



recommended that the NERC Board of Trustees (“Board”) accept the report. The NERC Board accepted the report at its May 9, 2024 meeting.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to the following:

Shamai Elstein  
Associate General Counsel  
North American Electric Reliability  
Corporation  
1401 H Street NW, Suite 410  
Washington, DC 20005  
202-603-3331  
shamai.elstein@nerc.net

Andy Sharp  
Vice President, Chief Financial Officer  
North American Electric Reliability Corporation  
3353 Peachtree Road NE, Suite 600 – North Tower  
Atlanta, GA 30326  
404-446-9732  
andy.sharp@nerc.net

## **III. DISCUSSION OF SIGNIFICANT VARIANCES BETWEEN THE 2024 BUDGET AND 2024 FIRST QUARTER ACTUAL FINANCIAL RESULTS**

In the attached variance report, NERC outlines the following:

- (a) a comparison of actual (unaudited) financial results through March 31, 2024 to NERC’s budgeted expenditures through March 31, 2024; and
- (b) additional discussion of significant variances by NERC department or program area and by major activity within departments and program areas. NERC treats “significant” variances as those that are \$500,000 or more.

### **A. 2024 First Quarter Actual Financial Results vs. 2024 Budget Variances of \$500,000 or More by Revenue and Expense Category**

Four revenue and expense categories had a budget variance \$500,000 or more as of March 31, 2024:

- Contracts and Consultants expenses were \$1,775,858 (33.2%) under budget. By year-end, Contracts and Consultants expenses are expected to be \$674,198 (3.2%) over budget.

Contracts and Consultants expenses are under budget year-to-date due to lower third-party contractor costs for CRISP and overall timing of expenses. Contracts and Consultants expenses are projected to be over budget at year-end due to increased support needs for (1) standards development activities; (2) studies related to generation and extreme weather; (3) automation, system conversion, and improved experience efforts for new and existing technology tools; and (4) temporary backfills for vacant positions. This projected increase is offset by lower spending on a new System Operator Certification and Continuing Education Database (SOCCED) system (being deferred in 2024 and is expected to be completed in 2025) and projected lower support needs for the Interregional Transmission Capability Study (ITCS). This is further illustrated in the table in the attached Variance Summary detailing Contracts and Consultants expenses by department.

- Office Costs, Professional, and Misc. expenses were \$1,078,413 (24.8%) under budget. These expenses are under budget year-to-date largely due to (1) timing of software licenses and support expenses; (2) lower than expected telephone and expensed A/V and hardware lease costs; and (3) lower outside counsel and insurance expenses. At year-end, software licenses and support expenses are expected to be near budget, with the remaining reasons contributing to the overall projected under budget variance in these areas.
- Fixed Asset Additions were \$747,261 (64.6%) under budget. This category is currently expected to be \$522,609 (11.3%) over budget at year-end. This category is under budget year-to-date primarily because of timing of expenditures. This area is projected to be over budget at year-end due to additional leased asset expenditures (directly offset by financing lease proceeds) and additional capital software expenditures.

- Net Financing Activity was \$883,649 (136.2%) over budget. The Net Financing Activity budget is comprised of loan and lease financing proceeds (borrowings) and principal payments. The budget included a total of \$4.2M for both loan borrowings for capital software projects and leased assets, spread evenly throughout the year. The year-to-date variance is primarily because NERC did not borrow during the first quarter. By year-end, NERC is projecting to borrow \$140k more than budgeted due to additional leased asset needs, offset by lower than budgeted loan payments/debt service from less-than-budgeted borrowing in 2023.

An additional expense category is currently expected to have a variance of greater than \$500,000 at the end of the year:

- Personnel expenses were \$451,490 (2.6%) under budget as of March 31. They are expected to be \$668,753 (1.0%) under budget at year-end. Personnel expenses are under budget year-to-date primarily due to lower medical insurance premiums and retirement plan costs. Personnel expenses are projected to be under budget at year-end primarily due to lower medical insurance premiums and retirement costs, as well as timing of new hires.

**B. 2024 First Quarter Actual Results vs. 2024 Budget Variances of \$500,000 or More by Department or Program Area**

Two departments or program areas had a variance exceeding \$500,000 as of March 31, 2024.

- Business Technology was \$1,093,208 (20.2%) under budget primarily due to lower Personnel costs, (including the transfer of an FTE to Compliance Assurance to support Align activities), and timing of expenses. It is projected to be under budget at year-end due to lower Personnel and Office costs, offset by higher Contracts and Consultants costs.

