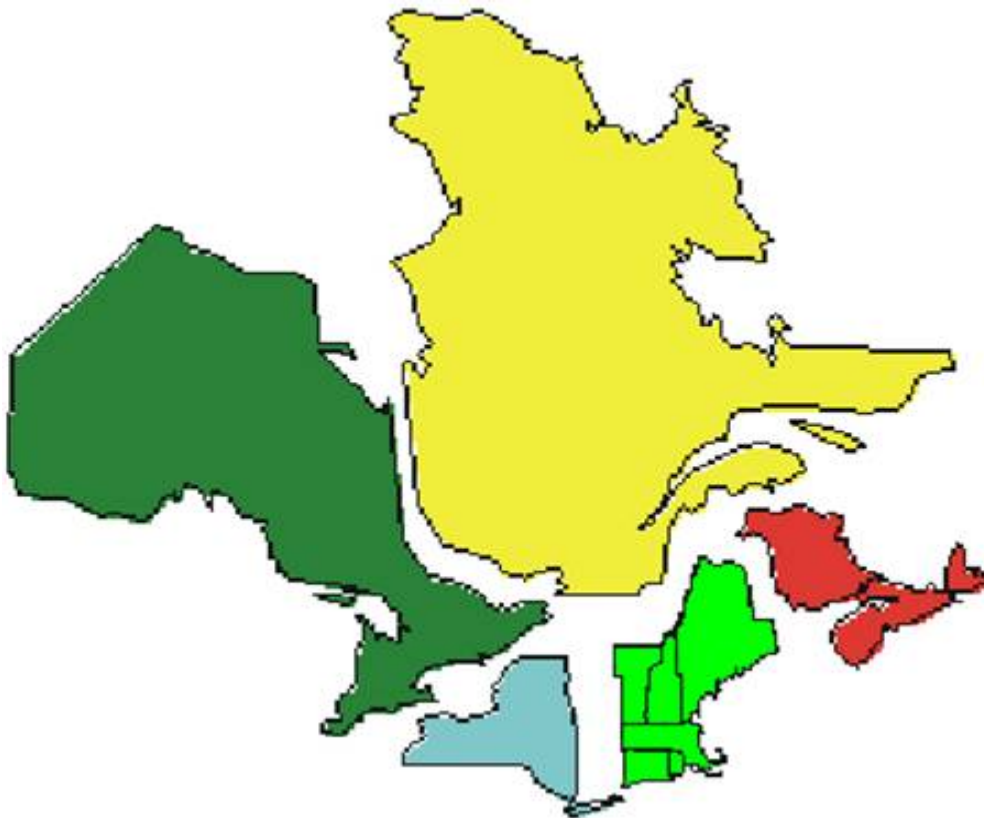




NORTHEAST POWER COORDINATING COUNCIL, INC.
1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782

Northeast Power Coordinating Council, Inc. (NPCC)

2010 Business Plan and Budget



Draft #1
Submitted to NERC May 8, 2009 and
Posted for Review and Comment

Table of Contents

Introduction	3
Organizational Overview	3
Membership and Governance	4
Regional Entity Division Functional Scope.....	5
2010 Key Assumptions	6
2010 Goals and Key Deliverables.....	6
2010 Overview of Cost Impacts	8
Section A — 2010 Business Plan	10
Reliability Standards Program	10
Compliance Monitoring and Enforcement and Organization Registration and Certification Program.....	19
Training, Education, and Operator Certification Program.....	26
Reliability Assessment and Performance Analysis Program.....	31
Situation Awareness and Infrastructure Security Program.....	43
Administrative Services	51
Technical Committees and Members’ Forums	51
General and Administrative	55
Legal and Regulatory	58
Information Technology	61
Human Resources	64
Finance and Accounting	67
Section B — 2010 Budget	70
2009 Budget and Projection and 2010 Budget Comparisons	70
Personnel Analysis.....	71
2009 Budget NPCC Organization Chart.....	72
2010 NPCC Organization Chart	73
Working Capital Reserve Analysis 2009 – 2010.....	74
Regional Entity Assessment Analysis	75
Breakdown by Statement of Activity Sections	76
Section C — 2010 Criteria Services Division - Non-Statutory Business Plan and Budget.....	84
NPCC Regionally-Specific Criteria Services Background.....	84
Membership and Governance	84
Criteria Services Division Functional Scope	84
2010 Primary Goals and Objectives	85
Major 2010 Cost Impacts.....	87
Personnel Analysis.....	89
2009 Budget Organization Chart	90
2010 Organization Chart.....	91
Working Capital Reserve Analysis 2008 – 2009	92
Section D	93

Introduction

Total NPCC Resources				
(in whole dollars)				
	2010	U.S.	Canada	Mexico
Regional Entity Division FTEs	27.41			
Criteria Services Division FTEs	2.59			
Total FTEs	30			
Regional Entity Division Expenses	\$11,144,465			
Criteria Services Division Expenses	\$1,108,927			
Total Expenses	\$12,253,392			
ERO Funding Assessments*	\$11,248,895			
ISO/BAA Assessments*	\$1,157,022			
Total Funding Assessments	\$12,405,916			
NEL	661,525,000	297,362,000	364,163,000	
NEL %	100%	44.95%	55.05%	

*Includes Cash Reserve Requirement

Organizational Overview

Northeast Power Coordinating Council, Inc. (NPCC) is a 501(c)(6) not-for-profit corporation in the state of New York responsible for promoting and improving the reliability of the international, interconnected bulk power systems in Northeastern North America through (i) the development of regional reliability standards and compliance assessment and enforcement of continent-wide and regional reliability standards, coordination of system planning, design and operations, and assessment of reliability, (collectively, “regional entity activities”), and (ii) the establishment of regionally-specific criteria, and monitoring and enforcement of compliance with such criteria (collectively, “criteria services activities”). NPCC provides the functions and services for Northeastern North America of a cross-border regional entity through a regional entity division, as well as regionally-specific criteria services for Northeastern North America through a criteria services division. NPCC’s website is www.npcc.org.

The NPCC Region covers nearly 1.2 million square miles, and is populated by more than 55 million people. NPCC U.S. includes the six New England states and the state of New York. NPCC Canada includes the provinces of Ontario, Québec and the Maritime provinces of New Brunswick and Nova Scotia. In total, from a net energy for load perspective, NPCC is approximately 45% U.S. and 55% Canadian. With regard to Canada, approximately 70% of Canadian net energy for load is within the NPCC Region.

NPCC executed an agreement with the North American Electric Reliability Corporation (NERC) on May 2, 2007, which was amended and restated effective April 5, 2008, for the purpose of delegating to NPCC certain responsibilities and authorities of a cross-border regional entity as defined by Section 215 of the Federal Power Act in the U.S. and through Canadian provincial Memoranda of Understanding and governmental and/or regulatory authority agreements.

NPCC has a 2010 targeted staffing level of 30 power industry professionals and support personnel. As a variation from prior business plans and in the spirit of consistency with NERC

and the other Regional Entities, NPCC's 2010 business plan excludes independent contractor full time equivalents (FTEs) in its staffing level as was included for total FTEs in the 2007, 2008 and 2009 business plans. Details of the 2010 business plans and budget for each program area are included in Section A for the regional entity division. The 2010 regional entity division schedules are shown in Section B. Section C details the criteria services division business plan and budget.

Membership and Governance

NPCC monitors approximately 268 registered entities in the region for compliance with mandatory reliability standards. NPCC currently has 79 members. There are two categories of membership, General and Full. The two categories distinguish between Regional Entity Services that are provided in support of the U.S. FERC and Canadian provincial regulatory and/or governmental authority agreements, and Criteria Services which FERC references as U.S. non-statutory or non-delegated activities.

General Membership is voluntary and is open to any person or entity, including any entity participating in the Registered Ballot Body of the Electric Reliability Organization (ERO) that has an interest in the reliable operation of the Northeastern North American bulk power system. General Members are subject to compliance with reliability standards and receive additional services from the regional entity division of NPCC.

Full Membership is available to Members, which are already General Members, and participate in electricity markets in the Northeast. Independent system operators ("ISOs"), regional transmission organizations ("RTOs"), Transcos and other organizations or entities that perform the Balancing Authority function operating in Northeastern North America are expected to be Full Members of NPCC. The New York State Reliability Council and any other sub-regional reliability councils which may be formed are also expected to be Full Members. Full Members are subject to compliance with regionally-specific criteria, in addition to reliability standards, and receive additional services from the criteria services division of NPCC which is not funded by the ERO.

NPCC is governed by a Board of Directors consisting of stakeholders balanced by sector and an independent Chairman. A maximum of 3 directors per voting sector comprise the Board to provide for fair stakeholder representation. The voting sectors include:

- Sector 1) Transmission Owners
- Sector 2) Reliability Coordinators
- Sector 3) Transmission Dependent Utilities, Distribution Companies, Load Serving Entities
- Sector 4) Generator Owners
- Sector 5) Marketers, Brokers and Aggregators
- Sector 6) Customers
- Sector 7) State and Provincial Regulatory and/or Governmental Authorities
- Sector 8) Sub-Regional Reliability Councils, other Regional Entities and Interested Parties

An Audit and Finance Committee, a Pension Committee, and a Compensation Committee advise the Board on governance, finance, compensation and human resource matters. The Board endorses a non-employee, Certified Public Accountant for election by the NPCC Members as Treasurer of the corporation. The Treasurer chairs the Audit and Finance Committee and works with the Chief Operating Officer who provides oversight of the finances of the corporation. The

Treasurer reports to the Board on the corporation's financial position, on Audit and Finance Committee activities, on tax code requirements, including requirements of the new Form 990, and on independent annual audit results and accounting practices.

The Regional Standards Committee (RSC), the Compliance Committee (CC), the Reliability Coordinating Committee (RCC), and the Public Information Committee, consistent with their approved scopes, are responsible for various reliability issues. The RSC, CC and RCC also provide technical policy recommendations to the Board. All General and Full Members are eligible for representation on the technical committees.

Industry technical experts from within the membership provide input to the Board through various working groups and task forces as well as the committees. The *Amended and Restated Bylaws* establish NPCC's independence from users, owners and operators of the bulk power system through the governance structure, while providing fair stakeholder representation in the selection of officers. The members, from each of the eight voting sectors, vote to elect directors, in their respective sector.

Compliance and enforcement activities are carried out by the NPCC Compliance Staff and are independent of all users, owners and operators of the bulk power system and from the Hearings Officer. Compliance activities are governed in the United States by the *Amended and Restated Regional Delegation Agreement* between NERC and NPCC, delegating portions of NERC's authority as the ERO to NPCC. A *Memorandum of Understanding* between the Independent Electricity System Operator in Ontario, NERC and NPCC establishes roles and responsibilities with regard to that province. Regulatory and/or governmental authority agreements within the provinces of New Brunswick and Québec provide the unique parameters for compliance and enforcement activities for each of those provinces, and a Memorandum of Understanding is currently under development for the province of Nova Scotia.

Regional Entity Division Functional Scope

NPCC's regional entity functions in support of the ERO include:

- Active participation in the development of North American reliability standards for the bulk power system, and as needed development of reliability standards applicable within the NPCC cross-border regional entity
- Monitoring and enforcement of approved reliability standards, including the registration of responsible entities, and as needed certification of such entities
- Assessment of the present and future reliability of the bulk power system
- Operational coordination and situation awareness support
- Event analysis and identifying lessons learned to improve reliability
- Effective training and education of reliability personnel
- Promoting the protection of critical electric infrastructure

In recognition of the importance of the compliance role of regional entities, NPCC has designated a significant percentage of its staff resources to compliance monitoring and enforcement. NPCC has also developed and deployed a robust set of online tools for gathering data, analysis, and tracking of compliance information.

NPCC has organized the remaining staff into program areas consistent with EPA 2005 to address the other functions listed above. These experts in operations, planning and reliability

analysis assist registered entities in assessing and improving reliability. It is in support of these areas that NPCC engages the majority of industry experts on its technical committees.

2010 Key Assumptions

In developing the 2010 business plan, NPCC has assumed:

1. The international, industry-based Self Regulatory Organization (SRO) model continues to be used and no material changes to the SRO model impacting 2010 emerge from the ERO 3-year assessment. (An additional staff employee in the compliance program has been added in lieu of NERC's proposed centralized audits of critical infrastructure standards at U.S. nuclear plants. If the governance model was revised to include a requirement for a number of Independent Directors of the Board, additional BOT fees would need to be added to the 2010 budget.)
2. The framework for delegation remains intact. The scope of delegated authorities and responsibilities has increased according to recommendations developed in the ERO 3-year assessment.
3. NERC and Regional Entities are not budgeted in 2010 for unknown material changes to scope and are unable to undertake unfunded mandates, such as new initiatives stemming from the U.S. federal stimulus package on energy. Any mandated material changes to personnel requirements, independent contractor needs, scope or governance, could impact cash reserves.
4. The current economic downturn continues into 2010, resulting in continued scarce resource pressures on NERC and regional entities to assess all essential growth areas. The industry experiences lower electricity demand and may defer capital projects in some areas and may reduce or hold O&M budgets flat. Limited resource pressures and potential pandemic scenarios result in less predictable travel and strain stakeholder participation in NERC and Regional Entity activities.
5. Regional Entities are audited by FERC and NERC by year end 2010 and the audits of any Regional Entity by NERC and FERC are not concurrent.

2010 Goals and Key Deliverables

The NPCC 2010 business plan and budget are driven by the following goals:

1. Reliability improvement through rigorous monitoring and enforcement of compliance with mandatory standards

- Rigorously and thoroughly monitor registered entities in the NPCC region for compliance with mandatory reliability standards, in accordance with the delegation agreement, Canadian provincial MOUs/Agreements and the CMEP
- Enforce compliance with mandatory reliability standards by registered entities within the NPCC region with a focus on enhancing reliability, in accordance with the delegation agreement, Canadian provincial MOUs/Agreements and CMEP while improving quality and timeliness
- Ensure timely and thorough mitigation of all violations of mandatory reliability standards and encourage reliability enhancement through settlement activities
- Promote a strong culture of compliance excellence, and reliability improvement among registered entities in the NPCC region

2. Clear mandatory standards focused on reliability performance

- Maintain active engagement of NPCC stakeholders in NERC standards process
- Develop regional reliability standards as needed to comply with NERC's three-year work plan and FERC directives, and to meet any emergent reliability needs
- Working with stakeholders and other Regional Entities, support a risk-based review of the existing NERC reliability standards to focus the standards on performance requirements essential to reliability and eliminating nonessential or low-risk requirements
- Based on compliance program results and system events, identify key areas needing improvement and implement educational and other technical assistance programs to improve compliance in those areas

3. Objective and accurate reliability assessments and reliability performance trends

- Provide annual and seasonal assessments of the future reliability of the bulk power system in the region, in accordance with NERC definitions and requirements
- Provide thorough data validation and create efficiencies in data collection and analysis
- Develop and demonstrate bulk power system performance metrics for the purpose of analyzing and trending reliability improvements and benefits

4. Operational awareness and event analysis leading to reliability improvements

- Develop a near real time operational awareness capability to include near real-time information and communications protocols that meet the needs of FERC, NERC, NPCC and as appropriate Canadian provincial governmental and/or regulatory authorities
- Enhance NPCC's capability to conduct rigorous event analyses and develop relevant lessons learned
- Expand reliability issues tracking to systematically provide notice and document actions to improve reliability within the region

5. Cyber and physical security of critical infrastructure

- Facilitate and support registered entities in their implementation of CIP reliability requirements, and responding to cyber security alerts

6. Knowledgeable and skilled reliability personnel

- Actively support the training and education of reliability personnel within the region, focusing on knowledge of reliability standards and recognizing and responding to system emergencies

7. Information sharing and collaboration through technology

- Lead the deployment of technology to make NPCC and its stakeholder participants more efficient and productive in its program activities
- Facilitate the integration and seamlessness of ERO and Regional Entity information systems used for compliance and other applicable regional entity division functions such as alerts and recommendations tracking

8. Effective and efficient use of resources

- Evaluate and as appropriate, realign the NPCC committee structure and activities to better leverage industry expertise and leadership, to better support NPCC's Regional Entity division functions, and to be more efficient

- Maintain a talented staff at NPCC and provide for continuous staff development

9. Continuous improvement

- Maintain good standing as a cross-border Regional Entity by addressing all applicable recommendations and directives from the 3-year ERO assessment, including stakeholder inputs, and audits by NERC and/or FERC and/or Canadian provincial governmental and/or regulatory authorities
- Identify and use Regional Entity performance indicators and feedback mechanisms to enable NPCC to continue being a learning organization

10. Effective financial controls

- Provide rigorous procedures and controls and effective management of resources to remain an efficient provider of Regional Entity functions

2010 Overview of Cost Impacts

Relocation costs are not fully realized. Additionally, the reserve requirements are being assessed. Figures will be provided in June.

For comparison purposes between the 2009 and 2010 budgets, \$1.1 million of the \$1.3 million budgeted as one time 2009 relocation costs have been removed. Monies not removed are associated with the accounting treatment of approximately \$750,000 in direct landlord concessions with regard to construction allowance and free rent, capitalization of furniture and fixtures and offsetting depreciation, along with services deemed as leasehold improvements (real estate legal counsel, architectural fees, building permitting, building engineering, audio visual consultation fees, etc.) that must be straight lined over periods from 3, 7, 10 up to the full term of the 15 year office space lease. NPCC's core business plan drives an operating budget increase representing 24 percent as compared to the 2009 regional entity division budget and an increase of 20.6 percent as compared to the 2009 criteria services division budget.

With the inclusion of all expenses, the 2010 NPCC regional entity division funding requirements are presented with an NPCC requirement of \$11,248,895. This is an increase of 12.4 percent over the 2009 NPCC funding requirement of \$10,008,885. Total NPCC criteria services division non-statutory funding requirements are presented at \$1,157,022, which is a 14.2 percent increase over the 2009 requirement of \$1,012,790. The regional entity funding requirement includes a \$104,430 addition to reserves while the criteria services funding requirement includes a reserve addition of \$48,094. The additional budget for reserves is consistent with an existing policy targeting a 20% threshold. Since NPCC has included in the targeted 20% level some \$500,000 in restricted cash, associated with the fully collateralized letter of credit designated in a Certificate of Deposit which represents security for the office lease, actual reserves would effectively be at the 15% level. The NPCC and NERC Regional Delegation Agreement details that NPCC's funding system shall include reasonable reserve funding for unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

Year to year reserve requirement adjustments can be greatly effected as a result of not budgeting for hearings in the compliance program area. Should operating reserves be called upon to fund approved, but unbudgeted activities, reserves could be reestablished through additional funding to meet Board targets.

Introduction

The overall budget includes an increase in personnel from 26 staff members to 30 staff members or an increase in staff size of some +15.4%. All four additions are in the regional entity division. Three positions have been added in the Compliance and Enforcement program area; one compliance attorney and two compliance engineers, and one engineering position has been added in the Reliability Assessment and Performance Analysis program area to address the increased demands with regard to increased assessments, loss of load expectation, generator availability data systems, etc. Increases in total Personnel Expenses for 2010 for the Regional Entity and Criteria Services divisions are a result of a combination of changes in accounting methodology, increased personnel costs associated with increased staff size, larger pension funding requirements associated with SFAS 158 and the continuing financial market crisis, the impacts of approved, but not budgeted projects including operational awareness and associated non-disclosure agreements, increased compliance audit requirements driving increases in independent contractor costs, further development of the Compliance Monitoring and Enforcement Program software, as well as rising retiree related insurance costs in the criteria services division.

Accounting Methodology

To promote consistency with NERC and the other Regional Entities, for 2010 NPCC has not considered independent contractors in its count of FTEs. NPCC has also applied many costs previously identified as indirect costs in the General and Administrative function directly to the program areas and functions based on staff count, such as office rent, office costs, etc. for consistency. Additionally, NPCC has applied executive expenses to the program areas and indirect functions based on staff count. These expenses had previously been allocated 100% to the General and Administrative function yet directly provide services in the individual program areas.

