

Agenda

Finance and Audit Committee Meeting

August 13, 2025 | 11:30 a.m. – 12:00 p.m. Mountain

In-Person

The Westin Calgary Downtown
320 4th Avenue SW
Calgary, Alberta, Canada B T2P 2S6

Conference Room: Britannia/Belaire/Mayfair Ballroom – Conference Level

Virtual Attendees

Webcast Link: [Join Meeting](#)

Webcast Password: Day1Aug25ATT (32912843 from phones)

Audio Only: 1-415-655-0002 US | 1-416-915-8942 Canada | Access Code: 2304 717 8300

Committee Members

Colleen Sidford, Chair
Robin E. Manning
Jim Piro
Kristine Schmidt
Suzanne Keenan, *ex-officio*

Introduction and Chair's Remarks

[NERC Antitrust Compliance Guidelines](#)

Agenda Items

1. **Minutes – Approve**
 - a. May 7, 2025 Open Meeting*
2. **Second Quarter Unaudited Summary of Results* – Review and Recommend to Board of Trustees for Acceptance**
 - a. NERC Second Quarter 2025 Unaudited Summary of Results
 - b. Total ERO Enterprise Second Quarter 2025 Unaudited Summary of Results
3. **NERC and Regional Entity Proposed 2026 Business Plans and Budgets and Associated Assessments* – Review and Recommend to Board of Trustees for Approval**
4. **Other Matters and Adjournment**

*Background materials included.

Draft Minutes

Finance and Audit Committee Open Meeting

May 7, 2025 | 9:45-10:45 a.m. Eastern

NERC DC Office
1401 H Street NW, Suite 410
Washington, D.C. 20005

Ms. Colleen Sidford, Chair, called to order a duly noticed open meeting of the Finance and Audit Committee (the Committee) of the Board of Trustees (Board) of the North American Electric Reliability Corporation (NERC) on May 7, 2025, at approximately 9:45 a.m. Eastern, and a quorum was declared present.

Present at the meeting were:

Committee Members

Colleen Sidford, Chair
Susan Kelly
Robin E. Manning
Jim Piro
Kristine Schmidt
Suzanne Keenan, *ex-officio*

Board of Trustees Members

Jane Allen
Kenneth W. DeFontes, Jr.
George S. Hawkins
Larry Irving
James B. Robb, NERC President and Chief Executive Officer
Colleen Sidford

NERC Staff

Michael Ball, Senior Vice President and Chief Executive Officer of the E-ISAC
Tina Buzzard, Director, Board Operations and Corporate Governance
Kelly Hanson, Senior Vice President, Chief Operating Officer
Howard Gugel, Senior Vice President, Regulatory Oversight
Mark Lauby, Senior Vice President and Chief Engineer
Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary
Andy Sharp, Vice President, Chief Financial Officer
Camilo Serna, Senior Vice President, Strategy and External Engagement

Introduction and Chair's Remarks

Chair Sidford welcomed the members of the Committee to the meeting and reviewed the agenda. She also reported that the Committee held a closed meeting on May 6, 2025 where the Committee reviewed its annual evaluation results, received a report from NERC's external auditors, RSM, on the 2024 year-end audited summary of results, discussed outreach efforts related to the 2026 Business Plan and Budget, and received updates from Internal Audit.

NERC Antitrust Compliance Guidelines

Chair Sidford directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the advance agenda package and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Rocha.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes for the February 12, 2025, Committee meeting.

2024 Year-End Audited Summary of Results

Mr. Sharp provided a summary of the independent 2024 Financial Statement Audit. Upon motion duly made and seconded, the Committee reviewed and recommended acceptance by the Board of the 2024 Financial Statement Audit, substantially in the form presented to the Committee.

First Quarter Unaudited Summary of Results

Mr. Sharp reviewed the First Quarter 2025 Unaudited Summary of Results for NERC. He also made some high-level comments on each of the Regional Entity Summary of Results, which were included in the meeting materials. Upon motion duly made and seconded, the Committee reviewed and recommended acceptance of the First Quarter 2024 Unaudited Summary of Results, inclusive of NERC and the Regional Entities, by the Board.

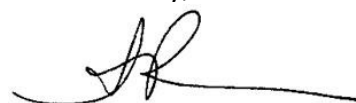
2026 Business Plan and Schedule

Mr. Sharp also reviewed the proposed schedule for preparation of the 2026 Business Plan and Budget (BP&B). The Committee discussed any expected changes prior to finalizing the 2026 BP&B, the decrease in penalty monies affecting the level of assessments, and the schedule for preparing the 2027-2029 three-year planning cycle.