- CRISP was \$1,032,216 (10.0%) under budget due to lower third-party contractor costs. It is expected to be under budget at year-end due to lower projected Personnel costs partially due to the reallocation of FTE time to the E-ISAC department.

**IV. CONCLUSION**

NERC respectfully requests that the Commission accept this filing as compliant with Section II.7(b)(i) of the Settlement Agreement and the Commission's Settlement Order in Docket No. FA11-21-000.

Respectfully submitted,

*/s/ Shamai Elstein*

Shamai Elstein  
Associate General Counsel  
North American Electric Reliability Corporation  
1401 H Street NW, Suite 410  
Washington, DC 20005  
202-603-3331  
shamai.elstein@nerc.net

*Counsel for North American Electric Reliability Corporation*

Dated: May 14, 2024

**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 14th day of May 2024.

*/s/ Shamai Elstein*

Shamai Elstein  
*Counsel for North American Electric  
Reliability Corporation*

# **ATTACHMENT**

# Summary of Unaudited Results For the Period Ending March 31, 2024

## Table of Contents

	<u>Page</u>
1. Executive Summary	
a. Projected Year-End Results	2
b. Year-to-Date Actual Results	3
2. Detailed Operating Results	
a. Variances by Revenue and Expense Category	4
b. Variances by Department	6
3. Supplemental Schedules	
a. Schedule 1 – Year-End Projected Reserves	7
b. Schedule 2 – E-ISAC & CRISP Summary of Activity	8
c. Schedule 3 – Summary of Investments	10

## Executive Summary

### Projected Year-End Results (\$ millions)

<u>FUNDING</u>	<u>Projected</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 110.4	\$ 110.4	\$ -
Funding from Reserves			
Assessment Stabilization Reserve	1.3	1.3	-
<b>TOTAL FUNDING</b>	<b>\$ 111.7</b>	<b>\$ 111.7</b>	<b>\$ -</b>
<b><u>EXPENDITURES</u></b>			
Expenses (excluding Depreciation)	\$ 111.1	\$ 111.6	\$ (0.5)
Fixed Asset Additions	5.1	4.6	0.5
Net Financing Activity	(3.1)	(2.6)	(0.5)
<b>TOTAL EXPENDITURES</b>	<b>\$ 113.1</b>	<b>\$ 113.6</b>	<b>\$ (0.5)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ (1.4)</b>	<b>\$ (1.9)</b>	<b>\$ 0.5</b>

Expenses (excluding Depreciation) are projected to be under budget at year-end primarily due to lower Personnel, Office, and Professional Services costs. Fixed Asset Additions are expected to be over budget due to additional leased assets and capital software expenditures, offset by Net Financing Activity. The net result is a projected year-end reserve increase of \$0.5M more than budget. This activity is explained in more detail in the remainder of the report.

**Year-to-Date Actual Results**  
**(\$ millions)**

<u>FUNDING</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 27.6	\$ 27.6	\$ -
Funding from Reserves			
Assessment Stabilization Reserve	0.3	0.3	-
<b>TOTAL FUNDING</b>	<b>\$ 27.9</b>	<b>\$ 27.9</b>	<b>\$ -</b>
<b><u>EXPENDITURES</u></b>			
Expenses (excluding Depreciation)	\$ 25.5	\$ 28.8	\$ (3.3)
Fixed Asset Additions	0.4	1.2	(0.8)
Net Financing Activity	0.2	(0.6)	0.8
<b>TOTAL EXPENDITURES</b>	<b>\$ 26.1</b>	<b>\$ 29.4</b>	<b>\$ (3.3)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 1.8</b>	<b>\$ (1.5)</b>	<b>\$ 3.3</b>

Expenses (excluding Depreciation) are under budget year-to-date primarily because of lower Contracts and Consultants, Office, and Professional Services costs, as well as Fixed Asset Additions, partially offset by Net Financing Activity. The net result is a year-to-date reserve increase of \$3.3M more than budget. This activity is explained in more detail in the remainder of the report.