NPCC previous budgets were operating expense budgets. Under the guidance of NERC, NPCC has established a Capital section of its budget. Capital expenditures are broken out as fixed assets at the end of each statement of activities rather than being expensed within a specific budget year.

Detailed Business Plans and Budgets by Program

Details of the planning, operation, review, and adjustment for each program area are included in Section A. The corresponding budget details are shown in Section B.

Section A — 2010 Business Plan

Reliability Standards Program

Reliability Standards Program Resources			
(in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	2.0	2.0	0.0
Total Direct Expenses	\$717,220	\$904,250	\$187,030
Total Indirect Expenses [1]	\$856,343	\$217,323	(\$639,020)
Inc(Dec) in Fixed Assets	\$0	(\$6,091)	(\$6,091)
Total Expenses & Fixed Assets	\$1,573,563	\$1,115,482	(\$458,082)

[1] Variances between 2009 Budget and 2010 Budgets are largely driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Program Scope and Functional Description

The NPCC Reliability Standards program is required under the FERC filed and approved Delegation Agreement and NERC Rules of Procedure Section 300. The program develops regional reliability standards in accordance with Exhibit C to the Delegation Agreement and ensures that regional criteria in the form of Directories are consistent with any applicable NERC and regional reliability standards. The NPCC Reliability Standards program also supports and participates in the development and maintenance of NERC reliability standards, initiates new reliability standards when necessary, and provides a forum for the comprehensive review and improvement of those standards. The NPCC Reliability Standards program supports the reliability of the bulk power system by:

- Facilitating active participation of industry stakeholders in NERC reliability standards activities
- Providing a mechanism to seek clarity and provide feedback on compliance with reliability standards
- Maintaining technical reference documents as required

Funding Drivers and Reliability Benefits

- Expanded Scope of Standards activities
 - Responding to FERC Rulings and NOPRs
 - Participating in other Regional Entities' standards development processes through review, comment and active participation in drafting
 - Provide forum for all NPCC representatives on the NERC and neighboring Regional Entities' drafting teams
- Increased Number of Standards Projects
 - Active NERC Projects in the standards area are expected to increase to 70 standards in some 39 concurrent projects

- Number of formal interpretations expected by NERC will increase to in excess of 15 in 2010, all of which will require technical analysis
- NERC Reliability Standards will require Violation Severity Levels and Violation Risk Factors to be developed utilizing new processes
- Changes in NERC's reliability standards processes and directions will likely require modifications to NPCC procedures and FERC filings by NPCC
- Expanded efforts to educate and inform stakeholders in the areas of NERC and NPCC Regional standards

2010 Key Assumptions and Cost impacts

- Facilitate stakeholder review, comment on, and develop ballot recommendations for all NERC Reliability Standards under development or revision
 - The Northeast benefits from NPCC's coordination of a broad stakeholder review process and development of consensus recommendations to assure proposed standards will support international reliability and provide appropriate reliability objectives for the Continent wide standards
- Participate in the stakeholder efforts to develop SARs to further improve standards
- Monitor the drafting of key NERC Reliability Standards-UFLS, DME, TPL, Balancing Control etc.
 - The Northeast monitoring of the development of standards ensures reliability requirements that are clear, measurable, and enforceable and support international reliability in the Northeast
- Develop and maintain the set of NPCC Directories
 - The combination of North American and Regional Reliability Standards with the more-stringent NPCC regional criteria provides for consistency and operational clarity
- Monitor the Regional Standards development processes of the MRO, RFC and SERC to achieve consistency within the Eastern Interconnection
 - Northeast reliability is enhanced by strengthening neighboring regions' reliability standards
- Review all reliability related requirements of all ERO and Regional standards, criteria and ensure consistency, remove redundancies and adopt Functional Model language
 - The unambiguous assignment of reliability requirements to specific functional entities benefits international reliability.
 - Participate in the continual refinement of the Functional Model to capture evolving issues essential to reliability and new objectives in the industry, i.e. demand resource operator, planning functions etc.
- Review all FERC orders and Provincial regulations as they relate to the standards, their revision and adoption
 - Northeast reliability benefits from careful analyses of governmental orders or actions adopting standards to assure consistency in interpretation
 - Review rulings that are issued and all FERC "Directives" for potential reliability related issues

- Enhance NPCC standards website pages to provide uniform and clear information to the stakeholders while also providing the historical and archived information to support NERC and FERC approvals and expanding requirements

2010 Goals and Key Deliverables

The reliability standards program goals and objectives for 2010 are grouped into six categories: participation in North American ERO standards development; regional reliability standards development; directory development and standards improvement; business practice interface; process improvement and communication; and, ensuring that the more stringent regional criteria is consistent with the reliability standards and does not conflict with those standards.

1) Participate in the ERO Standards Development

- Participate in the development and revision of the NERC three year workplan through review, commenting and drafting activities
- Coordinate the development of ERO reliability standards within NERC's three-year standards work plan
- Conduct thorough reviews of all NERC standards being developed or revised and coordinate comments for Northeastern North America
- Conduct thorough reviews of all Industry requested NERC Formal Interpretations of standards
- NPCC staff along with NPCC solicited regional drafting team volunteers, will participate in the drafting of all ERO standards and provide geographic support for review and develop comments and propose improvements
- NPCC and its members will review and provide comment 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)
- Provide support to NERC's strategy in the identification scheduling and development of NERC directed Regional Reliability Standards
- Participate in NERC's Standards Committee proposed triage system to identify immediate standards needs and reprioritize based on those needs
- Participate in and provide support to critical upcoming new Blackout related standards, UVLS, Voltage and Reactive Control, and Real Time Tools
- Identify and initiate Variances to the NERC reliability standards as soon as possible, allowing incorporation into the continent wide standard at its inception
- Support additional standards workload from Economic Stimulus, i.e. standards on integrating variable generation resources or EHV backbone

2) Regional Standards Development

- Complete the development of one regional standard utilizing the NPCC Regional Reliability Standard Development Procedure and submit the standard to NERC for approval of the NERC BOT, (on a schedule, and as needed by NERC).
- Draft additional regional standards,(on a schedule, and as needed by NERC) utilizing regional technical committees and working groups in an open and inclusive forum
- Draft any additional standard NERC directs NPCC to develop to meet an urgent reliability related need
- Actively monitor and participate in the standards development activities of the other Regional Entities in the Eastern Interconnection especially the Midwest Reliability Organization “MRO”, Reliability First Corporation “RFC” and Southeast Electric Reliability Council “SERC.” to assure consistency within the Eastern Interconnection
- Accomplish all directives of ERO and governmental and/or regulatory authorities with regard to regional standards development and procedures
- Adhere to and surpass, where practical, the 2009-2011 NERC Workplan 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
- Identify additional future regional standard opportunities
- Ensure the topics addressed by the reliability standards parallel changing industry needs
- Participate in reliability metrics activities to identify potential measures for benchmarking of reliability to determine if an adequate level of reliability is being achieved
- Support cost-benefit analysis activities to determine if any potential incremental increases in costs of implementing a standard have sufficient enough reliability benefit to implement that standard

4) Business Practices Interface

- Coordinate the review of standards through NPCC staff and members participating in activities of the North American Electric Standards Review Board “NAESB”
- 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
- Develop and institute records retention programs to ensure sufficient documentation exists for regulatory approvals

- Create process for “feedback” loops to ensure that “event analysis” lessons learned and compliance issues involving violations are fed into the standards program area for review and potential consideration when revising standards
- Support the creation of a standards database, available to industry and online, to identify and review issues related to all approved and developing standards
- Participate in the Functional Model Working Group activities to refine functions, tasks and responsibilities of applicable entities
- Solicit and provide outreach to FERC in the Regional Standards Development Processes

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
- Participate in NPCC and NERC workshops 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

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 Regional Standards Committee, (RSC) promotes the drafting team process and solicits drafting team members from appropriate NPCC technical bodies and others in the industry and adjoining Regional Entities.

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 enhancing participation promulgation of important information and increasing awareness. This support will also raise efficiency of the NERC procedure and help to ensure the necessary quorums are present at ballot.

NPCC will also participate in the development and revision of standards as directed by FERC, Canadian provincial and other governmental and/or regulatory authorities. FERC to date has identified numerous NERC Reliability Standards needing “further work” and has issued numerous “Directives”. These standards, delineated in the NERC three-year work plan, will be ready to be reviewed and revised throughout 2010.

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

- 29 Standards Projects initiated on or before 2009 (potentially 120+ Standards involved that will carry over to 2010)
- 4 Standards Projects initiated in 2010 (minimum of 23 standards)

The above standards, taken from the NERC three-year work plan account for at least 143+ 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.

Regional Standards Development

The NPCC Regional Standards Development Procedure will develop, on a schedule dictated by the ERO, four regional reliability standards as noted below and also in accordance with the coordination 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)
- Special Protection Systems (SPS)
- Disturbance Monitoring Equipment (DME)
- Balancing Authority Controls (BA - Reserve Sharing)

All Regional Entities, at the present time, will develop these four standards (UFLS, DME, SPS, and BA) 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. NPCC is also participating in the NERC Regional Reliability Standards Working Group to strive to achieve uniformity and coordination between the regional entities’ standards.

NPCC is participating actively in the development of adjoining Regional Entities’ standards through the review and commenting processes available. In addition NPCC is registered to cast ballot where and as allowed by the individual adjoining Regional Entities’ reliability standards development procedure.

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.

On an ongoing basis NPCC will achieve consistency as outlined in the NERC Rules of Procedure by maintaining reliability directories that incorporate NPCC’s more stringent regionally specific criteria and regional standards into a single document with the applicable NERC Reliability Standards.

NPCC RSC and staff regularly participate in the NERC Standards Committee and Standards Committee Process Subcommittee 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.

Funding Requirements — Explanation of Increase (Decrease)

2010 reliability standards program funding is driven by the need for additional activities of NPCC standards drafting teams, ramped up NERC standards activity, FERC activity and increased number of rulings and directives anticipated as a result of the NERC three year work

plan NPCC anticipates greatly expanded activity (yet no projected increase in staffing) in the area of Eastern Interconnection interregional participation and support of adjoining Regional Entity drafting activities specifically (RFC and MRO and SERC).

NPCC will continue to rely on contractors for subject matter expertise on an as-needed basis throughout 2010 but has not included these contractors in staffing level. The amount of regional documents being converted into Directories and the maintenance of the Directories require subject matter expert input.

Based on the portion of professional/technical staff time and other resources devoted to reliability standards development, NPCC estimates that it will expend 9.9 percent of its resources on this activity.

Reliability Standards Program

Funding sources and related expenses for the reliability standards section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Reliability Standards					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 717,220	\$ 717,220	\$ -	\$ 1,115,482	\$ 398,262
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 717,220	\$ 717,220	\$ -	\$ 1,115,482	\$ 398,262
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 717,220	\$ 717,220	\$ -	\$ 1,115,482	\$ 398,262
Expenses					
Personnel Expenses					
Salaries	\$ 332,684	\$ 392,795	\$ 60,111	\$ 393,493	\$ 60,809
Payroll Taxes	18,495	20,379	1,884	21,049	2,554
Benefits	58,550	86,834	28,284	94,757	36,207
Retirement Costs	46,435	66,247	19,812	86,694	40,259
Total Personnel Expenses	\$ 456,164	\$ 566,255	\$ 110,091	\$ 595,992	\$ 139,828
Meeting Expenses					
Meetings	\$ 28,000	\$ 28,917	\$ 917	\$ 34,417	\$ 6,417
Travel	111,264	117,797	6,532	126,532	15,268
Conference Calls	7,792	7,947	155	12,155	4,363
Total Meeting Expenses	\$ 147,056	\$ 154,661	\$ 7,604	\$ 173,104	\$ 26,048
Operating Expenses					
Consultants & Contracts	\$ 114,000	\$ 127,985	\$ 13,985	\$ 35,143	\$ (78,857)
Office Rent	-	46,888	46,888	45,667	45,667
Office Costs	-	22,575	22,575	20,910	20,910
Professional Services	-	19,304	19,304	9,333	9,333
Computer & Equipment Leases	-	11,269	11,269	9,767	9,767
Miscellaneous	-	2,308	2,308	4,000	4,000
Depreciation	-	3,038	3,038	9,333	9,333
Total Operating Expenses	\$ 114,000	\$ 233,367	\$ 119,367	\$ 134,153	\$ 20,153
Total Direct Expenses	\$ 717,220	\$ 966,962	\$ 249,742	\$ 904,250	\$ 187,030
Indirect Expenses	\$ -	\$ -	\$ -	\$ 217,323	\$ 217,323
Other Non-Operating Expenses	\$ -	\$ 12,680	\$ 12,680	\$ 1,000	\$ 1,000
Total Expenses	\$ 717,220	\$ 966,962	\$ 249,742	\$ 1,121,573	\$ 404,353
Change in Assets	\$ -	\$ (249,742)	\$ (249,742)	\$ (6,091)	\$ (6,091)
Fixed Assets					
Depreciation	\$ -	(3,038)	\$ (3,038)	(9,333)	\$ (9,333)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	19,250	19,250	1,333	1,333
Equipment CapEx	-	12,308	12,308	2,000	2,000
Leasehold Improvements	-	47,404	47,404	1,333	1,333
(Incr)Dec in Fixed Assets	\$ -	\$ (75,924)	\$ (75,924)	\$ 4,667	\$ 4,667
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 1,424	\$ 1,424
Change in Fixed Assets	-	(75,924)	(75,924)	6,091	6,091
TOTAL CHANGE IN ASSETS	\$ -	\$ (325,666)	\$ (325,666)	\$ 0	\$ 0

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Increase in ERO Assessments is due to the direct allocation of formerly indirect expenses.

Personnel Expenses

- Increase in Personnel Expenses is due to the inclusion of a portion of Personnel Costs previously allocated to General & Administrative.

Meeting Expenses

- Increase in Meeting Expenses is due to the addition of special workshops to focus on the most violated standards to improve the understanding of requirements by registered entities.
- As industry support is further stressed for the NERC DTs, committees and working groups and their participation begins to decrease and NPCC staff must fill those voids. There is also increased emphasis and responsibility for the Regional Entities to participate in other Regions' standards development activities.

Operating Expenses

- Due to the completion of the Directories, the need for Contracts & Consultants will decrease. However, the increase in overall Operating Expenses is driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses in the General and Administrative function. Within the 2010 Business Plan and Budget, fixed assets are allocated proportionately based on FTE to the direct programs.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources			
(in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs [1]	8.0	12.0	4.0
Total Direct Expenses	\$2,095,204	\$4,716,545	\$2,621,341
Total Indirect Expenses [2]	\$2,569,030	\$1,303,940	(\$1,265,090)
Inc(Dec) in Fixed Assets	\$0	(\$36,547)	(\$36,547)
Total Expenses & Fixed Assets	\$4,664,233	\$5,983,938	\$1,319,705

[1] Due to increasing workload, resources were reprioritized during 2009 and 1.0 FTE was diverted from the Finance & Accounting budget and added to the Compliance budget. 2009 FTE Projection includes 1.0 FTEs in the Finance & Accounting function and 9.0 FTEs in the Compliance program area. 3.0 additional FTEs will be added to the Compliance budget in 2010.

[2] Variances between 2009 Budget and 2010 Budgets are largely driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Program Scope and Functional Description

The CORC Program scope covers: 1) the identification and registration of those entities responsible for meeting the NERC Reliability Standards and any approved Regional Standards; 2) the implementation of the Compliance Monitoring and Enforcement Program (CMEP) in the United States, including the compliance monitoring, assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards. and 3) the implementation of compliance monitoring, assessment and enforcement recommendations in accordance with executed Memoranda of Understanding and/or Agreements in the Canadian Provinces of Ontario, Québec, New Brunswick and Nova Scotia.

The NPCC Compliance Committee (CC) is charged with providing objective stakeholder policy input to the NPCC CMEP in the U.S. and compliance related activities under the above mentioned MOUs in the NPCC portion of Canada. With regard to NERC Reliability Standards and Regional Reliability Standards, the CC provides an oversight role of the independent NPCC Compliance Staff's implementation of the CMEP. In this oversight role the CC will review and endorse the processes used by the NPCC Compliance Staff in the conduct of the CMEP.

The NPCC Compliance staff makes the initial and final determination of alleged violations and determines appropriate penalties and sanctions in accordance with the NERC and the ERO *Sanctions Guidelines*. To accomplish this objective, NPCC's compliance staff is further divided into four sub- program areas: Compliance Process Development; Compliance Audit Program; Compliance Enforcement and Compliance Program Implementation:

Compliance Process Development

The Compliance Process Development sub-program is responsible for:

- a) Identify and registering all entities that are required to meet the NERC and Regional Reliability Standards. During the course of this activity constant communication with registered entities is promoted through face-to face meetings, compliance workshops, teleconferences and email;
- b) Development and maintenance of all NPCC CMEP Compliance Procedures, Compliance Instructions and all other NPCC CMEP related documentation;
- c) Development and maintenance of a set of Key Performance Indicators (KPI) that are used to measure the quality and effectiveness of the NPCC CMEP; and,
- d) Coordinating the implementation of NPCC Compliance Staff responsibilities as they pertain to the executed Memoranda of Understanding with each of the Canadian Provinces in the NPCC Region.

Compliance Audit Program

The Compliance Audit Program sub-program is charged with:

- a) Conducting both on-site and off-site compliance audits, including the auditing of applicable Critical Infrastructure Protection Standards (CIP). These audits are done on a predetermined long range schedule that is consistent with a predefined frequency. The audits are lead by qualified senior NPCC Staff and the audit teams prepare public and non-public audit reports with their findings and recommendations, including the identification of any possible alleged violations. Specific lessons learned are factored into the audit program to promote continuous improvement.
- b) Conducting comprehensive spot-check program that is established to verify self-certifications, follow –up on entities who have previously violated a Reliability Standard and follow-up on entities that have been involved in a significant system event and
- c) Conduct Compliance Inquiries (CI) and conduct Compliance Violation Investigation (CVI) as required.

Compliance Enforcement

The Compliance Enforcement sub-program is responsible for:

- a) Issuing all Notices as described in the CMEP including the Initial Notice of Alleged Violation (INOAV), Notice of Alleged Violation with Sanction and/or Penalty (NAVAP) and the Notice of Confirmed Violation (NOCV);
- b) Conducting comprehensive investigations based on the facts and circumstances related to all possible alleged violations of reliability standards, whether identified in an audit, a self-report, complaint, or other source, and determining whether further action is warranted;
- c) Reviewing, approving, submitting to NERC and tracking the progress of all mitigation plans associated with confirmed violations;
- d) Coordinating settlement activities once they have been initiated and submit settlement agreements to NERC for approval;
- e) Participating in the Hearing Process by representing NPCC before the Hearing Body. The Hearing Body is made up of members of the Compliance Committee. Compliance Hearings are conducted at NPCC under the supervision of a qualified, independent hearing officer contracted by NPCC.; and
- f) Issuing Remedial Action Directives when appropriate.

Compliance Program Implementation

The Compliance Program Implementation sub-program is responsible for:

- a) Day-to day implementation of the CMEP;
- b) Development of annual CMEP Implementation Plan;
- c) Monitoring and assessment of self-certification, self report, exception reporting, periodic data and complaint submittals;
- d) Development and maintenance of CMEP Data Administration Application (CDAA); and,
- e) Development and maintenance of compliance website.