Adjournment

There being no further business, the meeting was adjourned.

Submitted by,



Sônia Rocha
Corporate Secretary

Second Quarter Unaudited Summary of Results

Action

Review and recommend to the Board of Trustees for acceptance

Background

NERC management will review the second quarter calendar of FAC responsibilities to include (i) the NERC Second Quarter 2025 Unaudited Summary of Results; and (ii) the Total ERO Enterprise (NERC and the Regional Entities combined) Second Quarter 2025 Unaudited Summary of Results.

Summary of Unaudited Results For the Period Ending June 30, 2025

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Executive Summary

Projected Year-End Results (\$ million)

<u>FUNDING</u>	<u>Projected</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 122.1	\$ 123.1	\$ (1.0)
Funding from Reserves			
Assessment Stabilization Reserve	-	-	-
<u>TOTAL FUNDING</u>	<u>\$ 122.1</u>	<u>\$ 123.1</u>	<u>\$ (1.0)</u>
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 120.5	\$ 119.8	\$ 0.7
Fixed Asset Additions	3.7	5.1	(1.4)
Net Financing Activity	(1.9)	(1.9)	-
<u>TOTAL EXPENDITURES</u>	<u>\$ 122.3</u>	<u>\$ 123.0</u>	<u>\$ (0.7)</u>
<u>RESERVE INCREASE (DECREASE)</u>	<u>\$ (0.2)</u>	<u>\$ 0.1</u>	<u>\$ (0.3)</u>

Revenues are projected to be under budget primarily due to lower third-party funding for CRISP and lower system operator certification renewal and continuing education fee revenue. Expenses (excluding Depreciation) are projected to be over budget at year-end primarily due to higher Contracts and Consultants and Meeting and Travel costs, which are partially offset by lower Personnel expenses. Fixed Asset Additions are expected to be under budget due to lower-than-anticipated spending for leased assets and capital software expenditures. Net Financing Activity is projected to be at budget. The net result is a projected year-end reserve decrease of \$200k versus a budgeted increase of \$100k, which is primarily attributed to the unbudgeted use of funds from the CRISP Operating Reserve for equipment purchases (as approved by the CRISP Governance Advisory Committee). 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	\$ 61.3	\$ 61.6	\$ (0.3)
Funding from Reserves			
Assessment Stabilization Reserve	-	-	-
TOTAL FUNDING	\$ 61.3	\$ 61.6	\$ (0.3)
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 56.8	\$ 60.9	\$ (4.1)
Fixed Asset Additions	1.2	2.5	(1.3)
Net Financing Activity	0.6	(1.0)	1.6
TOTAL EXPENDITURES	\$ 58.6	\$ 62.4	\$ (3.8)
RESERVE INCREASE (DECREASE)	\$ 2.7	\$ (0.8)	\$ 3.5

Revenue is under budget year-to-date primarily due to lower third-party funding for CRISP. Expenses (excluding Depreciation) are under budget year-to-date primarily because of lower Personnel, Contracts and Consultants, Office Costs, Professional Services, and Miscellaneous expenses, which are partially offset by higher Meetings and Travel expenses. Fixed Asset Additions are under budget year-to-date due to lower spending on leased assets and capital software expenditures, partially offset by Net Financing Activity. The net result is a year-to-date reserve increase of \$3.5M 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)
TOTAL FUNDING	\$ 61,260,446	\$ 61,584,068	\$ (323,622)	(0.5%)	\$ 122,072,381	\$ 123,063,843	\$ (991,463)	(0.8%)
EXPENDITURES								
Personnel	35,602,873	36,762,480	(1,159,607)	(3.2%)	71,128,063	71,535,308	(407,245)	(0.6%)
Meetings and Travel	2,582,053	1,908,408	673,646	35.3%	4,528,794	3,816,815	711,979	18.7%
Contracts and Consultants	8,224,354	11,117,047	(2,892,692)	(26.0%)	23,739,195	22,234,093	1,505,102	6.8%
Office Rent	1,562,645	1,537,434	25,211	1.6%	3,074,867	3,074,867	-	0.0%
Office Costs, Professional, and Misc.*	8,770,577	9,299,858	(529,280)	(5.7%)	17,708,188	18,599,715	(891,527)	(4.8%)
Other Non-Operating	172,093	282,000	(109,907)	(39.0%)	349,973	564,000	(214,027)	(37.9%)
Fixed Asset Additions*	1,201,088	2,549,295	(1,348,207)	(52.9%)	3,694,803	5,098,590	(1,403,787)	(27.5%)
Net Financing Activity**	603,703	(964,360)	1,568,063	(162.6%)	(1,987,261)	(1,928,720)	(58,542)	3.0%
TOTAL EXPENDITURES	\$ 58,719,387	\$ 62,492,160	\$ (3,772,773)	(6.0%)	\$ 122,236,622	\$ 122,994,669	\$ (758,047)	(0.6%)
RESERVE INCREASE (DECREASE)	\$ 2,541,059	\$ (908,092)	\$ 3,449,151	(379.8%)	\$ (164,241)	\$ 69,174	\$ (233,415)	(337.4%)
FTEs	258.5	263.5	(5.0)	(1.9%)	261.9	263.5	(1.6)	(0.6%)