## Detailed Operating Results

### Variances by Revenue and Expense Category

Total NERC (including CRISP)

	YTD Actual	YTD Budget	YTD Over (Under)	Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)	Over (Under)
<b>TOTAL FUNDING</b>	<b>\$ 27,968,803</b>	<b>\$ 27,929,207</b>	<b>\$ 39,596</b>	<b>0.1%</b>	<b>\$ 111,758,739</b>	<b>\$ 111,716,829</b>	<b>\$ 41,910</b>	<b>0.0%</b>
<b>EXPENDITURES</b>								
Personnel	16,915,575	17,367,066	(451,490)	(2.6%)	65,112,590	65,781,342	(668,753)	(1.0%)
Meetings and Travel	934,823	876,700	58,123	6.6%	3,628,629	3,506,800	121,829	3.5%
Contracts and Consultants	3,566,426	5,342,284	(1,775,858)	(33.2%)	22,043,333	21,369,135	674,198	3.2%
Office Rent	757,878	772,465	(14,587)	(1.9%)	3,089,858	3,089,858	-	0.0%
Office Costs, Professional, and Misc. *	3,265,594	4,344,007	(1,078,413)	(24.8%)	16,880,710	17,376,029	(495,319)	(2.9%)
Other Non-Operating	29,441	117,010	(87,569)	(74.8%)	339,212	468,040	(128,828)	(27.5%)
Fixed Asset Additions*	408,739	1,156,000	(747,261)	(64.6%)	5,146,609	4,624,000	522,609	11.3%
Net Financing Activity**	235,084	(648,565)	883,649	(136.2%)	(3,072,707)	(2,594,260)	(478,446)	18.4%
<b>TOTAL EXPENDITURES</b>	<b>\$ 26,113,560</b>	<b>\$ 29,326,966</b>	<b>\$ (3,213,406)</b>	<b>(11.0%)</b>	<b>\$ 113,168,234</b>	<b>\$ 113,620,944</b>	<b>\$ (452,710)</b>	<b>(0.4%)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 1,855,244</b>	<b>\$ (1,397,759)</b>	<b>\$ 3,253,002</b>	<b>(232.7%)</b>	<b>\$ (1,409,495)</b>	<b>\$ (1,904,115)</b>	<b>\$ 494,620</b>	<b>(26.0%)</b>
<b>FTEs</b>	<b>235.2</b>	<b>251.1</b>	<b>(16.0)</b>	<b>(6.4%)</b>	<b>240.9</b>	<b>251.1</b>	<b>(10.2)</b>	<b>(4.1%)</b>

\* Excludes depreciation expense

\*\* A positive amount indicates that NERC is paying off more principal than it is receiving in proceeds. A negative amount indicates that NERC is receiving more in proceeds than it is paying off principal.

The following is a brief description of variances by category, as illustrated in the table above:

- Personnel expenses are under budget year-to-date due to lower medical insurance premiums and retirement plan costs. Personnel expenses are projected to be under budget at year-end primarily due to lower medical insurance premiums and retirement costs, as well as new hire and other projected compensation.
- Contracts and Consultants expenses are under budget year-to-date due to lower third-party contractor costs for CRISP and overall timing of expenses. Contracts and Consultants expenses are projected to be over budget at year-end due to increased support needs for (1) standards development activities; (2) studies related to generation and extreme weather; (3) automation, system conversion, and improved experience efforts for new and existing technology tools; and (4) temporary backfills for vacant positions. This is offset by lower spending on a new System Operator Certification and Continuing Education Database (SOCCED) system that will be completed in 2025 and projected lower support needs for the Interregional Transmission Capability Study (ITCS). This is further illustrated in the table below detailing Contracts and Consultants expenses by department.