2010 Key Assumptions and Cost Impacts

- Increased monitoring and maintenance of the NPCC Compliance Registry, including enhancing comprehensive outreach program with Registered Entities. This outreach program includes direct contact with Registered Entities through one-on-one and group face-to-face meetings, conference calls, and expanded role of Registered Entities at Compliance Workshops.
- Increased workload related to increased scope of the CIP Compliance Audits as a result of additional registered entities becoming eligible for the audit program, based on the CIP implementation plan.
- Increased Staff involvement in the Compliance Inquiry (CI) process.
- Increased Staff involvement in the Compliance Violation Investigation (CVI) process.
- Increased workload related to fully implementing compliance program aspects of all signed Memorandum of Understandings with Ontario, Quebec, New Brunswick and Nova Scotia
- Increased maintenance of compliance related documentation including the continuing review of Compliance Procedures (CP) and Compliance Instructions (CI) to assure all documentation remains current and is consistent with latest NERC, FERC and Canadian Regulatory Authorities' increased maintenance of compliance data retention program.
- Enhancements of the CMEP Data Administration Application (CDAA) to constantly improve Registered Entity and NERC interfaces.
- Enhancement of NPCC Compliance website, to provide improved interface with Registered Entities and NERC including the transition of Compliance Performance Metrics into an on-line application.

The objectives above result in three additional FTE in the CORC area needed to meet 2010 Goals and Objectives.

2010 Goals and Key Deliverables

- Conduct 2010 CMEP incorporating all NERC Reliability Standards contained in the NERC monitored list for 2010 and any approved and applicable Regional Reliability Standards
 - Process identified violations in as an effective manor as possible. This includes the timely identification of a violation, timely issuance of violation notices including the Initial Notice of Alleged Violation (INOAV); the Notice of Alleged Violation (NOAV) and the Notice of Confirmed Violation (NOCV).
 - 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/or Implementation Agreements
- Evaluate CMEP, and Canadian entity compliance program implementation with the objective of establishing a long-term strategy for compliance improvement. Initiate the implementation of the long term strategy.
- Provide NPCC Regional Entity 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 confirmed violations
- Track the progress of, report status of, and approve mitigation plans
- Conduct 2010 Compliance Audit Schedule of an estimated total of 67 Compliance Audits based on number of Registered Entities. Each audit covers a single Registered Entity who could be audited for multiple Functional Model types that they are registered for and is done in accordance with the 2010 Compliance Audit Program schedule.

The 2010 Audits will be categorized by the number of requirements associated with the Reliability Standards that will be covered in the Compliance Audit. Six categories have been established based on the number of requirements to be audited and whether the audit is on-site or off-site. In 2010 there are projected to be 5 “large” on-site audits; 12 “large” off-site audits; 4 “medium” on-site audits; 36 “medium” off-site audits; and 10 “small” off-site 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 spot check program during the year. A spot check can be viewed as a limited unscheduled small off-site compliance audit that will be utilized to verify self certification submittals that have been done earlier in the year. In 2010 the number of spot checks to be done is estimated to be 200.
- Assure that NPCC Staff is trained to conduct Compliance Audits including CIP Compliance Audit training.
- Enhance overall implementation of Compliance Program utilizing Compliance Program Feedback Process.
- Implement enhancements to CMEP that were identified through the analysis of KPI.
- Provide input to the development of compliance elements within proposed NPCC Regional Reliability Standards
- 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 2010 Compliance Workshops

Funding Requirements — Explanation of Increase (Decrease)

The following are the key reasons for the increase in the CORC budget: a) significant increase in cost associated with implementing 2010 Compliance Audit Program primarily related to the expansion of the CIP requirements needed to be incorporated as per the CIP Implementation Plan; b) full implementation of the compliance aspects of the Canadian MOUs; c) increased maintenance of compliance related documentation and data; and d) increased monitoring and maintenance of the NPCC Compliance Registry, including enhancing comprehensive outreach program with Registered Entities.

Based on the portion of professional/technical staff time and other resources devoted to compliance monitoring and enforcement and organizational registration and certification, NPCC estimates that it will expend 53.2 percent of its resources on this activity.

Compliance Enforcement and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Compliance Enforcement and Organization Registration and Certification					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 2,095,204	\$ 2,095,204	\$ -	\$ 5,983,938	\$ 3,888,734
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 2,095,204	\$ 2,095,204	\$ -	\$ 5,983,938	\$ 3,888,734
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 2,095,204	\$ 2,095,204	\$ -	\$ 5,983,938	\$ 3,888,734
Expenses					
Personnel Expenses					
Salaries	\$ 1,056,603	\$ 1,397,876	\$ 341,273	\$ 1,971,523	\$ 914,921
Payroll Taxes	62,341	80,476	18,135	113,655	51,314
Benefits	239,144	298,967	59,823	523,636	284,493
Retirement Costs	104,489	231,942	127,452	279,874	175,385
Total Personnel Expenses	\$ 1,462,577	\$ 2,009,261	\$ 546,685	\$ 2,888,689	\$ 1,426,113
Meeting Expenses					
Meetings	\$ 45,703	\$ 49,831	\$ 4,128	\$ 80,628	\$ 34,925
Travel	170,320	199,716	29,396	228,521	58,201
Conference Calls	12,000	12,845	845	11,645	(355)
Total Meeting Expenses	\$ 228,023	\$ 262,393	\$ 34,370	\$ 320,795	\$ 92,772
Operating Expenses					
Consultants & Contracts	\$ 404,604	\$ 467,537	\$ 62,933	\$ 907,000	\$ 502,396
Office Rent	-	210,995	210,995	274,000	274,000
Office Costs	-	101,587	101,587	125,461	125,461
Professional Services	-	86,870	86,870	56,000	56,000
Computer & Equipment Leases	-	50,712	50,712	58,600	58,600
Miscellaneous	-	10,385	10,385	24,000	24,000
Depreciation	-	13,669	13,669	56,000	56,000
Total Operating Expenses	\$ 404,604	\$ 941,754	\$ 537,150	\$ 1,501,061	\$ 1,096,457
Total Direct Expenses	\$ 2,095,204	\$ 3,270,467	\$ 1,175,263	\$ 4,716,545	\$ 2,621,341
Indirect Expenses	\$ -	\$ -	\$ -	\$ 1,303,940	\$ 1,303,940
Other Non-Operating Expenses	\$ -	\$ 57,059	\$ 57,059	\$ 6,000	\$ 6,000
Total Expenses	\$ 2,095,204	\$ 3,270,467	\$ 1,175,263	\$ 6,020,484	\$ 3,925,281
Change in Assets	\$ -	\$ (1,175,263)	\$ (1,175,263)	\$ (36,547)	\$ (36,547)
Fixed Assets					
Depreciation	\$ -	\$ (13,669)	\$ (13,669)	\$ (56,000)	\$ (56,000)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	86,625	86,625	8,000	8,000
Equipment CapEx	-	55,385	55,385	12,000	12,000
Leasehold Improvements	-	213,317	213,317	8,000	8,000
(Incr)Dec in Fixed Assets	\$ -	\$ (341,658)	\$ (341,658)	\$ 28,000	\$ 28,000
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 8,547	\$ 8,547
Change in Fixed Assets	\$ -	\$ (341,658)	\$ (341,658)	\$ 36,547	\$ 36,547
TOTAL CHANGE IN ASSETS	\$ -	\$ (1,516,921)	\$ (1,516,921)	\$ (0)	\$ 0

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Increase in ERO Assessments is due to the direct allocation of indirect expenses.

Personnel Expenses

- Two additional Compliance Engineers and one Compliance Attorney. NPCC is among the last of the Regional Entities to retain counsel on staff. During 2010 the number of required CIP audits and spot-checks will increase. Each of these activities must be conducted on-site given the nature of the entity information being reviewed. It is also likely that the required depth of the reviews will increase, and conflict of interest legal issues can arise.
- Compliance Personnel Expenses also include a portion of Personnel Costs previously allocated to General & Administrative.

Meeting Expenses

- Travel Expenses are increased due to an emphasis on CIP audits and additional working groups related to consistent compliance implementation.

Operating Expenses

- Consultants and contracts increased by \$502,396 mainly due to an increase in contract auditor costs. In 2010, NPCC added funding for two consultants to execute projected non-CIP audits and Compliance Violation Investigations (CVI). Experience to date shows CVIs are extremely complex and time consuming. Non-CIP audit scheduling is still heavily skewed towards spring and fall. This necessitates added staff to execute during high demand periods. All other increases in operating expenses are driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses in the General and Administrative function. Within the 2010 Business Plan and Budget, fixed assets are allocated proportionately based on FTE to the direct programs.

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification Program Resources			
<i>(in whole dollars)</i>			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	0.1	0.1	0.0
Total Direct Expenses	\$70,292	\$43,230	(\$27,062)
Total Indirect Expenses [1]	\$28,545	\$10,866	(\$17,679)
Inc(Dec) in Fixed Assets	\$0	(\$305)	(\$305)
Total Expenses & Fixed Assets	\$98,837	\$53,792	(\$45,045)

[1] Variances between 2009 Budget and 2010 Budgets are largely driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Program Scope and Functional Description

The NPCC Training, Education, and Operator Certification program supports NERC Rules of Procedure Section 900. The program provides education and training necessary to understand and operate the bulk electric system. The target audience of the program is bulk power system operating personnel - including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel. The program also supports NPCC staff training and development needs as well as the administration of records necessary to maintain status as a NERC Continuing Education provider.

Funding Drivers and Reliability Benefits

- Provide and fund two high-quality continuing education seminars for system operators, schedulers and dispatchers
 - System operators and schedulers participating in the Seminars get exposure to NPCC issues and current industry operations topics, review recent NPCC or major external disturbances, discuss projected conditions for the coming summer or winter peak season and participate in “hands on” exercises pertaining to system operation practices. Seminar attendees also receive CE hours and each Area utilizes the seminar content by including it in their internal training programs to provide CE hours to all system operators. Furthermore, the seminars help to improve system operation coordination through better camaraderie among operators
- Review and revise the curriculum of the training seminars to better emphasize NERC standards, regional standards and business practices, NPCC wide-area operations and regionally-specific criteria and procedures
 - Enhance the system operator’s awareness and knowledge of the standards, criteria and procedures they apply in real time operation
- Provide more sharing of new training approaches, exchange of information on internal methods of system operator selection, training material and training sessions
 - Enhanced efficiency and cost savings in the training programs in the NPCC Areas

2010 Key Assumptions and Cost Impact

Continuing Education Program Objectives

- Integrate the NERC Continuing Education program into the respective training programs of the NPCC Reliability Coordinator areas.
- Where achievable, consolidate training among the NPCC Reliability Coordinator areas in the development of course work accredited for Continuing Education courses.
- Structure the semiannual NPCC System Operators Training Seminars to allow Continuing Education Hours to be awarded to Seminar participants and to use Seminar content in the training programs in each of the NPCC Reliability Coordinator Areas.

Training Program Background and Description

NPCC establishes and coordinates programs for system operator training relating to inter-Reliability Coordinator area matters, criteria, terminology, standards and operating procedures and instructions. It develops and conducts training seminars, held twice yearly, at which potential operational problems for the coming season are discussed, the implementation of NPCC standards and procedures are discussed, significant disturbances are reviewed for lessons to be learned and “table-top” drills and communication and coordination exercises. The Seminars promote camaraderie and better communication among system operators from the NPCC Reliability Coordinator Areas.

NPCC also shares, evaluates and proposes new techniques and training aids as they become available; reviews opportunities to consolidate training among the NPCC Reliability Coordinator areas, which includes opportunities to share training material and training sessions and exchanges information on internal methods of system operator selection and training.

2010 Goals and Key Deliverables

- Prepare and conduct the spring and autumn NPCC System Operator Seminars.
- Review approaches to reliability related-task definition, task instruction, and instruction tracking on an individual basis. Provide NPCC-coordinated input into the NERC development of standard PER-005, “System Personnel Training”. Coordinate the implementation of PER-005, once approved, within the NPCC BA Areas and RC Areas. Based on the new requirements generated by PER-005, expand the content of the Reliability Coordinator training programs, as necessary, for training of SCADA and field operators; this will likely include description of tasks, tracking of Continuing Education Hours and development of Individual Learning Activities.
- Develop presentations on the intended Reliability Coordinator/Balancing Authority approaches to task identification and training development associated with NERC Standard PER-005, “System Personnel Training.”
- Establish an NPCC repository of training resources and learning verification activities addressing fundamental power system topics, which may be shared as elements of operator training in compliance with NERC Standard PER-005, “System Personnel Training.”
- Establish an NPCC repository of training resources and learning verification activities addressing NPCC procedures employed in real-time by RC/BA

- operators, which may be shared as elements of operator training in compliance with “System Personnel Training,”
- Share among the NPCC RCs/BAs experiences on implementation of new NERC standard PER-005. Consider strategies to deal with any implementation difficulties.

Funding Requirements — Explanation of Increase (Decrease)

There are no staffing changes anticipated for 2010. Projected direct expenses for 2010 are reduced in the continuing effort to minimize travel costs through the better utilization of member facilities for on-site meeting locations.

Based on the portion of professional/technical staff time and other resources devoted to training, education, and operator certification, NPCC estimates that it will expend 0.5 percent of its resources on this activity.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Training and Education					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 70,292	\$ 70,292	\$ -	\$ 53,792	\$ (16,500)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	<u>\$ 70,292</u>	<u>\$ 70,292</u>	<u>\$ -</u>	<u>\$ 53,792</u>	<u>\$ (16,500)</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ 70,292</u>	<u>\$ 70,292</u>	<u>\$ -</u>	<u>\$ 53,792</u>	<u>\$ (16,500)</u>
Expenses					
Personnel Expenses					
Salaries	\$ 16,435	\$ 18,935	\$ 2,500	\$ 19,206	\$ 2,771
Payroll Taxes	922	1,006	84	1,044	122
Benefits	5,281	4,809	(471)	5,278	(2)
Retirement Costs	21,684	4,312	(17,372)	6,017	(15,668)
Total Personnel Expenses	<u>\$ 44,322</u>	<u>\$ 29,062</u>	<u>\$ (15,260)</u>	<u>\$ 31,545</u>	<u>\$ (12,776)</u>
Meeting Expenses					
Meetings	\$ 20,875	\$ 20,921	\$ 46	\$ 1,846	\$ (19,029)
Travel	4,595	4,922	327	3,874	(721)
Conference Calls	500	508	8	508	8
Total Meeting Expenses	<u>\$ 25,970</u>	<u>\$ 26,350</u>	<u>\$ 380</u>	<u>\$ 6,227</u>	<u>\$ (19,743)</u>
Operating Expenses					
Consultants & Contracts	\$ -	\$ 699	\$ 699	\$ 457	\$ 457
Office Rent	-	2,344	2,344	2,283	2,283
Office Costs	-	1,129	1,129	1,046	1,046
Professional Services	-	965	965	467	467
Computer & Equipment Leases	-	563	563	488	488
Miscellaneous	-	115	115	200	200
Depreciation	-	152	152	467	467
Total Operating Expenses	<u>\$ -</u>	<u>\$ 5,968</u>	<u>\$ 5,968</u>	<u>\$ 5,408</u>	<u>\$ 5,408</u>
Total Direct Expenses	<u>\$ 70,292</u>	<u>\$ 62,014</u>	<u>\$ (8,277)</u>	<u>\$ 43,230</u>	<u>\$ (27,062)</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,866</u>	<u>\$ 10,866</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ 634</u>	<u>\$ 634</u>	<u>\$ 50</u>	<u>\$ 50</u>
Total Expenses	<u>\$ 70,292</u>	<u>\$ 62,014</u>	<u>\$ (8,277)</u>	<u>\$ 54,097</u>	<u>\$ (16,195)</u>
Change in Assets	<u>\$ -</u>	<u>\$ 8,277</u>	<u>\$ 8,277</u>	<u>\$ (305)</u>	<u>\$ (305)</u>
Fixed Assets					
Depreciation	\$ -	\$ (152)	\$ (152)	\$ (467)	\$ (467)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	963	963	67	67
Equipment CapEx	-	615	615	100	100
Leasehold Improvements	-	2,370	2,370	67	67
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ (3,796)</u>	<u>\$ (3,796)</u>	<u>\$ 233</u>	<u>\$ 233</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 71	\$ 71
Change in Fixed Assets	<u>-</u>	<u>(3,796)</u>	<u>(3,796)</u>	<u>305</u>	<u>305</u>
TOTAL CHANGE IN ASSETS	<u>\$ -</u>	<u>\$ 4,481</u>	<u>\$ 4,481</u>	<u>\$ 0</u>	<u>\$ 0</u>

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Increase in ERO Assessments is due to allocation of indirect expenses.

Personnel Expenses

- While Training and Education includes a portion of Personnel Expenses previously allocated to General & Administrative, the overall decrease in Training and Education Personnel Expenses is due to a 2009 budget model deficiency which over-calculated anticipated Training & Education retirement expenses in the 2009 Budget.

Meeting Expenses

- Decrease in meetings expenses due to the continuing effort to minimize travel costs through the better utilization of member facilities for on-site meeting locations.

Operating Expenses

- Increase in Operating Expenses is driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses in the General and Administrative function. Within the 2010 Business Plan and Budget, fixed assets are allocated proportionately based on FTE to the direct programs.

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources			
(in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	3.9	4.9	1.0
Total Direct Expenses	\$1,446,942	\$2,346,124	\$899,182
Total Indirect Expenses [1]	\$1,113,246	\$532,442	(\$580,804)
Inc(Dec) in Fixed Assets	\$0	(\$14,923)	(\$14,923)
Total Expenses & Fixed Assets	\$2,560,188	\$2,863,643	\$303,455

[1] Variances between 2009 Budget and 2010 Budgets are largely driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Program Scope and Functional Description

NPCC, through its top technical committee, the Reliability Coordinating Committee (RCC), integrates the “deliverables” of its Task Force’s and Working Group’s Reliability Assessment and Performance Analysis related activities. Consistent with the applicable NERC Reliability Standards, these efforts include:

- Review of the adequacy of the NPCC systems to supply load considering forecast demand, installed and planned supply and demand resources and required reserves in accordance with the related NPCC reliability directories associated with the *Guidelines for Area Review of Resource Adequacy* and the *Basic Criteria for the Design and Operation of Interconnected Power Systems*
- Assess the impact of planned the transmission and resource additions or modifications on NPCC system reliability in accordance with the related NPCC reliability directories associated with the *Guidelines for NPCC Transmission Reviews* and the *Basic Criteria for the Design and Operation of Interconnected Power Systems*

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

If appropriate, enhancements to Regional Standards or NPCC’s more stringent, regionally specific reliability requirements 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 Region and with other Regions.

2010 Key Assumptions

Continue to provide the NPCC regional perspective with NPCC Staff participation on the NERC Planning Committee and the following NERC Subcommittees, Task Forces and Working Groups:

- ✓ Generation & Transmission Reliability Planning Models Task Force (GTRPMTF)
- ✓ Data Coordination Working Group (DCWG)

- ✓ Reliability Assessment Subcommittee (RAS)
- ✓ Transmission Issues Subcommittee (TIS)
- ✓ Loss of Load Expectation (LOLE) Task Force, including support of the NERC Generator Availability Data System (GADS), the Demand Response Data Task Force (DRDTF), and the Transmission Availability Data System Task Force (TADSTF).

Initiation of the following NPCC Reliability Assessment and Performance Analysis projects:

- ✓ Combining the seasonal NPCC probabilistic multi-area reliability assessments to a single annual enhanced 2010 Interregional Long-Range Adequacy Overview
- ✓ Conducting the NPCC 2010 - 2014 Tie Reliability Benefits Study
- ✓ Developing updates to the NPCC Electric System Map
- ✓ Providing analytic support to NERC EACG (Event Analysis Coordinating Group) as needed.
- ✓ Developing NPCC guidelines for load modeling in system reliability studies
- ✓ Supporting Regional system studies to reliably integrate large-scale renewable resources
- ✓ Conducting resource adequacy assessments addressing impacts of Climate Change Initiatives

2010 Goals and Key Deliverables

Task Force on Coordination of Planning

The primary mission of the NPCC Task Force on Coordination of Planning (TFCP) is to promote reliability through the coordination of NPCC Area and NERC planning processes and activities.