* 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 primarily due to lower salary and retirement plan costs. Personnel expenses are projected to be under budget at year-end due to these same reasons.
- Meetings and Travel expenses are over budget year-to-date primarily due to higher travel costs associated with increased demand for in-person meetings and engagement and overall higher “per trip” costs. Meetings and Travel expenses are projected to be over budget at year-end for this same reason.
- Contracts and Consultants expenses are under budget year-to-date primarily 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 (1) support needs for Modernization of Standards Process and Procedures (MSPP) activities; (2) additional costs related to establishing a new exam developer for the System Operator Certification program; and (3) higher-than-budgeted support for new technology tools and initiatives, partially offset by lower-than-budgeted capital software and equipment expenditures. 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	\$ 193,926	\$ 94,000	\$ 99,926	106.3%	\$ 726,000	\$ 188,000	\$ 538,000	286.2%
Compliance Assurance	186,589	342,312	(155,723)	(45.5%)	800,673	684,623	116,050	17.0%
Registration and Certification	100,486	84,750	15,736	18.6%	534,504	169,500	365,004	215.3%
Compliance Enforcement	239,433	342,312	(102,879)	(30.1%)	794,513	684,623	109,890	16.1%
Engineering and Security Integration	12,530	100,000	(87,470)	(87.5%)	16,953	200,000	(183,047)	(91.5%)
Reliability Assessment and Technical Committees	137,804	137,000	804	0.6%	331,340	274,000	57,340	20.9%
Advanced System Analytics and Modeling	-	154,750	(154,750)	(100.0%)	-	309,500	(309,500)	(100.0%)
Performance Analysis	53,211	139,500	(86,290)	(61.9%)	162,560	279,000	(116,440)	(41.7%)
Situation Awareness	1,958	123,000	(121,042)	(98.4%)	148,416	246,000	(97,584)	(39.7%)
Event Analysis	15,778	160,000	(144,222)	(90.1%)	27,200	320,000	(292,800)	(91.5%)
E-ISAC	1,254,954	1,487,602	(232,648)	(15.6%)	3,272,150	2,975,205	296,945	10.0%
Training, Education and Personnel Certification	221,025	257,539	(36,514)	(14.2%)	862,274	515,078	347,196	67.4%
General and Administrative and Executive	111,730	125,000	(13,270)	(10.6%)	255,220	250,000	5,220	2.1%
Legal and Regulatory	54,487	115,000	(60,513)	(52.6%)	106,287	230,000	(123,710)	(53.8%)
External Affairs	70,120	70,000	120	0.2%	235,500	140,000	95,500	68.2%
Business Technology	2,382,187	2,800,118	(417,930)	(14.9%)	5,685,119	5,600,235	84,884	1.5%
Human Resources and Administration	544,899	437,500	107,399	24.5%	930,919	875,000	55,919	6.4%
Finance and Accounting	282,159	112,500	169,659	150.8%	571,800	225,000	346,800	154.1%
TOTAL (excluding CRISP)	\$ 5,863,277	\$ 7,082,882	\$ (1,219,605)	(17.2%)	\$ 15,461,428	\$ 14,165,764	\$ 1,295,667	9.1%
CRISP	2,361,077	4,034,165	(1,673,087)	(41.5%)	8,277,767	8,068,329	209,438	2.6%
TOTAL (including CRISP)	\$ 8,224,354	\$ 11,117,047	\$ (2,892,692)	(26.0%)	\$ 23,739,195	\$ 22,234,093	\$ 1,505,105	6.8%