CONTRACTS and CONSULTANTS	YTD Actual	YTD Budget	YTD Over (Under)	% Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)	% Over (Under)
Reliability Standards and Power Risk Issues and Strategic Management	\$ 35,019	\$ 54,972	\$ (19,954)	(36.3%)	\$ 581,488	\$ 219,888	\$ 361,600	164.4%
Compliance Assurance	27,449	168,733	(141,284)	(83.7%)	598,520	674,933	(76,413)	(11.3%)
Registration and Certification	11,259	26,347	(15,088)	(57.3%)	105,388	105,388	-	0.0%
Compliance Enforcement	27,449	174,233	(146,784)	(84.2%)	620,520	696,933	(76,413)	(11.0%)
Engineering and Security Integration	414,278	25,000	389,278	1557.1%	450,000	100,000	350,000	350.0%
Reliability Assessment and Technical Committees	247,053	379,350	(132,297)	(34.9%)	1,381,900	1,517,400	(135,500)	(8.9%)
Advanced System Analytics and Modeling	-	14,250	(14,250)	(100.0%)	157,000	57,000	100,000	175.4%
Performance Analysis	44,366	36,000	8,366	23.2%	229,565	144,000	85,565	59.4%
Situation Awareness	12,020	20,750	(8,730)	(42.1%)	83,000	83,000	-	0.0%
Event Analysis	2,793	41,250	(38,458)	(93.2%)	165,000	165,000	-	0.0%
E-ISAC	742,179	597,809	144,370	24.1%	2,667,256	2,391,237	276,019	11.5%
Training, Education and Personnel Certification	63,333	218,065	(154,732)	(71.0%)	509,860	872,260	(362,400)	(41.5%)
General and Administrative and Executive	(1,675)	31,250	(32,925)	(105.4%)	89,000	125,000	(36,000)	(28.8%)
Legal and Regulatory	59,054	63,750	(4,696)	(7.4%)	255,000	255,000	-	0.0%
External Affairs	500	78,750	(78,250)	(99.4%)	90,000	315,000	(225,000)	(71.4%)
Business Technology	652,696	1,149,274	(496,578)	(43.2%)	4,928,274	4,597,096	331,178	7.2%
Human Resources and Administration	251,284	208,750	42,534	20.4%	863,826	835,000	28,826	3.5%
Finance and Accounting	192,922	135,000	57,922	42.9%	610,178	540,000	70,178	13.0%
<b>TOTAL (excluding CRISP)</b>	<b>\$ 2,781,977</b>	<b>\$ 3,423,534</b>	<b>\$ (641,557)</b>	<b>(18.7%)</b>	<b>\$ 14,385,775</b>	<b>\$ 13,694,135</b>	<b>\$ 691,640</b>	<b>5.1%</b>
CRISP	784,449	1,918,750	(1,134,301)	(59.1%)	7,657,558	7,675,000	(17,442)	(0.2%)
<b>TOTAL (including CRISP)</b>	<b>\$ 3,566,426</b>	<b>\$ 5,342,284</b>	<b>\$ (1,775,858)</b>	<b>(33.2%)</b>	<b>\$ 22,043,333</b>	<b>\$ 21,369,135</b>	<b>\$ 674,198</b>	<b>3.2%</b>

- Office Costs, Professional Services, and Miscellaneous expenses are under budget year-to-date largely due to (1) timing of software licenses and support expenses; (2) lower than expected telephone and expensed A/V and hardware lease costs; and (3) lower outside counsel and insurance expenses. At year-end, software licenses and support expenses are expected to be near budget, with the remaining reasons contributing to the overall projected under budget variance in these areas.
- Fixed Asset Additions are under budget year-to-date primarily because of timing of expenditures. This area is projected to be over budget at year-end due to additional leased asset expenditures (directly offset by financing lease proceeds) and additional capital software expenditures.
- The Net Financing Activity budget is comprised of loan and lease financing proceeds (borrowings) and principal payments. The budget included a total of \$4.2M for both loan borrowings for capital software projects and leased assets, spread evenly throughout the year. The year-to-date variance is primarily because NERC did not borrow during the first quarter. By year-end, NERC is projecting to borrow \$140k more than budgeted due to additional leased asset needs, offset by lower than budgeted loan payments/debt service from less-than-budgeted borrowing in 2023.
- Reserves are over budget year-to-date by \$3.3M, primarily due to the reasons noted above for timing of costs for Contracts and Consultants and Fixed Asset Additions, and timing of and lower spending on Office Costs, offset by Net Financing Activity. Reserves are projected to be over budget by \$0.5M at year-end mainly due to lower projected Personnel, Office, Professional Services, and debt service costs.