TFCP activities include, but are not limited to:

- Initiating reviews of the *Basic Criteria for the Design and Operation of Interconnected Power Systems* (Directory #1), 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.
- Supporting the NPCC Directory Project by either drafting, reviewing or approving directories.
- Coordinating, monitoring, reviewing, and making recommendations on proposed or modified Special Protection Systems.
- Facilitating Wide-Area Planning by supporting the Joint ISO/RTO Planning Committee Activities, implementation of the Northeast Planning Protocol, and performing interconnection reliability analyses, as required.
- Reviewing the overall reliability of the NPCC Areas and performing multi-Area probabilistic reliability assessments.
- Identifying and assisting in the development of new Regional Reliability Standards.
- Assisting the NPCC Compliance Subcommittee, to monitor and coordinate the compliance efforts of the Areas with NPCC planning documents and Registered Entities with NERC Reliability Standards.

- Reviewing the Standards Authorization Requests and NERC Reliability Standards as well as participating in the NERC process. Educating and informing NPCC membership of developments.
- Ensuring coordination of data and assumptions for conducting NPCC planning studies (i.e. load forecasts, reserve requirements, EIA 411 data, and new facilities)
- Monitoring the activities of other NPCC Task Forces to ensure coordination with planning activities.
- Completing any outstanding Blackout Recommendation Follow-Up actions.
- On a consistent basis, periodically estimating the amount of interconnection 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) based on a schedule set forth in the Reliability Assessment Program.
- Coordinating the review of the compliance of future Area plans with the Basic Criteria including an analysis of resource and transmission system additions, and the potential inter-Area effects of special protection systems, in accordance with Guidelines for NPCC
- Area Transmission Reviews (Document B-4) based on a schedule set forth in the Reliability Assessment Program. Specific projects, which in the opinion of the task force could have an impact on the reliability of the NPCC Bulk Power System, may be reviewed outside of the set schedule.

Key TFCP Reliability Assessment and Performance Analysis Deliverables

- ✓ Coordinating activities related to reactive power and voltage control practices, which includes under-voltage load shedding (UVLS) with the Task Force on Coordination of Operation and the Task Force on System Studies to ensure that developments in the NERC PC and its Subcommittees are addressed.
- ✓ Monitoring the actions of the NERC Transmission Issues Subcommittee (TIS) in the area of system protection and control.
- ✓ Overseeing the A-10 BPS Implementation Plan.
- ✓ Overseeing the transition from conducting semi-annual seasonal assessments to a single annual enhanced Interregional Long-Range Adequacy Overview
- ✓ Overseeing and evaluate the 2010-2014 NPCC Interregional Long-Range Adequacy Overview.
- ✓ Evaluating and approving Area Transmission Reviews.

- ✓ Coordinating, monitoring, reviewing, and making recommendations on the retirement of existing in-service Special Protection Systems (SPS); and the implementation of proposed new or modified Special Protection Systems.
- ✓ Monitoring industry practices and making recommendations to NPCC on transmission adequacy standards related to intermittent generation such as wind or solar-voltaic.
- ✓ Reviewing and giving direction to other task forces on changes required to the UFLS program required to take into account increasing amounts of distribution connected generation and/or intermittent generation.
- ✓ Overseeing and evaluating the NPCC 2010 - 2014 Tie Benefits Study.
- ✓ Evaluating and approving Area Resource Adequacy Assessments.
- ✓ Monitoring the developments in demand resources, energy efficiency and conservation methods including all intermittent renewable resources.
- ✓ Conducting resource adequacy assessment studies addressing Climate Change Initiatives
- ✓ Supporting Joint ISO/RTO Planning Committee Activities.
- ✓ Facilitating Wide-Area Planning through participation in regional activities and coordinating inter-Area reliability analyses.

Task Force on System Studies

The primary mission of the NPCC Task Force on System Studies (TFSS) is to provide for active overall coordination of system studies of the reliability of the interconnected bulk power systems and for the review of certain NPCC documents.

The activities of the TFSS include, but are not limited to:

- Participating with the Task Force on Coordination of Planning, the Task Force on Coordination of Operation and the Task Force on System Protection in reviews of the “*Basic Criteria for the Design and Operation of Interconnected Power Systems*” (Document A-2) and other NERC Reliability Standards and NPCC criteria, guidelines, procedures and documents which provide for the uniform implementation, interpretation and monitoring of conformance to criteria, guidelines and procedures related to system studies.
- 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 the Area’s conformance with the NPCC Basic Criteria.
- Reviewing and approving changes to Areas’ lists of bulk power system elements, in accordance with the “*Classification of Bulk Power System Elements*” (Document A- 10). Annually review and update the NPCC BPS List.

- Reviewing and classifying new and modified Special Protection Systems, in accordance with the “*Procedure for NPCC Review of New or Modified Bulk Power System Special Protection Systems*” (Document C-16). Annually reviewing and updating the NPCC SPS List.
- 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 reliability organizations. As a part of this effort, analyze potential inter-Area effects of Special Protection Systems.
- Conducting analytical studies as appropriate to support the coordination of system planning, system operation and system protection in NPCC.
- Maintaining, through the SS-37 Working Group, a library of load flow base cases and associated dynamics data, for use in and support of Area Reviews, overall transmission assessments, operational studies, inter-Regional studies, etc. Coordinate this effort with the NERC inter-regional base case development process.
- In conjunction with other Task Forces, reviewing major system disturbances to ascertain the adequacy of the interconnected systems. Also, reviewing any associated recommendations for system modifications and considering the need for criteria changes.
- Identifying and recommending improved system study techniques. This includes, but is not limited to, the following:
 - improved techniques and models for power system simulation;
 - improved techniques for power system reliability assessment;
- Conducting a periodic review of the adequacy of the NPCC underfrequency load shedding program. Annually reviewing and updating the NPCC underfrequency load shedding database.
- Maintaining a listing and monitor status of major transmission and generation projects within NPCC.
- Maintaining liaison with other NPCC Task Forces and report to the Reliability Coordinating Committee as required.
- Monitoring the work of industry research and development organizations such as the IEEE, Canadian Electricity Association, Electric Power Research Institute, CIGRE and other technical organizations.
- Annually developing updates to the NPCC Electric System Map

Key TFSS Reliability Assessment and Performance Analysis Deliverables:

- ✓ 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 assess the impact of planned transmission and resource additions or modifications on system reliability, and determine the Area’s conformance with the NPCC Basic Criteria. Through the Area Transmission Reviews, re-evaluate the

performance and classification of existing SPSs and Dynamic Control Systems as appropriate.

- ✓ Reviewing and classifying new and modified Special Protection Systems, in accordance with Directory #7 “*Procedure for NPCC Review of New or Modified Bulk Power System Special Protection Systems*” as required.
- ✓ Reviewing and approving changes to the Areas’ lists of bulk power system elements, in accordance with the “*Classification of Bulk Power System Elements*” (Document A-10), as required.
- ✓ Updating the NPCC Bulk Power System List.
- ✓ Developing a library of power flow base cases and associated dynamic models for use by NPCC members and input into the development of the MMWG library of power flow and dynamic cases and databases for the Eastern Interconnection
 - i. Final NPCC power flow models developed by June 2010
 - ii. Final NPCC dynamic models developed by September 2010
 - iii. Develop a process to develop models replicating conditions for the analysis of major events that may occur on the system from time to time.
- ✓ Reviewing existing regional criteria and procedures for validation of data used in power flow and dynamic simulations by benchmarking against actual system performance. If the existing criteria or procedures are found to be deficient, propose changes to provide for adequate data validation (NERC Blackout Recommendation 14)
- ✓ Updating the NPCC SS-37 Working Group Procedure Manual and other related documents including the Master Tie line Data, and Interchange Schedule, as required.
- ✓ Providing mid-term updates to the 2010 Library of NPCC/MMWG cases
- ✓ Enhancing the governor modeling on a unit by unit basis suitable for use in the system simulation Model to be calibrated with the observed response on units and systems, coordinated with the NPCC CO-1 Working Group - December 2010
- ✓ Annually reviewing and updating a list of NPCC underfrequency load shedding.
- ✓ Developing NPCC guidelines for load modeling through review of past industry efforts to study dynamic load behavior, and contact others within the industry to benefit from their research. Focus 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 – December 2010.
- ✓ Classification of Bulk Power System Elements – December 2010.
- ✓ Supporting Regional system studies to integrate large-scale renewable resources.
- ✓ Provide support to NERC EACG (Event Analysis Coordinating Group) as needed.

- ✓ Develop updates to the NPCC Electric System Map (third quarter of 2010).

Task Force on System Protection (TFSP)

The purpose of the NPCC Task Force on System Protection (TFSP) is to promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America through the establishment of directories, criteria, guidelines, and procedures and coordination of design, relative to the protection associated with the bulk power systems.

The Reliability Assessment and Performance Analysis activities of the TFSP include, but are not limited to:

- 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*
- 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). Issue recommendations for changes to NPCC Documents, as appropriate.
- Providing technical advice on protection issues to NPCC and coordinate with other Task Force 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.
- Reviewing and assessing regulatory and industry based documents as they relate to system protection.
- Maintaining an effective liaison with North America groups working in the protection areas, for example NERC System Protection & Control Subcommittee.
- Exchanging information with other power pools, Regional Reliability Councils, Regional Transmission Organizations and other industry groups on matters concerned with system protection.
- Identifying the need for special studies and new documents, recommend action to the Reliability Coordinating Committee.

Key TFSP Reliability Assessment and Performance Analysis Deliverables:

- ✓ Assessing proposed protection systems and special protection systems for compliance with A- 5 and Directory #7 criteria in accordance with NPCC *Procedure for Reporting and Reviewing Proposed Protection Systems for the Bulk Power System*.
- ✓ Reviewing and analyzing the performance of protection systems of power system disturbances and events, brought to the attention of the Task Force, inside as well as

outside NPCC in accordance with *Procedures for Task Force on System Protection Review of Disturbances* (Document C-30). Issuing recommendations for changes to NPCC Documents, as appropriate.

- ✓ Providing support to the NERC Event Analysis Coordinating Group as required.
- ✓ Supporting the completion of NPCC Blackout ‘Recommendation 2a’ effort.
- ✓ Reviewing and updating NPCC Undervoltage Load Shedding Database.
- ✓ Participation in the finalization and implementation of approved modifications to the NPCC Underfrequency Loadshedding Program.
- ✓ Conducting any follow-up to the bulk power system protection risk assessment as directed by the Reliability Coordinating Committee.

Task Force on Coordination of Operation

The NPCC Task Force on Coordination of Operation (TFCO) facilitates the coordination of operations among the NPCC Reliability Coordinator areas and adjacent NERC Regions to enhance the reliability of the bulk power system.

The activities of the NPCC Task Force on Coordination of Operation include, but are not limited to:

- Conducting seasonal reviews of the overall reliability of the generation and transmission systems in NPCC, and coordinate these efforts with parallel assessments conducted by the NPCC Task Force on Coordination of Planning and by NERC. Reviewing the operational preparedness of NPCC and recommend possible actions to mitigate any potential problems identified for each operating period.
- Reviewing operations and system disturbances and provide any necessary follow-up, including the recommendation of remedial or mitigating actions.
- Facilitating the reliable operational integration of new bulk power system facilities.
- Coordinating the development of operating NPCC requirements and procedures affecting the reliability and operability of the bulk power system in coordination with, and as directed by, NERC and NPCC.
- Promoting and sponsor inter-Reliability Coordinator area and interregional studies to enhance reliability and operational effectiveness of the bulk power system.
- Providing coordination of operating issues with other NPCC Task Forces and other Regions.
- Reviewing, and acting upon, NERC actions, motions and recommendations in relation to the operation of the power system.
- Formulating the position of the TFCO on NERC Standards, and provide this position to

the NPCC Regional Standards Committee as appropriate.

- Providing assistance as requested by the NPCC Regional Standards Committee in the development of Regional Standards and Directories.
- Providing assistance as requested by the NPCC Compliance Committee in monitoring and coordinating the compliance efforts of the registered entities of NPCC.

Key TFCO Reliability Assessment and Performance Analysis Deliverables:

- ✓ Developing an report on the potential impact of wind energy penetration on system control performance - November 2010
- ✓ Completing the NPCC Operational Reliability Assessments - the summer assessment by May 2010/ the winter assessment by November 2010.

Funding Requirements — Explanation of Increase (Decrease)

The Reliability Assessment and Performance Program funding increased is caused by the need to support the additional and expanded NERC activities in this area, coordination of the expected reliability assessment of renewable resource integration, and conducting resource adequacy assessments that address impacts resulting from enactment of Climate Change legislation currently being debated in the U.S. Senate.

NERC has expanded the role of several of the groups related to the support of their Planning Committee, and has formed additional groups to address their need for enhanced or additional data collection. These activities require NPCC staff not only coordinate the activities of its members, but also those of the NPCC registered entities. In addition, the Event Analysis Coordinating Group (EACG) may require the support of the NPCC TFSS in pursuit of their mission.

Just one week after U.S. President Obama signed into law the America Recovery and Reinvestment Act of 2009 with billions set aside to promote the build-out of new renewable energy capacity and make the U.S. more energy efficient, Ontario's Premier Dalton McGuinty and Energy Minister George Smitherman unveiled a plan to infuse the Canadian province with green energy and energy efficiency improvements.

The importance and emphasis placed by US Federal and Canadian Provincial governmental authorities in accelerating the integration of renewable resources requires additional technical NPCC staff support and participation in the interregional coordination and reliability assessment of the various projects vying inclusion in the ultimate plan. This requires participation in the activities not only of NPCC members, but also those of the Eastern Interconnection. These activities will result in greater reliability between the Regional Entities in the Eastern Interconnection through promotion of a 'bottoms-up' approach to integration of the NPCC Regional plans, currently developed through the respective, extensive established Stakeholder driven processes existing in the NPCC Region.

The U.S. House Energy and Commerce Committee has begun hearings on the legislation intended to limit the amount of greenhouse gases (climate change bill).

The Obama administration has stated it wants a climate change bill completed by the end of the year, ahead of the president's planned travel to Copenhagen for the United Nations' climate

change conference in December 2009. The assessment of the reliability impacts resulting from the enactment of such legislation on NPCC's resource adequacy will need to be conducted.

Based on the existing complement of full time staff, NPCC projects a requirement of an addition FTE at the Senior Engineer level for 2010, to meet the proposed work as outlined in this business plan.

NPCC will continue to rely on subject matter expert consultant services throughout 2010 as needed. This approach focuses NPCC's members' subject matter experts on the direction and review of the various reliability assessments, rather than on assessment data set-up and simulation.

Based on the portion of professional/technical staff time and other resources devoted to reliability assessment and performance analysis, NPCC estimates that it will expend 25.5 percent of its resources on this activity.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Reliability Assessment and Performance Analysis					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 1,446,942	\$ 1,446,942	\$ -	\$ 2,863,643	\$ 1,416,701
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	<u>\$ 1,446,942</u>	<u>\$ 1,446,942</u>	<u>\$ -</u>	<u>\$ 2,863,643</u>	<u>\$ 1,416,701</u>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ 1,446,942</u>	<u>\$ 1,446,942</u>	<u>\$ -</u>	<u>\$ 2,863,643</u>	<u>\$ 1,416,701</u>
Expenses					
Personnel Expenses					
Salaries	\$ 642,840	\$ 741,305	\$ 98,466	\$ 908,665	\$ 265,825
Payroll Taxes	35,980	39,284	3,303	50,634	14,653
Benefits	147,908	158,769	10,861	223,793	75,884
Retirement Costs	100,110	159,174	59,064	216,853	116,743
Total Personnel Expenses	<u>\$ 926,838</u>	<u>\$ 1,098,532</u>	<u>\$ 171,694</u>	<u>\$ 1,399,944</u>	<u>\$ 473,106</u>
Meeting Expenses					
Meetings	\$ 42,406	\$ 44,195	\$ 1,789	\$ 51,789	\$ 9,383
Travel	162,271	175,009	12,738	212,738	50,467
Conference Calls	28,489	28,840	351	40,351	11,862
Total Meeting Expenses	<u>\$ 233,166</u>	<u>\$ 248,044</u>	<u>\$ 14,878</u>	<u>\$ 304,878</u>	<u>\$ 71,712</u>
Operating Expenses					
Consultants & Contracts	\$ 286,938	\$ 314,209	\$ 27,271	\$ 396,277	\$ 109,339
Office Rent	-	91,431	91,431	111,883	111,883
Office Costs	-	44,021	44,021	51,230	51,230
Professional Services	-	37,644	37,644	22,867	22,867
Computer & Equipment Leases	-	21,975	21,975	23,928	23,928
Miscellaneous	-	4,500	4,500	9,800	9,800
Depreciation	-	5,923	5,923	22,867	22,867
Total Operating Expenses	<u>\$ 286,938</u>	<u>\$ 519,703</u>	<u>\$ 232,765</u>	<u>\$ 638,852</u>	<u>\$ 351,914</u>
Total Direct Expenses	<u>\$ 1,446,942</u>	<u>\$ 1,891,005</u>	<u>\$ 444,063</u>	<u>\$ 2,346,124</u>	<u>\$ 899,182</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,442</u>	<u>\$ 532,442</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ 24,725</u>	<u>\$ 24,725</u>	<u>\$ 2,450</u>	<u>\$ 2,450</u>
Total Expenses	<u>\$ 1,446,942</u>	<u>\$ 1,891,005</u>	<u>\$ 444,063</u>	<u>\$ 2,878,566</u>	<u>\$ 1,431,624</u>
Change in Assets	<u>\$ -</u>	<u>\$ (444,063)</u>	<u>\$ (444,063)</u>	<u>\$ (14,923)</u>	<u>\$ (14,923)</u>
Fixed Assets					
Depreciation	\$ -	\$ (5,923)	\$ (5,923)	\$ (22,867)	\$ (22,867)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	37,538	37,538	3,267	3,267
Equipment CapEx	-	24,000	24,000	4,900	4,900
Leasehold Improvements	-	92,438	92,438	3,267	3,267
(Incr)Dec in Fixed Assets	<u>\$ -</u>	<u>\$ (148,052)</u>	<u>\$ (148,052)</u>	<u>\$ 11,433</u>	<u>\$ 11,433</u>
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 3,490	\$ 3,490
Change in Fixed Assets	<u>-</u>	<u>(148,052)</u>	<u>(148,052)</u>	<u>14,923</u>	<u>14,923</u>
TOTAL CHANGE IN ASSETS	<u>\$ -</u>	<u>\$ (592,115)</u>	<u>\$ (592,115)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Increase in ERO Assessments is due to allocation of indirect expenses.

Personnel Expenses

- An additional FTE will be hired in 2010. Also, Reliability Assessment Personnel Costs include a portion of Personnel Costs previously allocated to General & Administrative.

Meeting Expenses

- The increase in Travel Expenses is due largely to the addition of 1 FTE in 2010.

Operating Expenses

- The increase in Contracts & Consultants is due primarily to combining the seasonal NPCC probabilistic multi-area reliability assessments to a single annual enhanced 2010 Interregional Long-Range (5 year) Adequacy Overview and conducting the NPCC 2010 - 2014 Tie Benefits Study. Additionally, there is the potential for needed support of regional system studies to reliably integrate large-scale renewable resources and for conducting resource adequacy assessments addressing Climate Change Initiatives
- Increase in all other Operating Expenses is driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses.

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program Resources			
(in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	2.0	2.0	0.0
Total Direct Expenses	\$541,168	\$916,379	\$375,211
Total Indirect Expenses [1]	\$570,895	\$217,323	(\$353,572)
Inc(Dec) in Fixed Assets	\$0	(\$6,091)	(\$6,091)
Total Expenses & Fixed Assets	\$1,112,063	\$1,127,611	\$15,547

[1] Variances between 2009 Budget and 2010 Budgets are largely driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Program Scope and Functional Description

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 Reliability Coordinator 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 Reliability Coordinator Area, and which have the potential to impact reliability in other NPCC Reliability Coordinator 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 Reliability Coordinator Areas. To assist in the evaluation of emerging tools to better identify evolving system conditions, NPCC actively coordinates the utilization of existing operational aids, and 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). The events of September 11th renewed the focus on possible sabotage to the physical infrastructure of the electric power system as well. In response, the NPCC System Operations Managers Working Group (CO-8) has in place the availability for 24 x 7 conference calls among the NPCC Reliability Coordinator Area managers to address security threats within NPCC and the proper operating posture in response to such threats. A drill simulating the NPCC Security Conference Call is held among the control room managers on at least a monthly basis; the drill is conducted at random times.