## Variations by Department

DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	YTD	YTD	YTD	Over	Annual	Annual	Annual	Over
	Actual	Budget	Over (Under)	(Under)	Projection	Budget	Over (Under)	(Under)
Reliability Standards and Power Risk Issues and Strategic Management	\$ 1,351,113	\$ 1,350,870	\$ 243	0.0%	\$ 5,550,719	\$ 5,178,957	\$ 371,763	7.2%
Compliance Assurance	1,574,860	1,681,897	(107,037)	(6.4%)	6,483,952	6,515,768	(31,816)	(0.5%)
Registration and Certification	328,088	327,427	660	0.2%	1,278,018	1,251,212	26,806	2.1%
Compliance Enforcement	981,373	1,159,255	(177,882)	(15.3%)	4,337,326	4,491,305	(153,979)	(3.4%)
Engineering and Security Integration	1,000,475	768,144	232,332	30.2%	2,944,578	2,949,925	(5,347)	(0.2%)
Reliability Assessment and Technical Committees	1,086,445	1,238,811	(152,366)	(12.3%)	4,864,201	4,815,683	48,517	1.0%
Advanced System Analytics and Modeling	469,215	626,012	(156,797)	(25.0%)	2,169,943	2,404,937	(234,993)	(9.8%)
Performance Analysis	561,660	587,578	(25,918)	(4.4%)	2,372,893	2,291,015	81,878	3.6%
Situation Awareness	862,136	1,027,493	(165,356)	(16.1%)	3,571,175	3,988,335	(417,160)	(10.5%)
Event Analysis	541,634	650,036	(108,402)	(16.7%)	2,301,232	2,470,380	(169,148)	(6.8%)
E-ISAC	4,065,506	4,010,062	55,444	1.4%	15,617,449	15,455,423	162,026	1.0%
Training, Education and Personnel Certification	405,609	548,072	(142,462)	(26.0%)	1,832,199	2,149,794	(317,595)	(14.8%)
General and Administrative and Executive	2,247,220	2,409,936	(162,716)	(6.8%)	9,736,134	9,479,271	256,862	2.7%
Legal and Regulatory	1,407,909	1,592,271	(184,361)	(11.6%)	5,897,673	6,075,391	(177,719)	(2.9%)
External Affairs	1,284,559	1,259,153	25,406	2.0%	4,875,036	4,548,817	326,219	7.2%
Business Technology	4,325,069	5,418,276	(1,093,208)	(20.2%)	20,740,703	21,180,319	(439,616)	(2.1%)
Human Resources and Administration	1,259,435	1,125,181	134,254	11.9%	4,601,594	4,370,563	231,030	5.3%
Finance and Accounting	864,248	847,291	16,956	2.0%	3,642,565	3,285,324	357,241	10.9%
<b>TOTAL (excluding CRISP)</b>	<b>\$ 24,616,554</b>	<b>\$ 26,627,764</b>	<b>\$ (2,011,210)</b>	<b>(7.6%)</b>	<b>\$ 102,817,389</b>	<b>\$ 102,902,421</b>	<b>\$ (85,031)</b>	<b>(0.1%)</b>
CRISP	1,497,006	2,699,202	(1,202,196)	(44.5%)	10,350,844	10,718,523	(367,679)	(3.4%)
<b>TOTAL DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY</b>	<b>\$ 26,113,560</b>	<b>\$ 29,326,966</b>	<b>\$ (3,213,406)</b>	<b>(11.0%)</b>	<b>\$ 113,168,234</b>	<b>\$ 113,620,944</b>	<b>\$ (452,710)</b>	<b>(0.4%)</b>

Following is a brief description of significant variances by department, as illustrated in the table above:

- Reliability Standards and Power Risk Issues and Strategic Management – Projected to be over budget primarily due to increased Contracts and Consultants support needs for standards development and study activities.
- Situation Awareness – Projected to be under budget primarily due to lower Personnel and software licenses and support costs.
- Training, Education and Personnel Certification – Projected to be under budget primarily due to lower spending on a new SOCCED system that will not be completed until 2025.
- General & Administrative and Executive – Projected to over budget mainly due to higher Personnel and software licenses and support costs.
- External Affairs – Projected to over budget mainly due to higher Personnel costs, offset by lower Contracts and Consultants expenses.
- Business Technology – Under budget year-to-date primarily due to lower Personnel costs, (including the transfer of an FTE to Compliance Assurance to support Align activities), and timing of expenses. Projected to be under budget at year-end due to lower Personnel and Office costs, offset by higher Contracts and Consultants costs.
- Finance and Accounting – Projected to be over budget due to higher Contracts and Consultants costs to support system conversion activities.
- CRISP – Under budget due to lower third-party contractor costs. Expected to be under budget at year-end due to lower projected Personnel costs partially due to the reallocation of FTE time to the E-ISAC department.