The NPCC Emergency Preparedness Conference Call mechanism is a tool that has been put in place that enables the Reliability Coordinator Area 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. Items of particular concern that can be discussed during the Emergency Preparedness Conference Calls may include, but are not limited to, the following:

- anticipated weather only as it is critical to the system or systems experiencing or projecting resource deficiencies
- load forecast
- largest first and second contingencies
- potential need for emergency transfers
- operating reserve requirements and expected available operating reserve capacity deficiencies
- potential fuel shortages or potential fuel supply disruptions which could lead to energy shortfalls
- identified or projected voltage conditions
- status of short term contracts and other scheduled arrangements, particularly those that impact operating reserves
- additional capability available within four hours and additional capability available within twelve hours
- coordination of pumping schedules
- any problems that might develop due to light load and minimum generation requirements
- generator outages that may have a significant impact on an adjacent Area or neighboring system
- transmission outages that may have an adverse impact on internal and external energy transfers
- expected transfer limits and limiting elements
- anticipated implementation of NERC Transmission Loading Relief (TLR) procedures or Lake Erie Emergency Redispatch (LEER) procedures
- the temporary modification or changes in the status of relay protection systems such that the normal levels of protection will not be provided
- the arming of special protection systems not normally armed
- the application of abnormal operating procedures

NPCC has also established a daily conference call, held at 9:30 AM, to serve as a complement to the NPCC Emergency Conference Call and the Weekly Conference Call. The participants of the call are the control rooms of the New Brunswick System Operator, Hydro-Quebec TransEnergie, ISO New England Inc., the New York ISO and the Independent Electricity System Operator and NPCC Staff. In 2010 participation will be expanded to include by both the MISO and PJM control rooms. The conference call is implemented through a bridge, the initiation of the call quickly ringing all pre-selected telephones simultaneously. The goal of the call is to alert all neighboring Areas of emerging problems. If no system difficulties are anticipated for the day, no unnecessary information is to be discussed. Subjects for discussion are limited to credible events which could impact the ability of an Area to serve its load and meet its operating reserve obligations or would impose a burden to the interconnection, including the following:

- Projected Load
- Adverse Weather

- Operating Reserve
- Generation
- Transmission
- Sabotage

If conditions worsen in the course of the day, the NPCC Emergency Preparedness Conference Call will be held among the NPCC Reliability Coordinator Area Control Room Managers.

NPCC is also actively participating in the NERC-FERC situational awareness initiative. Recommendation 22 of the joint report, “U.S.-Canada Power System Outage Task Force Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations-April 2004,” states in part:

**“Evaluate and adopt better real-time tools for operators and reliability coordinators
••• A principal cause of the August 14 blackout was a lack of situational awareness
••• The need for improved visualization capabilities over a wide geographic area has been a recurrent theme in blackout investigations.”**

At the request of the United States Federal Energy Regulatory Commission (FERC), the Reliability Coordinator Areas are developing procedures to provide to the FERC detailed operating data for their respective footprints. The intent of the effort is to permit the FERC to “measure the health” of the Interconnections and to identify parameters which may warn of a developing crisis, thus precluding a major cascading event. The project is proceeding in two phases. The initial phase has established, on a daily basis, the dissemination of a spreadsheet projecting basic operating information, including projected load, projected weather at the time of the system peak, the peak load for the previous day, the aggregate generation unavailable and the numbers of key transmission lines unavailable. For the second phase, NPCC is implementing a geographically based visualization of selected reliability indicators to expand the operational awareness of the Reliability Coordinators (RC) of NPCC, providing an enhanced wide area view of each of the five RC footprints in the Northeast and permitting the Reliability Coordinator to make more informed real-time operating decisions. Each Reliability Coordinator of NPCC will have access within the control room to the following near real time displays:

- a geographic visualization of the complete NPCC footprint; or
- a detailed geographic visualization of any of the neighboring Reliability Coordinator footprints within NPCC.

Each screen displayed will include the following data:

- Reliability Coordinator Area load
- Reliability Coordinator Area Control Error (ACE)
- scheduled net interchange with its neighboring control area
- actual net interchange with its neighboring control area
- Reliability Coordinator Area operating reserve
- key interface loadings with limits
- key bus voltages with typical operating range

Various dynamic, visual prompts will also be provided as conditions change. Arrows will indicate interface flow direction, and the size of the arrow will appear proportional to the

magnitude of the flow. Key quantities will be color coded; for example, the display color for the system operating reserve will change if the quantity should fall below the Area's operating reserve obligation. The data will be refreshed at least every ninety seconds.

The tool and display will go on-line in the middle of 2009, and 2010 will be the first full year of operation, at which time the overall performance and utility of the displays will be evaluated, and possible future enhancements will be incorporated.

To ensure the capability for continued voice communications among NPCC and its Reliability Coordinators, a satellite telephone network has also been established and tested. This back-up communications system will function in the event of a collapse of the Public Switched Telephone Network (PSN), and cross-border voice communications can still be maintained among the Canadian Reliability Coordinators of NPCC and the Reliability Coordinators in the United States.

2010 Key Assumptions and Cost Impacts

- Funding for a near real-time display
 - The Northeast benefits from NPCC's enhanced ability to identify the wide area view among the NPCC Members.
 - Satisfies FERC's request for short term and near real time system conditions information to indicate status of the power system and provide an indication of operating problems
- Implementation of Version 3 of the NERC Cyber Security Standards.
 - The Northeast benefits from NPCC's preparation of comments and input to each posted SAR / Standard addressing cyber security, ensuring that the unique concerns of the Canadian and US Members of NPCC are reflected

2010 Goals and Key Deliverables

System Operations Security Objectives

NPCC's system operations security objectives are defined within the scope of the NPCC Task Force on Coordination of Operation, (TFCO) and include, but are not confined to:

- Coordinating interregional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system
- Assisting in the development of real time operating tools assuring cyber security concerns are addressed.

NPCC's 2010 operational situation awareness goals and objectives, as identified by the 2009-2010 Work Plan of the NPCC Task Force on Coordination of Operation (TFCO) include, but are not confined to:

- Expanded Wide Area View Among the NPCC Reliability Coordinators
 - Implement near real time visualization of the Reliability Coordinator Areas of NPCC
- ✓ Monitor the development of the NERC Eastern North American SynchroPhasor Initiative (NASPI) and determine the feasibility of the application for use within NPCC - December 2010

- Direct Voice Communications Among All NPCC Reliability Coordinators
 - Weekly Area Coordination Conference Calls
Each week conference calls of the operations management personnel are initiated by NPCC to discuss operations expected, and identify possible concerns, during the forthcoming ten-day period (weekend and week following)
 - Daily Area Control Room Coordination Conference Calls
Each morning, the NPCC Reliability Coordinator control rooms also take part in a regularly scheduled conference call. The goal of this call is to alert all neighboring Reliability Coordinators of any potential emerging problems which could lead to reliability concerns in the course of the day's operations. Subjects for discussion are limited to credible events which could impact the ability of a Reliability Coordinator to serve its load and meet its operating reserve obligations, or which would impose a burden to the neighboring NPCC Areas or the Eastern Interconnection
 - Emergency Preparedness Conference Call
The NPCC Emergency Preparedness Conference Call augments the regularly scheduled weekly and daily 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, or in anticipation of, emergency conditions.

Critical Infrastructure Objectives

NPCC's critical infrastructure objectives are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology, (TFIST) and include, but are not confined to:

- Providing a forum for NPCC review of proposed and posted documents from the NERC Critical Infrastructure Protection Committee (CIPC)
- Representing and advocating NPCC's position in the activities of NERC groups involved in the development and/or implementation of physical and cyber security

NPCC's 2010 critical infrastructure goals and objectives, as identified by the 2009-2010 Work Plan of the Task Force on Infrastructure Security and Technology include, but are not confined to:

- Participating in the NERC Regional CIPC Liaison Task Force, to provide NPCC input into the process whereby future Department of Homeland Security (DHS) notifications are disseminated to the industry
- Annually reviewing infrastructure security & technologies and providing recommendations, when appropriate, to the RCC to enhance physical and cyber security in compliance with NERC guidelines/standards
- Reviewing of NPCC's information protection in order to be consistent with the requirements of the NERC Cyber Security Standards
- Addressing timely issues and updating member system personnel associated with the provision of on-line computer systems for operation of the power system, through the activities of the IST-1 (Infrastructure Security & Technology Workshop) Working Group
- Providing a forum to identify, discuss and advance the technology of telecommunications infrastructure for the reliable operation of the NPCC Inc. Bulk Power System while also

- supporting TFIST in their work on issues related to telecommunications, through the activities of the IST-2 (Telecommunications) Working Group
- Providing a forum to identify, discuss and advance the EMS-SCADA technology of EMS-SCADA for the reliable operation of the NPCC Bulk Power System while also supporting TFIST in their work on issues related to EMS-SCADA, through the activities of the IST-3 (EMS-SCADA) Working Group
 - Providing a forum to identify, discuss and advance the cyber security for the reliable operation of the NPCC Bulk Power System while also supporting TFIST in their work on issues related to cyber security, through the activities of the IST-4 (Cyber Security) Working Group
 - Providing a forum to identify, discuss and advance the use physical security for the reliable operation of the NPCC Bulk Power System while also supporting TFIST in their work on issues related to physical security, through the activities of the IST-5 (Physical Security) Working Group

Funding Requirements — Explanation of Increase (Decrease).

- Funding for a near real-time display
 - The Northeast benefits from NPCC’s enhanced ability to identify the wide area view among the NPCC Members.
 - Satisfies FERC’s request for short term and near real time system conditions information to indicate status of the power system and provide an indication of operating problems
- Implementation of Version 3 of the NERC Cyber Security Standards.
 - The Northeast benefits from NPCC’s preparation of comments and input to each posted SAR / Standard addressing cyber security, ensuring that the unique concerns of the Canadian and US Members of NPCC are reflected

Based on the portion of professional/technical staff time and other resources devoted to situation awareness and infrastructure security, NPCC estimates that it will expend 10 percent of its resources on this activity.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Situation Awareness and Infrastructure Security					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 541,168	\$ 541,168	\$ -	\$ 1,127,611	\$ 586,443
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 541,168	\$ 541,168	\$ -	\$ 1,127,611	\$ 586,443
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 541,168	\$ 541,168	\$ -	\$ 1,127,611	\$ 586,443
Expenses					
Personnel Expenses					
Salaries	\$ 349,708	\$ 396,735	\$ 47,026	\$ 402,699	\$ 52,991
Payroll Taxes	18,742	20,288	1,546	21,038	2,295
Benefits	37,532	51,601	14,069	53,879	16,347
Retirement Costs	55,732	88,653	32,921	123,735	68,003
Total Personnel Expenses	\$ 461,715	\$ 557,276	\$ 95,562	\$ 601,351	\$ 139,636
Meeting Expenses					
Meetings	\$ 13,751	\$ 14,668	\$ 917	\$ 25,917	\$ 12,166
Travel	31,811	38,343	6,532	66,902	35,091
Conference Calls	2,840	2,995	155	4,055	1,215
Total Meeting Expenses	\$ 48,402	\$ 56,006	\$ 7,604	\$ 96,874	\$ 48,472
Operating Expenses					
Consultants & Contracts	\$ 31,051	\$ 45,036	\$ 13,985	\$ 118,143	\$ 87,092
Office Rent	-	46,888	46,888	45,667	45,667
Office Costs	-	22,575	22,575	20,910	20,910
Professional Services	-	19,304	19,304	9,333	9,333
Computer & Equipment Leases	-	11,269	11,269	9,767	9,767
Miscellaneous	-	2,308	2,308	4,000	4,000
Depreciation	-	3,038	3,038	9,333	9,333
Total Operating Expenses	\$ 31,051	\$ 150,418	\$ 119,367	\$ 217,153	\$ 186,102
Total Direct Expenses	\$ 541,168	\$ 776,380	\$ 235,212	\$ 916,379	\$ 375,211
Indirect Expenses	\$ -	\$ -	\$ -	\$ 217,323	\$ 217,323
Other Non-Operating Expenses	\$ -	\$ 12,680	\$ 12,680	\$ 1,000	\$ 1,000
Total Expenses	\$ 541,168	\$ 776,380	\$ 235,212	\$ 1,133,702	\$ 592,534
Change in Assets	\$ -	\$ (235,212)	\$ (235,212)	\$ (6,091)	\$ (6,091)
Fixed Assets					
Depreciation	\$ -	\$ (3,038)	\$ (3,038)	\$ (9,333)	\$ (9,333)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	19,250	19,250	1,333	1,333
Equipment CapEx	-	12,308	12,308	2,000	2,000
Leasehold Improvements	-	47,404	47,404	1,333	1,333
(Incr)Dec in Fixed Assets	\$ -	\$ (75,924)	\$ (75,924)	\$ 4,667	\$ 4,667
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ 1,424	\$ 1,424
Change in Fixed Assets	-	(75,924)	(75,924)	6,091	6,091
TOTAL CHANGE IN ASSETS	\$ -	\$ (311,136)	\$ (311,136)	\$ 0	\$ 0

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- Increase in ERO Assessments is due to allocation of indirect expenses.

Personnel Expenses

- The increase is due to the inclusion of a portion of Personnel Costs previously allocated to General & Administrative.

Meeting Expenses

- Travel expenses increased due to increased travel associated with the emphasis on event analysis and critical infrastructure protection implementation.

Operating Expenses

- Consultants and Contracts will increase due to the development of the software and server to establish the NPCC Situation Awareness Tool.
- All other increases to Operating Expenses are driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses in the General and Administrative function. Within the 2010 Business Plan and Budget, fixed assets are allocated proportionately based on FTE to the direct programs.

Administrative Services

Administrative Services Resources			
(in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs [1]	7.4	6.41	-0.99
Inc(Dec) in Fixed Assets	\$934,115	\$0	(\$934,115)
Total Indirect Expenses [2]	\$5,138,059	\$2,281,894	(\$2,856,165)

[1] Due to increasing workload, resources were reprioritized during 2009 and 1.0 FTE was diverted from the Finance & Accounting budget and added to the Compliance budget.

[2] Variances between 2009 Budget and 2010 Budgets are largely driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Program Scope and Functional Description

Administrative services support the previously identified five program areas of: reliability standards; compliance monitoring and enforcement and organization registration and certification; training, education, and operator certification; reliability assessment and performance analysis; and situation awareness and infrastructure security. Administrative services consist of: technical committees and members' forums; general and administrative; legal and regulatory; information technology; and human resources.

Technical Committees and Members' Forums

Program Scope and Functional Description

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. 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 and NERC to identify and discuss emerging issues related to the reliability of the NPCC Region.

2010 Key Assumptions

- NPCC's standing committee and subgroup structure for effective stakeholder involvement will continue in 2010.
- The current economic downturn will continue into 2010 and adversely affect stakeholder travel budgets and resourcing for work in regional programs. NPCC will need to develop methods to encourage active involvement with less travel and face-to-face meetings.
- NPCC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability.

2010 Goals and Key Deliverables

The 2010 NPCC General Meeting provides an opportunity for NPCC Members to meet high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior NERC and NPCC executives to discuss topics related to the reliable planning and operation of the power system, including consideration of emerging reliability, critical infrastructure and environmental issues.

2010 Public Information Committee Goals and Objectives

The objective of the NPCC Public Information Committee is to highlight and summarize NPCC activities and accomplishments in the past year, disseminate and coordinate the appropriate release of information to the media, respond to related requests for information, and coordinate with related NPCC Area, NERC media and public information activities. Activities anticipated for 2010 include, but are not limited to:

- Conducting the 2010 Media Event – release of the 2010 Summer NPCC Reliability Assessment(s)
- Developing the NPCC 2010 Summer and Winter Reliability Outlooks
- Compiling the 2010 NPCC Statistical Brochure
- Preparing the 2010 NPCC Year-In-Review
- Updating the 2010 NPCC Primer
- Participation in NERC 2010 communication initiatives:
 - Monthly Regional communications teleconferences
 - Development of Compliance background information (FAQ) and sample press releases
 - Preparation of NERC Standards background information and outreach to Registered Entities
 - Coordination of Emergency or “Blackout” communications plans
 - Joint face-to-face meetings with other related NERC groups (i.e., situation awareness group, Reliability Assessment Subcommittee, etc.)

Funding Requirements — Explanation of Increase (Decrease)

For the Public Information portion of this Program, participation in the additional NERC communications initiatives planned for 2010 drives the increase over the 2009 Budget.

Technical Committees and Member Forums

Funding sources and related expenses for the Technical Committees and Members' Forums section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Member Forums					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 57,037	\$ 57,037	\$ -	\$ -	\$ (57,037)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 57,037	\$ 57,037	\$ -	\$ -	\$ (57,037)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 57,037	\$ 57,037	\$ -	\$ -	\$ (57,037)
Expenses					
Personnel Expenses					
Salaries	\$ 31,701	\$ 46,956	\$ 15,255	\$ 47,208	\$ 15,508
Payroll Taxes	2,490	2,919	429	3,004	514
Benefits	13,180	15,564	2,385	17,020	3,840
Retirement Costs	9,667	11,001	1,334	15,317	5,650
Total Personnel Expenses	\$ 57,037	\$ 76,440	\$ 19,403	\$ 82,549	\$ 25,512
Meeting Expenses					
Meetings	\$ -	\$ 3,194	\$ 3,194	\$ 3,194	\$ 3,194
Travel	-	22,746	22,746	22,746	22,746
Conference Calls	-	215	215	215	215
Total Meeting Expenses	\$ -	\$ 26,155	\$ 26,155	\$ 26,155	\$ 26,155
Operating Expenses					
Consultants & Contracts	\$ -	\$ 3,496	\$ 3,496	\$ 2,286	\$ 2,286
Office Rent	-	11,722	11,722	11,417	11,417
Office Costs	-	5,644	5,644	5,228	5,228
Professional Services	-	4,826	4,826	2,333	2,333
Computer & Equipment Leases	-	2,817	2,817	2,442	2,442
Miscellaneous	-	577	577	1,000	1,000
Depreciation	-	759	759	2,333	2,333
Total Operating Expenses	\$ -	\$ 29,842	\$ 29,842	\$ 27,038	\$ 27,038
Total Direct Expenses	\$ 57,037	\$ 135,607	\$ 78,570	\$ 135,993	\$ 78,956
Indirect Expenses	\$ -	\$ -	\$ -	\$ (135,993)	\$ (135,993)
Other Non-Operating Expenses	\$ -	\$ 3,170	\$ 3,170	\$ 250	\$ 250
Total Expenses	\$ 57,037	\$ 135,607	\$ 78,570	\$ -	\$ (57,037)
Change in Assets	\$ -	\$ (78,570)	\$ (78,570)	\$ -	\$ -
Fixed Assets					
Depreciation	\$ -	\$ (759)	\$ (759)	\$ (2,333)	\$ (2,333)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	4,813	4,813	333	333
Equipment CapEx	-	3,077	3,077	500	500
Leasehold Improvements	-	11,851	11,851	333	333
(Incr)Dec in Fixed Assets	\$ -	\$ (18,981)	\$ (18,981)	\$ 1,167	\$ 1,167
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ (1,167)	\$ (1,167)
Change in Fixed Assets	-	(18,981)	(18,981)	-	-
TOTAL CHANGE IN ASSETS	\$ -	\$ (97,551)	\$ (97,551)	\$ -	\$ -

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- In 2010, the expenses related to the indirect functions are being allocated entirely to the program areas and therefore have no ERO assessment revenue in 2010.

Personnel Expenses

- Member Forums Personnel Expenses include a portion of Personnel Costs previously allocated to General & Administrative.

Meeting Expenses

- In the 2009 budget, Meeting Expenses for the indirect functions were accounted for entirely in General and Administrative.

Operating Expenses

- Increases to Operating Expenses are driven by directly allocating to the indirect functions certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses in the General and Administrative function. Within the 2010 Business Plan and Budget, fixed assets are allocated proportionately based on FTE to the indirect functions.

General and Administrative

Program Scope and Functional Description

The NPCC general and administrative function provides executive management of the corporation, management of the NPCC office, and other administrative support programs.

Funding Requirements — Explanation of Increase (Decrease)

In 2010, the expenses related to the indirect program areas are being allocated entirely to the direct programs and therefore have no ERO assessment revenue in 2010.

All indirect general costs, including rent, office supplies, telephone, postage, etc. are being recorded in each program area.

Accounting for all cash reserves is included in the General & Administrative function such that one percent of total resources are funded to this area.

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
General and Administrative					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 3,592,945	\$ 3,592,945	\$ -	\$ 104,430	\$ (3,488,515)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 3,592,945	\$ 3,592,945	\$ -	\$ 104,430	\$ (3,488,515)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 3,592,945	\$ 3,592,945	\$ -	\$ 104,430	\$ (3,488,515)
Expenses					
Personnel Expenses					
Salaries	\$ 701,179	\$ 53,758	\$ (647,421)	\$ 49,992	\$ (651,187)
Payroll Taxes	22,891	1,754	(21,137)	1,619	(21,272)
Benefits	137,164	10,943	(126,221)	10,750	(126,414)
Retirement Costs	117,982	12,215	(105,767)	16,246	(101,736)
Total Personnel Expenses	\$ 979,216	\$ 78,670	\$ (900,547)	\$ 78,606	\$ (900,611)
Meeting Expenses					
Meetings	\$ 37,951	\$ 871	\$ (37,080)	\$ 871	\$ (37,080)
Travel	270,249	6,206	(264,043)	6,206	(264,043)
Conference Calls	2,256	147	(2,109)	147	(2,109)
Total Meeting Expenses	\$ 310,456	\$ 7,225	\$ (303,231)	\$ 7,225	\$ (303,231)
Operating Expenses					
Consultants & Contracts	\$ 145,807	\$ 13,286	\$ (132,521)	\$ 8,732	\$ (137,075)
Office Rent	554,683	44,543	(510,140)	43,600	(511,084)
Office Costs	267,060	21,446	(245,614)	19,969	(247,091)
Professional Services	89,362	18,339	(71,023)	8,913	(80,449)
Computer & Equipment Leases	133,315	10,762	(122,553)	9,277	(124,038)
Miscellaneous	27,300	2,192	(25,108)	3,820	(23,480)
Depreciation	-	2,886	2,886	8,913	8,913
Total Operating Expenses	\$ 1,217,528	\$ 113,455	\$ (1,104,073)	\$ 103,224	\$ (1,114,304)
Total Direct Expenses	\$ 2,657,201	\$ 211,395	\$ (2,445,806)	\$ 190,009	\$ (2,467,192)
Indirect Expenses	\$ -	\$ -	\$ -	\$ (190,009)	\$ (190,009)
Other Non-Operating Expenses	\$ 150,001	\$ 12,046	\$ (137,955)	\$ 955	\$ (149,046)
Total Expenses	\$ 2,657,201	\$ 211,395	\$ (2,445,806)	\$ -	\$ (2,657,201)
Change in Assets	\$ 935,744	\$ 3,381,550	\$ 2,445,806	\$ 104,430	\$ (831,314)
Fixed Assets					
Depreciation	\$ -	\$ (2,886)	\$ (2,886)	\$ (8,913)	\$ (8,913)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	227,728	18,384	(209,344)	1,273	(226,454)
Equipment CapEx	145,600	11,754	(133,846)	1,910	(143,690)
Leasehold Improvements	560,788	45,271	(515,517)	1,273	(559,514)
(Incr)Dec in Fixed Assets	\$ (934,115)	\$ (72,523)	\$ 861,592	\$ 4,457	\$ 938,572
Allocation of Fixed Assets	\$ -	\$ -	\$ -	(4,457)	(4,457)
Change in Fixed Assets	(934,115)	(72,523)	861,592	-	934,115
TOTAL CHANGE IN ASSETS	\$ 1,629	\$ 3,309,027	\$ 3,307,398	\$ 104,430	\$ 102,801

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- In 2010, the expenses related to the indirect functions are being allocated entirely to the program areas and therefore have no ERO assessment revenue in 2010 except for a portion of the cash reserve requirement.

Personnel Expenses

- In 2010, Personnel Expenses are being allocated to the program areas and indirect functions.

Meeting Expenses

- In 2009, Meeting Expenses for all indirect functions were accounted for entirely in General and Administrative.

Operating Expenses

- In 2010, Operating Expenses are being allocated to the program areas and indirect functions. Office Rent increased due to full year effect of higher rental rates at new office location.
- NPCC did not budget for Depreciation in 2009 and has done so in 2010 under NERC's guidance.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- In 2010, Office Relocation Expenses are being allocated to the program areas and indirect functions.

Fixed Asset Additions

- In 2009, NPCC had higher Fixed Assets due to the relocation project. This accounts for the decrease in 2010 Fixed Asset amounts.
- Fixed Assets were included solely in Operating Expenses in the General and Administrative function. Within the 2010 Business Plan and Budget, fixed assets are allocated proportionately based on FTE to the direct programs.

Legal and Regulatory

Program Scope and Functional Description

NPCC's professional legal services 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. Outside counsel reviews items filed with governmental agencies for legal sufficiency; maintains relationships with U.S. and Canadian jurisdictions, and provides contract review.

2010 Goals and Key Deliverables

- 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

Legal and Regulatory

Funding sources and related expenses for the legal and regulatory section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Legal and Regulatory					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 546,000	\$ 546,000	\$ -	\$ -	\$ (546,000)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 546,000	\$ 546,000	\$ -	\$ -	\$ (546,000)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 546,000	\$ 546,000	\$ -	\$ -	\$ (546,000)
Expenses					
Personnel Expenses					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Benefits	-	-	-	-	-
Retirement Costs	-	-	-	-	-
Total Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	546,000	546,000	-	456,833	(89,167)
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 546,000	\$ 546,000	\$ -	\$ 456,833	\$ (89,167)
Total Direct Expenses	\$ 546,000	\$ 546,000	\$ -	\$ 456,833	\$ (89,167)
Indirect Expenses	\$ -	\$ -	\$ -	\$ (456,833)	\$ (456,833)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 546,000	\$ 546,000	\$ -	\$ -	\$ (546,000)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
(Incr)Dec in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Fixed Assets	-	-	-	-	-
TOTAL CHANGE IN ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- In 2010, the expenses related to the indirect functions are being allocated entirely to the program areas and therefore have no ERO assessment revenue in 2010.

Personnel Expenses

- There are no significant changes requiring an explanation.

Meeting Expenses

- There are no significant changes requiring an explanation.

Operating Expenses

- Professional Services is projected to decrease in the area of legal consultations with the inclusion of an attorney on staff in the Compliance program area.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- There are no significant changes requiring an explanation.

Fixed Asset Additions

- There are no significant changes requiring an explanation.

Information Technology

Program Scope and Functional Description

NPCC's Information Technology services ensure information assets and the environment in which they operate are secure. NPCC maintains an offsite backup server for continuity of essential operations in the event that its primary location is unavailable.

2010 Key Assumptions

- Continue to develop and maintain the portal through collaboration with other regions and NERC (CUG).

2010 Goals and Key Deliverables

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:

- 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

Information Technology

Funding sources and related expenses for the information technology section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Information Technology					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 388,351	\$ 388,351	\$ -	\$ -	\$ (388,351)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 388,351	\$ 388,351	\$ -	\$ -	\$ (388,351)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 388,351	\$ 388,351	\$ -	\$ -	\$ (388,351)
Expenses					
Personnel Expenses					
Salaries	\$ 252,432	\$ 304,558	\$ 52,126	\$ 307,758	\$ 55,326
Payroll Taxes	17,332	19,042	1,710	19,673	2,342
Benefits	76,526	81,693	5,167	89,491	12,966
Retirement Costs	42,062	70,399	28,338	98,051	55,989
Total Personnel Expenses	\$ 388,351	\$ 475,693	\$ 87,342	\$ 514,973	\$ 126,622
Meeting Expenses					
Meetings	-	12,777	12,777	12,777	12,777
Travel	-	90,985	90,985	90,985	90,985
Conference Calls	-	860	860	860	860
Total Meeting Expenses	\$ -	\$ 104,622	\$ 104,622	\$ 104,622	\$ 104,622
Operating Expenses					
Consultants & Contracts	-	13,985	13,985	9,143	9,143
Office Rent	-	46,888	46,888	45,667	45,667
Office Costs	-	22,575	22,575	20,910	20,910
Professional Services	-	19,304	19,304	9,333	9,333
Computer & Equipment Leases	-	11,269	11,269	9,767	9,767
Miscellaneous	-	2,308	2,308	4,000	4,000
Depreciation	-	3,038	3,038	9,333	9,333
Total Operating Expenses	\$ -	\$ 119,367	\$ 119,367	\$ 108,153	\$ 108,153
Total Direct Expenses	\$ 388,351	\$ 712,361	\$ 324,010	\$ 728,748	\$ 340,397
Indirect Expenses	\$ -	\$ -	\$ -	\$ (728,748)	\$ (728,748)
Other Non-Operating Expenses	\$ -	\$ 12,680	\$ 12,680	\$ 1,000	\$ 1,000
Total Expenses	\$ 388,351	\$ 712,361	\$ 324,010	\$ -	\$ (388,351)
Change in Assets	\$ -	\$ (324,010)	\$ (324,010)	\$ -	\$ -
Fixed Assets					
Depreciation	-	(3,038)	(3,038)	(9,333)	(9,333)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	19,250	19,250	1,333	1,333
Equipment CapEx	-	12,308	12,308	2,000	2,000
Leasehold Improvements	-	47,404	47,404	1,333	1,333
(Incr)Dec in Fixed Assets	\$ -	\$ (75,924)	\$ (75,924)	\$ 4,667	\$ 4,667
Allocation of Fixed Assets	-	-	-	(4,667)	(4,667)
Change in Fixed Assets	-	(75,924)	(75,924)	-	-
TOTAL CHANGE IN ASSETS	\$ -	\$ (399,934)	\$ (399,934)	\$ -	\$ -

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- In 2010, the expenses related to the indirect functions are being allocated entirely to the program areas and therefore have no ERO assessment revenue in 2010.

Personnel Expenses

- Personnel Expenses include a portion of Personnel Costs previously allocated to General & Administrative.

Meeting Expenses

- In 2009, Meeting Expenses for all indirect functions were accounted for in General and Administrative.

Operating Expenses

- Increases to Operating Expenses are driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Human Resources

Program Scope and Functional Description

NPCC has assembled an exceptional team of highly qualified employees to carry out the activities of NPCC. The human resources function, in adherence with applicable federal and state laws, designs, plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

2010 Goals and Key Deliverables

- Recruit exceptional employees
- Review employee compensation and benefits
- Provide management and training programs
- Improve human resource policies and procedures
- Maintain employee manual

Human Resources

Funding sources and related expenses for the human resources section of the 2009 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Human Resources					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 142,175	\$ 142,175	\$ -	\$ -	\$ (142,175)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 142,175	\$ 142,175	\$ -	\$ -	\$ (142,175)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 142,175	\$ 142,175	\$ -	\$ -	\$ (142,175)
Expenses					
Personnel Expenses					
Salaries	\$ 89,833	\$ 116,692	\$ 26,860	\$ 118,109	\$ 28,276
Payroll Taxes	7,001	7,731	730	7,866	864
Benefits	30,011	35,117	5,107	38,344	8,334
Retirement Costs	15,331	27,419	12,088	38,318	22,987
Total Personnel Expenses	\$ 142,175	\$ 186,960	\$ 44,784	\$ 202,636	\$ 60,460
Meeting Expenses					
Meetings	\$ -	\$ 6,389	\$ 6,389	\$ 6,389	\$ 6,389
Travel	-	45,493	45,493	45,493	45,493
Conference Calls	-	430	430	430	430
Total Meeting Expenses	\$ -	\$ 52,311	\$ 52,311	\$ 52,311	\$ 52,311
Operating Expenses					
Consultants & Contracts	\$ -	\$ 6,993	\$ 6,993	\$ 4,572	\$ 4,572
Office Rent	-	23,444	23,444	22,833	22,833
Office Costs	-	11,287	11,287	10,455	10,455
Professional Services	-	9,652	9,652	4,667	4,667
Computer & Equipment Leases	-	5,635	5,635	4,883	4,883
Miscellaneous	-	1,154	1,154	2,000	2,000
Depreciation	-	1,519	1,519	4,667	4,667
Total Operating Expenses	\$ -	\$ 59,683	\$ 59,683	\$ 54,077	\$ 54,077
Total Direct Expenses	\$ 142,175	\$ 305,294	\$ 163,119	\$ 309,523	\$ 167,348
Indirect Expenses	\$ -	\$ -	\$ -	\$ (309,523)	\$ (309,523)
Other Non-Operating Expenses	\$ -	\$ 6,340	\$ 6,340	\$ 500	\$ 500
Total Expenses	\$ 142,175	\$ 305,294	\$ 163,119	\$ -	\$ (142,175)
Change in Assets	\$ -	\$ (163,119)	\$ (163,119)	\$ -	\$ -
Fixed Assets					
Depreciation	\$ -	\$ (1,519)	\$ (1,519)	\$ (4,667)	\$ (4,667)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	9,625	9,625	667	667
Equipment CapEx	-	6,154	6,154	1,000	1,000
Leasehold Improvements	-	23,702	23,702	667	667
(Incr)Dec in Fixed Assets	\$ -	\$ (37,962)	\$ (37,962)	\$ 2,333	\$ 2,333
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ (2,333)	\$ (2,333)
Change in Fixed Assets	-	(37,962)	(37,962)	-	-
TOTAL CHANGE IN ASSETS	\$ -	\$ (201,081)	\$ (201,081)	\$ -	\$ -

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- In 2010, the expenses related to the indirect functions are being allocated entirely to the program areas and therefore have no ERO assessment revenue in 2010 except for a portion of the cash reserve requirement.

Personnel Expenses

- Personnel Expenses include a portion of Personnel Costs previously allocated to General & Administrative

Meeting Expenses

- In 2009, Meeting Expenses for all indirect functions were accounted for in General and Administrative.

Operating Expenses

- Increases to Operating Expenses are driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses.

Finance and Accounting

Program Scope and Functional Description

The finance and accounting function directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; and oversees financial and accounting system controls and standards. NPCC uses a CPA firm to prepare unaudited financial statements for quarterly reviews.

2010 Goals and Key Deliverables

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

- Utilize the NERC System of Accounts for consistency
- Utilize an accrual method 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 program areas
- Payroll and expense administration
- Preparation of unaudited Quarterly Financial Statements
- IRS Reporting
- Annual Independent Audit initiated by the Regional Entity
- NERC Audit

Finance and Accounting

Funding sources and related expenses for the accounting and finance section of the 2010 business plan are shown in the table below.

Statement of Activities					
2009 Budget & Projection, and 2010 Budget					
Accounting and Finance					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 411,551	\$ 411,551	\$ -	\$ -	\$ (411,551)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ 411,551	\$ 411,551	\$ -	\$ -	\$ (411,551)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 411,551	\$ 411,551	\$ -	\$ -	\$ (411,551)
Expenses					
Personnel Expenses					
Salaries	\$ 197,957	\$ 100,451	\$ (97,506)	\$ 101,218	\$ (96,739)
Payroll Taxes	14,334	6,550	(7,784)	6,642	(7,691)
Benefits	48,941	19,017	(29,925)	20,506	(28,436)
Retirement Costs	13,819	13,288	(531)	15,391	1,571
Total Personnel Expenses	\$ 275,051	\$ 139,306	\$ (135,745)	\$ 143,756	\$ (131,295)
Meeting Expenses					
Meetings	\$ -	\$ 6,389	\$ 6,389	\$ 6,389	\$ 6,389
Travel	-	45,493	45,493	45,493	45,493
Conference Calls	-	430	430	430	430
Total Meeting Expenses	\$ -	\$ 52,311	\$ 52,311	\$ 52,311	\$ 52,311
Operating Expenses					
Consultants & Contracts	\$ -	\$ 6,993	\$ 6,993	\$ 4,572	\$ 4,572
Office Rent	-	23,444	23,444	22,833	22,833
Office Costs	-	11,287	11,287	10,455	10,455
Professional Services	136,500	9,652	(126,848)	214,810	78,310
Computer & Equipment Leases	-	5,635	5,635	4,883	4,883
Miscellaneous	-	1,154	1,154	2,000	2,000
Depreciation	-	1,519	1,519	4,667	4,667
Total Operating Expenses	\$ 136,500	\$ 59,683	\$ (76,817)	\$ 264,220	\$ 127,720
Total Direct Expenses	\$ 411,551	\$ 257,640	\$ (153,911)	\$ 460,787	\$ 49,236
Indirect Expenses	\$ -	\$ -	\$ -	\$ (460,787)	\$ (460,787)
Other Non-Operating Expenses	\$ -	\$ 6,340	\$ 6,340	\$ 500	\$ 500
Total Expenses	\$ 411,551	\$ 257,640	\$ (153,911)	\$ -	\$ (411,551)
Change in Assets	\$ -	\$ 153,911	\$ 153,911	\$ -	\$ -
Fixed Assets					
Depreciation	\$ -	\$ (1,519)	\$ (1,519)	\$ (4,667)	\$ (4,667)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	9,625	9,625	667	667
Equipment CapEx	-	6,154	6,154	1,000	1,000
Leasehold Improvements	-	23,702	23,702	667	667
(Incr)Dec in Fixed Assets	\$ -	\$ (37,962)	\$ (37,962)	\$ 2,333	\$ 2,333
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ (2,333)	\$ (2,333)
Change in Fixed Assets	-	(37,962)	(37,962)	-	-
TOTAL CHANGE IN ASSETS	\$ -	\$ 115,949	\$ 115,949	\$ -	\$ -

Explanations of Variances – 2010 Budget versus 2009 Budget

Funding Sources

- In 2010, the expenses related to the indirect functions are being allocated entirely to the program areas and therefore have no ERO assessment revenue in 2010 except for a portion of the cash reserve requirement.

Personnel Expenses

- Decrease in Personnel Expenses is due to reprioritizing FTEs during 2009 which resulted in the diversion of 1.0 budgeted FTEs from the 2009 Accounting & Finance budget and the addition of 1.0 FTEs to the 2009 Compliance budget. A total of 1.0 FTE will remain in the Accounting & Finance function in 2010.
- Accounting and Finance Personnel Expenses include a portion of Personnel Costs previously allocated to General & Administrative

Meeting Expenses

- In 2009, Meeting Expenses for all indirect functions were accounted for in General and Administrative.

Operating Expenses

- Increases to Operating Expenses are driven by directly allocating to the program areas certain costs that in previous years were included in General and Administrative.

Indirect Expenses

- Expenses related to indirect programs have been allocated proportionately based on FTE to the direct programs for 2010.

Other Non-Operating Expenses

- Increase in Other Non-Operating Expenses is due to allocation of Office Relocation costs.

Fixed Asset Additions

- Fixed Assets were previously included in Operating Expenses.