## Supplemental Schedules

### Schedule 1 – Year-End Projected Reserves

Reserve Account	1/1/2024		Operating and		12/31/2024
	Beginning Balance <sup>(1)</sup>	Budgeted Funding/(Use) <sup>(2)</sup>	Unbudgeted Funding/(Use) <sup>(3)</sup>	Financing Activity Versus Budget <sup>(4)</sup>	Ending Balance
NERC Operating Contingency	\$ 13,229,753	\$ (1,300,000)	\$ -	\$ 1,598,912	\$ 13,528,665
Future Obligations	2,908,227	218,053	-	-	3,126,280
Assessment Stabilization	2,256,000	(1,300,000)	-	-	956,000
System Operator	908,879	(604,115)	-	246,980	551,744
CRISP Defense Fund	500,000	-	-	-	500,000
CRISP Operating	3,615,851	-	(450,000)	(51,272)	3,114,579
CRISP Equipment Reserve	450,000	-	450,000	-	900,000
<b>Total Reserves</b>	<b>\$ 23,868,710</b>	<b>\$ (2,986,062)</b>	<b>\$ -</b>	<b>\$ 1,794,620</b>	<b>\$ 22,677,268</b>

**NOTES:**

(1) 2024 beginning balances have been adjusted from the 12/31/2023 variance report balances as the result of a reconciliation to the final audited balance sheet.

(2) The 2024 Business Plan & Budget (2024 BP&B) contained a budgeted use of NERC Operating Contingency Reserves (OCR) totaling \$1,300,000 to fully fund the incremental Interregional Transfer Capability Study (ITCS) FTEs hired in 2023 and a budgeted use of \$1,300,000 of Assessment Stabilization Reserves (ASR) to fund the net ITCS non-personnel costs.

The 2024 BP&B included a use of System Operator Reserves derived from budgeted revenues being \$604,115 lower than budgeted expenses.

(3) The CRISP participants agreed to transfer \$450k from the CRISP Operating Reserve to fund the CRISP Equipment Reserve.

(4) This column primarily reflects the net impact of normal operations. For example, under normal circumstances, if tracking well under budget in actual expenditures, this would reflect additional funds into the reserve account. It also reflects the increase or decrease in working capital during the period.

The net increase in reserves related to the CRISP department is \$181,748, with \$233,020 going into the NERC OCR for the portion of CRISP costs funded by assessments and \$51,272 coming out of the CRISP Operating Reserve for CRISP costs funded by the CRISP participants.

## Schedule 2 – E-ISAC and CRISP Summary of Activity

### TOTAL E-ISAC (including CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 7,444,284	\$ 29,777,134	\$ 29,777,134	\$ 0
Other Funding	2,663,684	11,162,052	11,276,439	(114,387)
<b>TOTAL FUNDING</b>	<b>\$ 10,107,967</b>	<b>\$ 40,939,187</b>	<b>\$ 41,053,573</b>	<b>\$ (114,387)</b>
<b>EXPENDITURES</b>				
Personnel Expense	\$ 3,393,865	\$ 12,771,469	\$ 13,072,503	\$ (301,034)
Meetings and Travel Expense	165,951	547,686	483,000	64,686
Operating Expenses (excluding Depreciation)	2,002,696	12,505,837	12,440,651	65,185
Other Non-Operating Expenses	-	-	8,791	(8,791)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	173,000	173,000	(0)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	(29,699)	(4,000)	(25,699)
Total Direct Costs (excluding Depreciation and Allocations)	\$ 5,562,512	\$ 25,968,293	\$ 26,173,946	\$ (205,653)
Indirect Expense Allocation	3,431,495	14,449,411	14,590,026	(140,615)
Fixed Asset Allocation	71,119	727,686	617,658	110,028
Net Financing Activity Allocation	40,373	(383,811)	(328,056)	(55,755)
<b>TOTAL EXPENDITURES (excluding Depreciation, including Allocations)</b>	<b>\$ 9,105,498</b>	<b>\$ 40,761,579</b>	<b>\$ 41,053,574</b>	<b>\$ (291,995)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 1,002,469</b>	<b>\$ 177,608</b>	<b>\$ (0)</b>	<b>\$ 177,608</b>