Section B — 2010 Budget

2009 Budget and Projection and 2010 Budget Comparisons

Table 1
Statement of Activities
2009 Budget & Projection, and 2010 Budget

STATUTORY					
	2009 Budget	2009 Projection	Variance ⁽²⁾ 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 10,008,885	\$ 10,008,885	\$ -	\$ 11,248,895	\$ 1,240,010
Penalty Sanctions ⁽¹⁾	-	-	-	-	-
Total ERO Funding	\$ 10,008,885	\$ 10,008,885	\$ -	\$ 11,248,895	\$ 1,240,010
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 10,008,885	\$ 10,008,885	\$ -	\$ 11,248,895	\$ 1,240,010
Expenses					
Personnel Expenses					
Salaries	\$ 3,671,371	\$ 3,570,062	\$ (101,309)	\$ 4,319,870	\$ 648,499
Payroll Taxes	200,528	199,428	(1,099)	246,223	45,696
Benefits	794,236	763,315	(30,922)	1,077,454	283,218
Retirement Costs	527,311	684,650	157,339	896,495	369,183
Total Personnel Expenses	\$ 5,193,446	\$ 5,217,455	\$ 24,009	\$ 6,540,042	\$ 1,346,596
Meeting Expenses					
Meetings	\$ 188,686	\$ 188,152	\$ (534)	\$ 224,217	\$ 35,531
Travel	750,510	746,710	(3,800)	849,491	98,980
Conference Calls	53,877	55,216	1,339	70,795	16,918
Total Meeting Expenses	\$ 993,073	\$ 990,078	\$ (2,995)	\$ 1,144,503	\$ 151,430
Operating Expenses					
Consultants & Contracts	\$ 982,400	\$ 1,000,219	\$ 17,819	\$ 1,486,324	\$ 503,924
Office Rent	554,683	548,588	-6,095	625,850	71,166
Office Costs	267,060	264,126	(2,935)	286,574	19,513
Professional Services	771,862	771,862	-	794,890	23,028
Computer & Equipment Leases	133,315	131,906	(1,409)	133,802	487
Miscellaneous	27,300	27,000	(300)	54,820	27,520
Depreciation	-	35,539	35,539	127,913	127,913
Total Operating Expenses	\$ 2,736,621	\$ 2,779,240	\$ 42,620	\$ 3,510,172	\$ 773,551
Total Direct Expenses	\$ 9,073,141	\$ 9,135,126	\$ 61,985	\$ 11,208,422	\$ 2,135,281
Indirect Expenses	\$ -	\$ -	\$ -	\$ 0	\$ 0
Other Non-Operating Expenses	\$ 150,001	\$ 148,352	\$ (1,648)	\$ 13,705	\$ (136,296)
Total Expenses	\$ 9,073,141	\$ 9,135,126	\$ 61,985	\$ 11,208,422	\$ 2,135,281
Change in Assets	\$ 935,744	\$ 873,759	\$ (61,985)	\$ 40,473	\$ (895,271)
Fixed Assets					
Depreciation	\$ -	\$ (35,539)	\$ (35,539)	\$ (127,913)	\$ (127,913)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	227,728	225,321	(2,406)	18,273	(209,454)
Equipment CapEx	145,600	144,062	(1,538)	27,410	(118,190)
Leasehold Improvements	560,788	554,862	(5,925)	18,273	(542,514)
(Incr)Dec in Fixed Assets	\$ (934,115)	\$ (888,706)	\$ 45,409	\$ 63,957	\$ 998,072
Allocation of Fixed Assets	-	-	-	-	-
Change in Fixed Assets	(934,115)	(888,706)	45,409	63,957	998,072
TOTAL CHANGE IN ASSETS	\$ 1,629	\$ (14,947)	\$ (16,575)	\$ 104,430	\$ 102,801

⁽¹⁾ Reflects penalty sanctions collected prior to June 30, 2009.

⁽²⁾ 2009 Projections reflect expectations based on the 1st quarter statement of activities. It is anticipated that projections could change throughout 2009 and would be reflected in each subsequent quarter's statement of activities.

Personnel Analysis

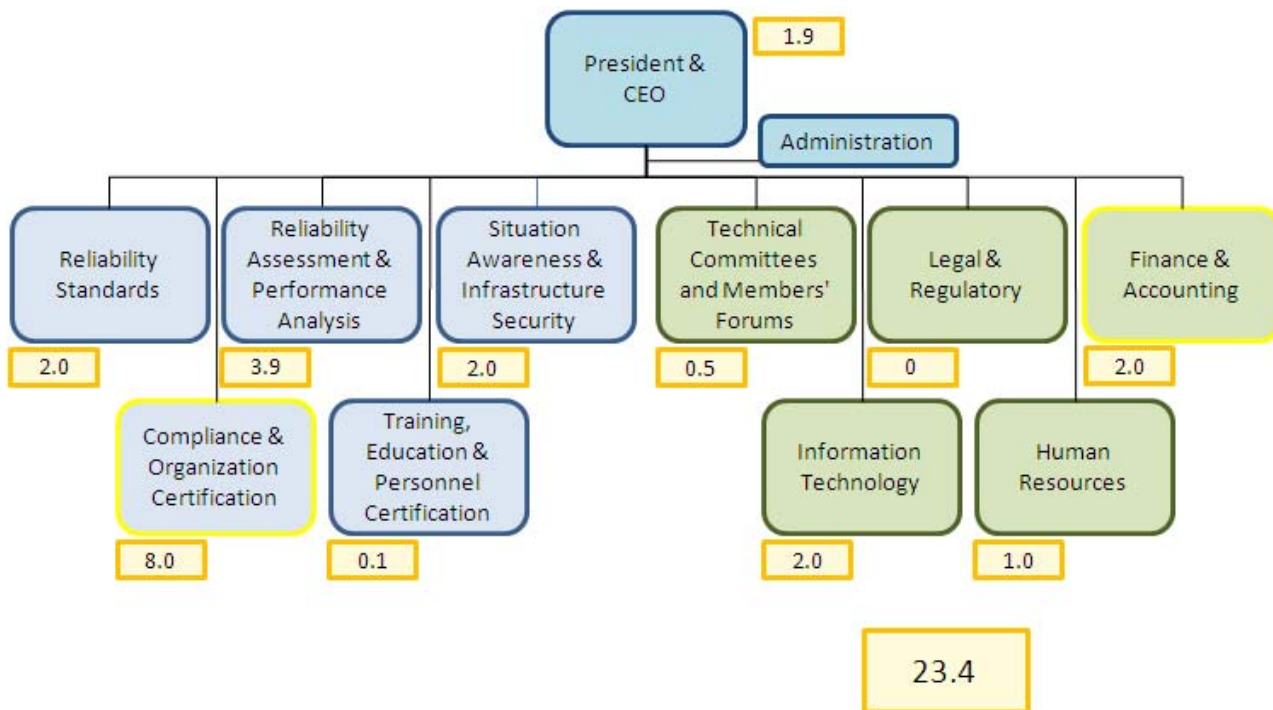
FTEs are defined as full-time employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Table 2

Total FTE's by Program Area	Budget 2009	Projection 2009	Budget 2010	Change from 2009 Budget
REGIONAL ENTITY DIVISION				
Operational Programs				
Reliability Standards	2.0	2.0	2.0	0.0
Compliance Enforcement and Organization Registration and Certification	8.0	9.0	12.0	4.0
Reliability Readiness Evaluation and Improvement	0.0	0.0	0.0	0.0
Training and Education	0.1	0.1	0.1	0.0
Reliability Assessment and Performance Analysis	3.9	3.9	4.9	1.0
Situation Awareness and Infrastructure Security	2.0	2.0	2.0	0.0
Total FTEs Operational Programs	16.0	17.0	21.0	5.0
Administrative Programs				
Member Forums	0.5	0.5	0.5	0.0
General and Administrative	1.9	1.9	1.91	0.0
Information Technology	2.0	2.0	2.0	0.0
Legal and Regulatory	0.0	0.0	0.0	0.0
Human Resources	1.0	1.0	1.0	0.0
Accounting and Finance	2.0	1.0	1.0	-1.0
Total FTEs Administrative Programs	7.4	6.4	6.41	-0.99
Total FTEs	23.4	23.4	27.41	4.01

2009 Budget NPCC Organization Chart

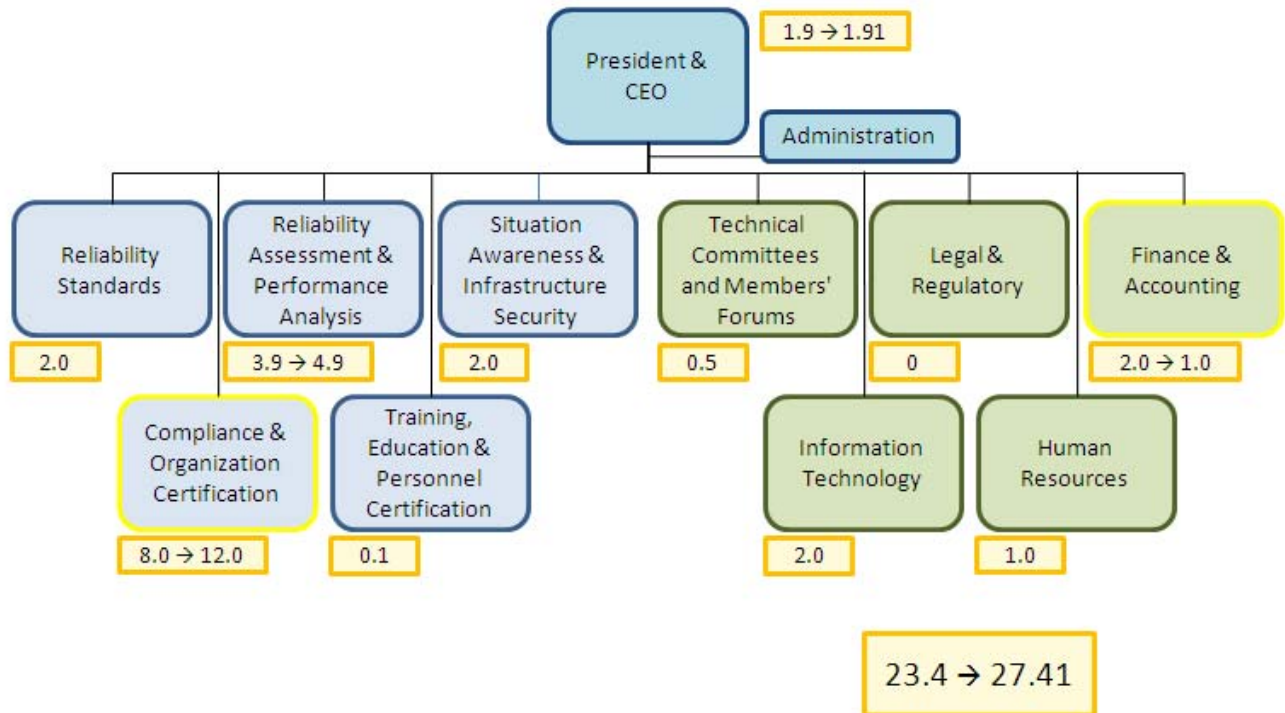
2009 NPCC Organization Chart



Due to increasing workload, resources were reprioritized during 2009 and 1.0 FTE was diverted from the Finance & Accounting budget and added to the Compliance budget. 2009 FTE Projection includes 1.0 FTEs in the Finance & Accounting function and 9.0 FTEs in the Compliance program area.

2010 NPCC Organization Chart

2010 NPCC Organization Chart



Due to increasing workload, resources were reprioritized during 2009 and 1.0 FTE was diverted from the Finance & Accounting budget and added to the Compliance budget. 2009 FTE Projection includes 1.0 FTEs in the Finance & Accounting function and 9.0 FTEs in the Compliance program area. 3.0 additional FTEs will be added to the Compliance budget in 2010.

Working Capital Reserve Analysis 2009 – 2010

Table 5

Working Capital Reserve Analysis 2009-2010	
REGIONAL ENTITY DIVISION	
Beginning Working Capital Reserve (Deficit), December 31, 2008	2,139,410
Less: Penalty sanctions to be used as offset to 2010 assessments ¹	0
Plus: 2009 ERO Funding (from LSEs or designees)	10,008,885
Plus: 2009 Other funding sources	0
Less: '2009 Projected expenses & capital expenditures	(10,023,831)
Projected Working Capital Reserve (Deficit), December 31, 2009	2,124,463
Desired Working Capital Reserve, December 31, 2010 ²	2,228,893
(20% of Total Regional Entity Budget of \$11,144,465)	
Less: Projected Working Capital Reserve, December 31, 2009	(2,124,463)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	104,430
2010 Assessment for Expenses and Capital Expenditures	11,144,465
Less: Penalty Sanctions ¹	0
Less: Other Funding Sources	0
Adjustment to achieve desired Working Capital Reserve	104,430
2010 Assessment	11,248,895

¹ Represents collections prior to June 30, 2009.

² On xxxxxx, 2009, the RE Finance and Audit Committee approved a desired working capital reserve of \$x,xxx,xxx. The reserve consists of the following components:
 \$500,000 restricted cash balance as security for Line of Credit
 NPCC Board of Directors at its 4/29/08 meeting determined that a 20% reserve level remains appropriate

Regional Entity Assessment Analysis

In the area of assessments for 2010 there are distinct funding mechanisms. Assessment information will be provided later in the Business Plan and Budget development cycle. For the Regional Entity division, the North American Electric Reliability Corporation (NERC) will assess load serving entities (LSEs) or their designees (within NPCC the designees are the Balancing Authority Areas (BAAs) for New York, New England, New Brunswick, Nova Scotia, Ontario and Québec) based upon 2008 proportional Net Energy for Load and other specific program area funding arrangements and make quarterly remittances to the Regional Entity on or about the 15th day of January, April, July and October, 2010. For funding associated with the Criteria Services division, the Independent System Operators/Balancing Authority Areas (ISO/BAAs) will be assessed by NPCC for their proportional share of the divisional budget based upon 2008 NEL within the Region. Non ISO/BAA Full Members will be assessed no membership fee for 2010.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, page __, of the 2010 RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

Penalty monies received prior to June 30, 2009 are to be used to offset U.S. LSE designee assessments in the 2010 Budget, as documented in the NERC Policy – Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standard. Penalty monies received from July 1, 2009 through June 30, 2010 will be used to offset U.S. LSE designee assessments in the 2011 Budget. No penalty monies received by Canadian provincial governmental and/or regulatory authorities will be remitted to NPCC, nor will any such monies be used to offset Canadian LSE designee regional entity division assessments.

Full disclosure of all penalties received prior to June 30, 2009 are detailed below, including the Company, the amount, and the date received.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce U.S. LSE designee assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. Penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-1

Penalty Sanctions Received Prior to June 30, 2009	Date Received	Amount Received
---	---------------	-----------------

Penalty sanctions if received prior to June 30, 2009 will be included in a subsequent Business Plan and Budget

Supplemental Funding

Table B-2

Outside Funding Breakdown By Program (excluding ERO Assessments & Penalty Sanctions)	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
---	----------------	--------------------	----------------	--	------------

Personnel Expenses

Table B-3

Personnel Expenses	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Salaries					
Salary	\$ 3,653,171	\$ 3,552,062	\$ 4,299,770	\$ 646,598	17.7%
Employment Agency Fees	13,650	13,500	10,964	(2,686)	-19.7%
Temporary Office Services	4,550	4,500	9,137	4,587	100.8%
Total Salaries	3,671,371	3,570,062	4,319,870	648,499	17.7%
Total Payroll Taxes	200,528	199,428	246,223	45,696	22.8%
Benefits					
Education Reimbursement	\$ 14,560	\$ 14,400	\$ 18,273	\$ 3,713	25.5%
Medical Insurance	509,752	472,549	720,442	210,690	41.3%
Life-LTD-STD Insurance	16,452	28,434	36,196	19,744	120.0%
Worker's Compensation	12,121	11,988	13,996	1,874	15.5%
Vacation	241,351	235,944	288,547	47,195	19.6%
Relocation	-	-	-	-	-
Total Benefits	794,236	763,315	1,077,454	283,218	35.7%
Retirement					
Pension Contribution	\$ 390,888	\$ 419,014	\$ 630,853	\$ 239,965	61.4%
Employee Savings Plan	125,503	229,186	229,186	103,683	82.6%
Savings Admin	10,920	10,800	11,329	409	3.7%
Deferred Compensation	-	25,650	25,126		
Total Retirement	527,311	684,650	896,495	344,058	70.0%
Total Personnel Costs	\$ 5,193,446	\$ 5,217,455	\$ 6,540,042	\$ 1,321,470	25.9%
FTEs	23.4	23.4	27.41	4.0	17.1%
Cost per FTE					
Salaries	\$ 156,896	\$ 152,567	\$ 157,602	706	0.4%
Payroll Taxes	8,570	8,523	8,983	413	4.8%
Benefits	33,942	32,620	39,309	5,367	15.8%
Retirement	22,535	29,259	32,707	10,172	45.1%
Total Cost per FTE	\$ 221,942	\$ 222,968	\$ 238,601	\$ 16,658	7.5%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

Contracts and Consultants

Table B-4

Consultants	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Consultants					
Reliability Standards	\$ 114,000	\$ 118,338	\$ 2,000	\$ (112,000)	-98.2%
Compliance Enforcement and Organization Registration and Certification	134,400	153,923	107,000	(27,400)	-20.4%
Reliability Readiness Evaluation and Improvement	-	-	-	-	-
Reliability Assessment and Performance Analysis	15,600	24,060	24,100	8,500	54.5%
Training and Education	-	217	100	100	-
Situation Awareness and Infrastructure Security	-	4,338	2,000	2,000	-
Member Forums	-	1,085	500	500	-
General and Administrative	20,400	4,122	1,910	(18,490)	-90.6%
Legal and Regulatory	-	-	-	-	-
Information Technology	-	4,338	2,000	2,000	-
Accounting and Finance	-	2,169	1,000	1,000	-
Human Resources	-	2,169	1,000	1,000	-
Consultants Total	\$ 284,400	\$ 314,760	\$ 141,610	\$ (142,790)	-50.2%
Contracts	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Reliability Standards	\$ -	\$ 9,647	\$ 33,143	\$ 33,143	-
Compliance Enforcement and Organization Registration and Certification	270,204	313,614	800,000	529,796	196.1%
Reliability Readiness Evaluation and Improvement	-	-	-	-	-
Reliability Assessment and Performance Analysis	271,338	290,149	372,177	100,839	37.2%
Training and Education	-	482	357	357	-
Situation Awareness and Infrastructure Security	31,051	40,698	116,143	85,092	274.0%
Member Forums	-	2,412	1,786	1,786	-
General and Administrative	125,407	9,164	6,822	(118,585)	-94.6%
Legal and Regulatory	-	-	-	-	-
Information Technology	-	9,647	7,143	7,143	-
Accounting and Finance	-	4,823	3,572	3,572	-
Human Resources	-	4,823	3,572	3,572	-
Contracts Total	\$ 698,000	\$ 685,459	\$ 1,344,714	\$ 646,714	92.7%
Total Consultants and Contracts	\$ 982,400	\$ 1,000,219	\$ 1,486,324	\$ 503,924	51.3%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

Section B — 2009 Regional Entity Budget

Table B-5

Office Rent	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Office Rent	\$ 490,073	\$ 484,688	\$ 575,610	\$ 85,537	17.5%
Utilities	27,300	27,000	27,400	100	0.4%
Maintenance	32,760	32,400	18,273	(14,487)	-44.2%
Security	4,550	4,500	4,567	17	0.4%
Total Office Rent	\$ 554,683	\$ 548,588	\$ 625,850	\$ 71,166	12.8%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

Table B-6

Office Costs	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Telephone	\$ 68,687	\$ 67,932	\$ 68,687	\$ -	0.0%
Internet Expense	55,556	54,945	55,556	-	0.0%
Office Supplies	24,242	23,976	24,242	-	0.0%
Computer Supplies and Maintenance	35,354	34,965	35,354	-	0.0%
Subscriptions & Publications	5,051	4,995	5,051	-	0.0%
Dues	7,071	6,993	7,071	-	0.0%
Postage	2,525	2,498	2,525	-	0.0%
Express Shipping	9,091	8,991	9,091	-	0.0%
Copying	3,030	2,997	3,030	-	0.0%
Reports	6,061	5,994	6,061	-	0.0%
Stationary and Office Forms	6,061	5,994	6,061	-	0.0%
Equipment Repair/Service Contracts	18,200	18,000	18,200	-	0.0%
Bank Charges	17,033	16,846	36,547	19,513	114.6%
Sales and Use Tax	-	-	-	-	-
Merchant Credit Card Fees	-	-	-	-	-
Presentation and Publicity	9,100	9,000	9,100	-	0.0%
Total Office Costs	\$ 267,060	\$ 264,126	\$ 286,574	\$ 19,513	7.3%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

Table B-7

Professional Services	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
BOT Fee	\$ 75,712	\$ 75,712	\$ 109,640	\$ 33,928	44.8%
BOT Search Fee	-	-	-	-	-
Legal - Reorganization	-	-	-	-	-
Accounting & Auditing Fees	136,500	136,500	210,143	73,643	54.0%
Legal Fees - Other	546,000	546,000	456,833	(89,167)	-16.3%
Insurance - Commercial	13,650	13,650	18,273	4,623	33.9%
Total Services	\$ 771,862	\$ 771,862	\$ 794,890	\$ 23,028	3.0%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

Table B-8

Other Non-Operating Expenses	Budget 2009	Projection 2009	Budget 2010	Variance 2010 Budget v 2009 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Office Relocation	150,001	148,352	13,705	(136,296)	-90.9%
Total Non-Operating Expenses	\$ 150,001	\$ 148,352	\$ 13,705	\$ (136,296)	-90.9%

Explanation of Significant Variances – 2010 Budget versus 2009 Budget

Section C — 2010 Criteria Services Division - Non-Statutory Business Plan and Budget

Full Member Criteria Services

Criteria Services Division (in whole dollars)			
	2009 Budget	2010 Budget	Increase(Decrease)
Total FTEs	2.6	2.59	-0.01
Total Expenses	\$1,012,790	\$1,157,022	\$144,232

NPCC Regionally-Specific Criteria Services Background

NPCC regional criteria services division activities are in the development, maintenance and promulgation of regionally-specific more stringent criteria as well as criteria establishing resource adequacy requirements within the Region. These criteria contain requirements which are more stringent and more specific than the existing NERC Reliability Standards requirements.

Membership and Governance

Full members are subject to compliance, with regionally-specific criteria, in addition to continent-wide reliability standards, and receive criteria-related services from the criteria services division.

Full Members, other than Full Members that perform the Balancing Authority function, are not assessed an annual membership fee. Those that perform Balancing Authority functions are assessed and remit, a proportional net energy for load share, of expenses for criteria services. NPCC would also, directly assign criteria service division costs to a Balancing Authority Area or entity, where significant costs are incurred for that Balancing Authority Area. The funding for NPCC's criteria services division is approved by the NPCC Board of Directors.

Criteria Services Division Functional Scope

Through its criteria services division, NPCC promotes 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.

NPCC provides Full Members, with regional reliability assurance services, and acts as the vehicle through which States and Provinces can fulfill their political mandates, with respect to resource adequacy, as well as overseeing the Northeastern North American electric infrastructure.

2010 Primary Goals and Objectives

NPCC Reliability Directory Maintenance and Development

The NPCC Regional Reliability Directories were developed to address consistency issues with the NERC Reliability Standards and also to remove any redundancies with the NERC Reliability Standards and to clearly delineate the more stringent requirements NPCC criteria requirements. In 2010 the directories will be under further review and revision.

Work will proceed with maintenance and revision to address any future redundancies or the continued need for additional more stringent or specific NPCC regional criteria requirements as new NERC reliability standards are developed.

The following Directories will either be under revision or reviewed for further development based on a schedule set forth in the NPCC Reliability Assessment Program:

Operations and Planning Directories

Directory #1, *Basic Criteria for Design and Operation of Interconnected Power Systems*

This directory will coordinate and ensure consistency with all the existing NERC TPL, BAL, IRO, INT, MOD, TOP, PRC and VAR standards. The NPCC Task Force on Coordination of Planning will lead a multi-disciplinary working group to review and revise this directory.

Directory #2, *Emergency Operations*

This directory will coordinate and ensure consistency with all the existing NERC EOP and TOP standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 3, *Maintenance Requirements for BPS Protection*

This Directory will coordinate and ensure consistency with all the applicable NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 4, *BPS Protection*

This Directory will coordinate and ensure consistency with all the applicable NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 5, *Operating Reserve Requirements*

This directory will coordinate and ensure consistency with all the existing applicable NERC BAL, INT, and IRO standards. The NPCC Task Force on Coordination of Operation will lead this review and revision.

Directory # 11, *Disturbance Monitoring*, This directory will coordinate and ensure consistency with all the existing NERC PRC standards. The NPCC Task Force on System Protection will lead this review and revision.

Directory # 12, *UFLS Program*, This directory will coordinate and ensure consistency with all the existing NERC and NPCC developing PRC standard(s). The NPCC Task Force on System Studies will lead this review and revision.

NPCC Criteria Compliance Background

The NPCC criteria services division Compliance effort, the NPCC Reliability Compliance and Enforcement Program (RCEP), monitors, assesses and enforces compliance of NPCC Full Member entities responsible for meeting NPCC's regionally specific, more-stringent Criteria. Non-monetary sanctions are used to enforce violations of NPCC Criteria.

In Canada, NPCC monitors, assesses and enforces compliance to regionally-specific NPCC Criteria in accordance with approved Memoranda of Understanding and Implementation Agreements that are in place with each Canadian province within the Region. NPCC issues non-monetary sanctions to responsible Canadian entities for violations of NPCC Criteria.

The RCEP identifies those NPCC Criteria that are subject to monitoring, assessment and enforcement. These Criteria also are subject to NPCC Criteria Compliance Audits.

The NPCC Compliance Committee (CC) has final approval of compliance assessments related to the RCEP. 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 will also be used to resolve contested compliance and/or sanction or penalty determinations related to NPCC Criteria.

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 expend xx percent of its criteria services division resources on this activity.

2010 Goals and Objectives

- Conduct 2010 NPCC Reliability Compliance and Enforcement Program (RCEP)
 - Assess compliance, by responsible entities, with NPCC Criteria including requirements in the RCEP
 - Document results and provide appropriate reports to CC
 - For instances of identified non-compliance, provide a report fully explaining the reason for the non-compliance and recommend to the CC the appropriate sanction and review any mitigation plan or action proposed to achieve compliance
 - Develop and implement the necessary processes and procedures to efficiently execute the NPCC RCEP
 - Provide information and feedback on compliance program to NPCC Members, RCC, Task Forces and participants in the program
 - RCEP related issues will be included in the NPCC Compliance Workshops.
 - Manage the Review Process for the NPCC RCEP
 - Provide oversight review of NPCC Area compliance programs
 - Review and propose changes to existing documents as required for the NPCC Compliance Program, and propose new documents as required

Staffing Needs

1.0 FTE is allocated to the development and maintenance of NPCC's regionally-specific more-stringent criteria. 1.0 FTE is allocated to conduct the responsibilities related to the implementation of the RCEP. NPCC plans to conduct five Criteria Compliance Audits in 2009.

In addition NPCC will be revising the existing NPCC more stringent criteria which resides in the NPCC Directories, into specific clear and measurable requirements allowing these criteria to be measured and assessed for compliance. These criteria requirements will be part of a regional non-statutory compliance program based solely on NPCC more stringent and specific criteria. As outlined in the NERC Rules of Procedure, these criteria enhancements will be forwarded to NERC for compilation into the catalog of criteria with other region's criteria. In addition NPCC will conduct work on ensuring continual consistency with all NERC reliability standard requirements as they are approved. NPCC will utilize 1.0 full time contractor to accomplish this "one time" conversion task.

Hiring Plans

No additional personnel required.

Shared Employees

Not Applicable.

Contractors

Use of independent contractors anticipated.

Major 2010 Cost Impacts

Personnel Costs associated with the Pension Protection Act and the adoption of SFAS 158 in accounting for pensions.

2009 Budget and Projection and 2010 Budget Comparisons

Table 1

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
CRITERIA SERVICES DIVISION					
	2009 Budget	2009 Projection	Variance 2009 Projection v 2009 Budget Over(Under)	2010 Budget	Variance 2010 Budget v 2009 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	1,012,790	1,012,790	-	1,157,022	144,232
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,012,790	\$ 1,012,790	\$ -	\$ 1,157,022	\$ 144,232
Expenses					
Personnel Expenses					
Salaries	\$ 343,565	\$ 372,157	\$ 28,592	\$ 378,635	\$ 35,069
Payroll Taxes	20,090	22,313	2,223	23,156	3,067
Benefits	67,849	87,905	20,056	103,438	35,590
Retirement Costs	86,374	69,107	(17,267)	192,453	106,078
Total Personnel Expenses	\$ 517,878	\$ 551,482	\$ 33,604	\$ 697,682	\$ 179,804
Meeting Expenses					
Meetings	\$ 24,301	\$ 24,835	\$ 534	\$ 23,600	\$ (701)
Travel	84,266	88,066	3,800	70,001	(14,265)
Conference Calls	5,549	5,581	32	4,645	(904)
Total Meeting Expenses	\$ 114,116	\$ 118,482	\$ 4,366	\$ 98,246	\$ (15,870)
Operating Expenses					
Consultants & Contracts	\$ 108,000	\$ 90,181	\$ (17,819)	\$ 125,340	\$ 17,340
Office Rent	54,859	48,526	-6,332	59,150	4,292
Office Costs	26,413	29,347	2,935	28,181	1,769
Professional Services	76,338	76,338	-	75,110	(1,228)
Computer & Equipment Leases	13,185	14,594	1,409	12,698	(487)
Miscellaneous	2,700	3,000	300	5,180	2,480
Depreciation	-	3,949	3,949	12,087	12,087
Total Operating Expenses	\$ 281,494	\$ 265,935	\$ (15,560)	\$ 317,747	\$ 36,253
Total Direct Expenses	\$ 928,324	\$ 952,382	\$ 24,058	\$ 1,114,971	\$ 186,647
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ 14,835	\$ 16,484	\$ 1,648	\$ 1,295	\$ (13,540)
Total Expenses	\$ 928,324	\$ 952,382	\$ 24,058	\$ 1,114,971	\$ 186,647
Change in Assets	\$ 84,466	\$ 60,408	\$ (24,058)	\$ 42,051	\$ (42,415)
Fixed Assets					
Depreciation	\$ -	\$ (3,949)	\$ (3,949)	\$ (12,087)	\$ (12,087)
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	22,523	24,929	2,406	1,727	(20,796)
Equipment CapEx	14,400	15,938	1,538	2,590	(11,810)
Leasehold Improvements	55,463	61,388	5,925	1,727	(53,736)
(Inc)Dec in Fixed Assets	\$ (92,385)	\$ (98,306)	\$ (5,921)	\$ 6,043	\$ 98,428
Allocation of Fixed Assets					
Change in Fixed Assets	\$ (92,385.00)	\$ (98,306.39)	\$ (5,921.39)	\$ 6,043.33	\$ 98,428.33
TOTAL CHANGE IN ASSETS	\$ (7,919)	\$ (37,899)	\$ (29,980)	\$ 48,094	\$ 56,013

Personnel Analysis

FTEs are defined as full-time employees only. Fractional FTEs reflect employees working in both regional entity and criteria services divisions such as the President and CEO or employees who worked in fewer than all four quarters of the year

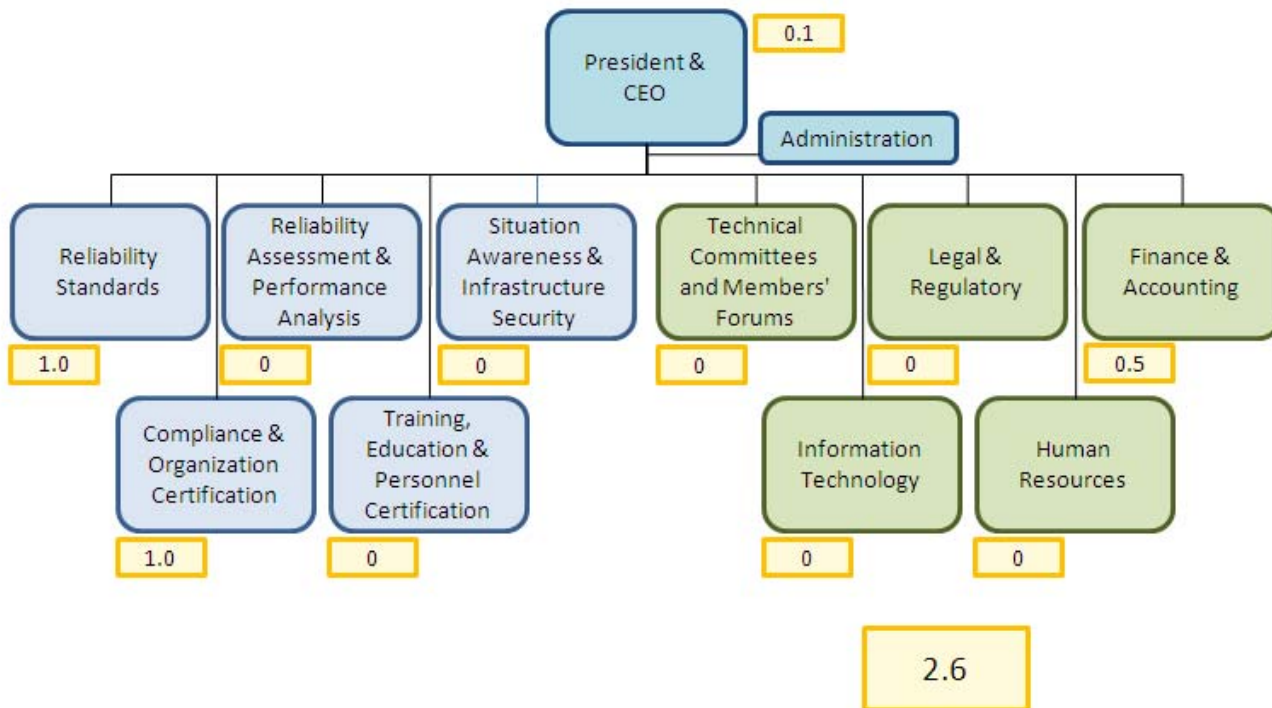
Table 2

Total FTE's by Program Area	Budget 2009	Projection 2009	Budget 2010	Change from 2009 Budget
CRITERIA SERVICES DIVISION				
Operational Programs				
Reliability Standards	1.0	1.0	1.0	0.0
Compliance Enforcement and Organization Registration and Certification	1.0	1.0	1.0	0.0
Reliability Readiness Evaluation and Improvement	0.0	0.0	0.0	0.0
Training and Education	0.0	0.0	0.0	0.0
Reliability Assessment and Performance Analysis	0.0	0.0	0.0	0.0
Situation Awareness and Infrastructure Security	0.0	0.0	0.0	0.0
Total FTEs Operational Programs	2.0	2.0	2.0	0.0
Administrative Programs				
Member Forums	0.0	0.0	0.0	0.0
General and Administrative	0.1	0.1	0.09	0.0
Information Technology	0.0	0.0	0.0	0.0
Legal and Regulatory	0.0	0.0	0.0	0.0
Human Resources	0.0	0.0	0.0	0.0
Accounting and Finance	0.5	0.5	0.5	0.0
Total FTEs Administrative Programs	0.6	0.6	0.59	-0.01
Total FTEs	2.6	2.6	2.59	-0.01

2009 Budget Organization Chart

Full Member Criteria Services Division

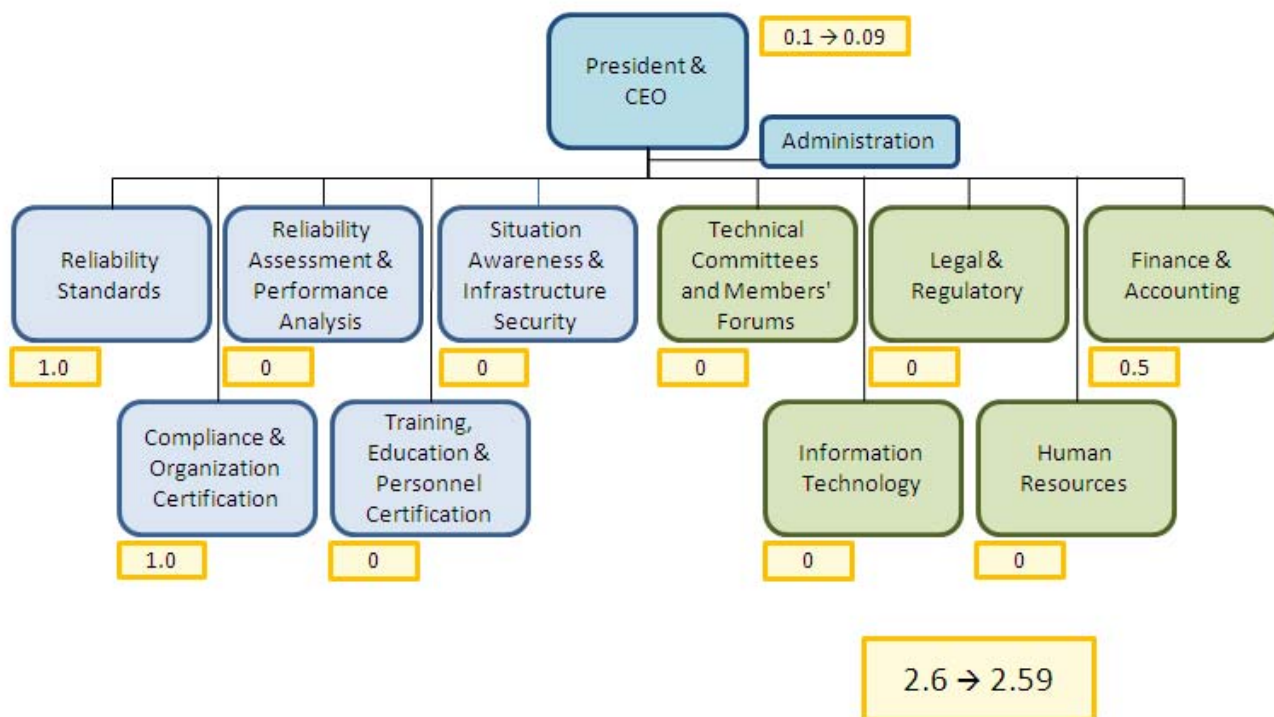
Table 3



2010 Organization Chart

Full Member Criteria Services Division

Table 4



Working Capital Reserve Analysis 2008 – 2009

Table 5

Working Capital Reserve Analysis 2009-2010		
CRITERIA SERVICES DIVISION		
Beginning Working Capital Reserve (Deficit), December 31, 2008		
	Beginning Cash @ January 1, 2009	211,590
	2009 Funding (from members)	1,012,790
	2009 Other funding sources	0
	Total Cash Available 2009	1,224,380
Cash Needed 2009		
	2009 Projected expenses	(952,382)
	2009 Fixed asset additions	(98,306)
	Total Cash Needed 2009	(1,050,688)
	Projected Working Capital Reserve Balance, December 31, 2009	173,691
Desired Working Capital Reserve Balance, December 31, 2010	1	221,785
Less: Projected Working Capital Reserve Balance December 31, 2009		(173,691)
	Increase(decrease) in funding needed to raise Working Capital Reserve balance	48,094
2010 Funding requirement for expenses and fixed asset additions		48,094
Adjustment to increase Working Capital Reserve balance		48,094
	2010 Funding and reserve adjustment	48,094

¹ NPCC Board of Directors at its 4/29/08 meeting determined that a 20% reserve level remains appropriate

Section D

2010 Consolidated Statement of Activities by Program, Regional Entity and Criteria Services Divisions

Statement of Financial Position

As of December 31, 2008, per audit

As of December 31, 2009, projected

As of December 31, 2010, as budgeted