## Schedule 2 (continued) – E-ISAC and CRISP Summary of Activity

### CRISP

FUNDING	YTD	Annual	Annual	Projected
	Actual	Projection	Budget	Over (Under)
Assessments	\$ 619,291	\$ 2,477,166	\$ 2,477,166	\$ 0
Other Funding	2,379,432	10,041,117	10,319,598	(278,481)
<b>TOTAL FUNDING</b>	<b>\$ 2,998,723</b>	<b>\$ 12,518,283</b>	<b>\$ 12,796,764</b>	<b>\$ (278,481)</b>
<b>EXPENDITURES</b>				
Personnel Expense	\$ 451,510	\$ 1,478,668	\$ 1,780,267	\$ (301,599)
Meetings and Travel Expense	82,693	235,000	146,000	89,000
Operating Expenses (excluding Depreciation)	962,803	8,497,176	8,652,256	(155,080)
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	140,000	140,000	(0)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-
Total Direct Costs (excluding Depreciation and Allocations)	\$ 1,497,006	\$ 10,350,844	\$ 10,718,523	\$ (367,679)
Indirect Expense Allocation	437,254	1,939,532	2,037,792	(98,260)
Fixed Asset Allocation	9,062	97,677	86,268	11,408
Net Financing Activity Allocation	5,144	(51,519)	(45,820)	(5,699)
<b>TOTAL EXPENDITURES (excluding Depreciation, including Allocations)</b>	<b>\$ 1,948,466</b>	<b>\$ 12,336,535</b>	<b>\$ 12,796,764</b>	<b>\$ (460,229)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 1,050,257</b>	<b>\$ 181,748</b>	<b>\$ -</b>	<b>\$ 181,748</b>

*Note - In its July 8, 2022 order in Docket No. RR21-9-001, the Commission held that expenditure of funds paid by new CRISP participants for costs associated with joining the program should be included in NERC's quarterly variance reports and annual true-up filings. Accordingly, NERC notes that year-to-date billings sent by NERC to new CRISP participants related to the program's third-party subcontractor total \$0. Year-to-date expenses sent by the third-party contractor to NERC for new CRISP participants total \$0.*

### E-ISAC (excluding CRISP)

FUNDING	YTD	Annual	Annual	Projected
	Actual	Projection	Budget	Over (Under)
Assessments	\$ 6,824,992	\$ 27,299,969	\$ 27,299,969	\$ 0
Other Funding	284,252	1,120,935	956,841	164,094
<b>TOTAL FUNDING</b>	<b>\$ 7,109,244</b>	<b>\$ 28,420,904</b>	<b>\$ 28,256,810</b>	<b>\$ 164,094</b>
<b>EXPENDITURES</b>				
Personnel Expense	\$ 2,942,356	\$ 11,292,801	\$ 11,292,236	\$ 564
Meetings and Travel Expense	83,258	312,686	337,000	(24,314)
Operating Expenses (excluding Depreciation)	1,039,893	4,008,661	3,788,396	220,265
Other Non-Operating Expenses	-	-	8,791	(8,791)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	33,000	33,000	-
Net Financing Activity (excluding Net Financing Activity Allocation)	-	(29,699)	(4,000)	(25,699)
Total Direct Costs (excluding Depreciation and Allocations)	\$ 4,065,506	\$ 15,617,449	\$ 15,455,423	\$ 162,026
Indirect Expense Allocation	2,994,240	12,509,879	12,552,234	(42,355)
Fixed Asset Allocation	62,057	630,009	531,389	98,620
Net Financing Activity Allocation	35,228	(332,292)	(282,236)	(50,056)
<b>TOTAL EXPENDITURES (excluding Depreciation, including Allocations)</b>	<b>\$ 7,157,032</b>	<b>\$ 28,425,044</b>	<b>\$ 28,256,810</b>	<b>\$ 168,234</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ (47,788)</b>	<b>\$ (4,140)</b>	<b>\$ (0)</b>	<b>\$ (4,140)</b>

### Schedule 3 – Summary of Investments

	Quarter-End Balance	Ticker Symbol	Fund Name	S&P Credit Rating	Annualized Yield
<u>Cash Sweep Accounts</u>					
Operating Account Sweep	\$ 32,164,158	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.94%
SOCCEd Account Sweep	1,606,309	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.94%
CRISP Account Sweep	3,834,495	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	4.94%
<u>Total Cash Sweep Accounts</u>	<u>\$ 37,604,962</u>				
<u>Investment Account</u>					
Reserve Funds	\$ 10,750,957		IAM Bank Sweep Collateralized		5.24%
<u>Total Investments</u>	<u>\$ 10,750,957</u>				