- Office Costs, Professional Services, and Miscellaneous expenses are under budget year-to-date largely due to timing of expenses, lower A/V and hardware lease costs, and insurance expenses. Office Costs are projected to be over budget at year end due to higher software licenses and support costs, offset by lower corporate insurance expenses.
- Fixed Asset Additions are under budget year-to-date primarily due to lower spending on leased assets and capital software expenditures, including a replacement for the System Operator Certification and Continuing Education (SOCCED) database that will not be completed until 2026. Fixed Asset Additions are projected to be under budget at year-end due to these same reasons.
- The Net Financing Activity budget is comprised of loan and lease financing proceeds (borrowings) and principal payments. The budget included a total of \$3.8M 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 half of the year. By year-end, NERC is projecting to borrow \$400k less than budgeted due to anticipated lower leased asset needs and capital software expenditures, which is partially offset by lower loan payments/debt service from less-than-budgeted borrowing in 2023 and 2024.
- Reserves are over budget year-to-date by \$3.5M, primarily due to the reasons noted above for the timing of costs for Contracts and Consultants and Office, Professional, and Miscellaneous expenses, and lower spending on Personnel and Fixed Asset Additions, offset by Net Financing Activity. Reserves are projected to decrease by \$200k at year-end (versus a budgeted increase of \$100k) mainly due to an unbudgeted use of funds from the CRISP Operating Reserve (as approved by the CRISP Governance Advisory Committee) to fund equipment purchases.

Variances by Department

DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	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 Mgmt	\$ 3,201,056	\$ 3,085,852	\$ 115,204	3.7%	\$ 7,067,242	\$ 6,039,541	\$ 1,027,701	17.0%
Compliance Assurance and Certification	3,517,544	3,486,687	30,857	0.9%	6,882,441	6,845,408	37,033	0.5%
Registration	844,094	821,483	22,611	2.8%	1,959,518	1,611,438	348,080	21.6%
Compliance Enforcement	2,381,860	2,485,480	(103,620)	(4.2%)	4,793,411	4,899,029	(105,618)	(2.2%)
Engineering and Security Integration	1,277,674	1,298,987	(21,313)	(1.6%)	2,757,782	2,542,599	215,183	8.5%
Reliability Assessment and Technical Committees	2,311,113	2,773,910	(462,796)	(16.7%)	4,889,111	5,448,342	(559,231)	(10.3%)
Advanced System Analytics and Modeling	767,410	1,451,900	(684,489)	(47.1%)	1,509,844	2,855,428	(1,345,585)	(47.1%)
Performance Analysis	1,140,983	1,354,339	(213,356)	(15.8%)	2,326,908	2,671,764	(344,856)	(12.9%)
Situation Awareness	2,162,187	2,199,848	(37,660)	(1.7%)	4,348,559	4,348,000	559	0.0%
Event Analysis	1,098,257	1,440,569	(342,312)	(23.8%)	2,160,291	2,809,452	(649,161)	(23.1%)
E-ISAC	8,360,872	8,780,512	(419,640)	(4.8%)	17,571,549	17,102,200	469,349	2.7%
Training, Education and Personnel Certification	946,791	999,056	(52,265)	(5.2%)	2,256,553	1,977,720	278,833	14.1%
General and Administrative and Executive	5,128,724	4,911,639	217,085	4.4%	9,938,714	9,763,543	175,171	1.8%
Legal and Regulatory	3,012,056	3,069,405	(57,349)	(1.9%)	5,909,348	6,010,019	(100,672)	(1.7%)
External Affairs	2,508,314	2,444,475	63,839	2.6%	5,165,906	4,795,710	370,196	7.7%
Business Technology	12,410,706	11,927,398	483,308	4.1%	23,498,679	23,512,429	(13,750)	(0.1%)
Human Resources and Administration	2,034,888	2,609,194	(574,306)	(22.0%)	4,806,531	5,154,952	(348,421)	(6.8%)
Finance and Accounting	1,911,254	1,795,150	116,104	6.5%	3,875,518	3,539,022	336,496	9.5%
TOTAL (excluding CRISP)	\$ 55,015,783	\$ 56,935,882	\$ (1,920,099)	(3.4%)	\$ 111,717,902	\$ 111,926,595	\$ (208,693)	(0.2%)
CRISP	3,703,604	5,556,278	(1,852,674)	(33.3%)	10,518,720	11,068,074	(549,355)	(5.0%)
TOTAL DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	\$ 58,719,387	\$ 62,492,160	\$ (3,772,773)	(6.0%)	\$ 122,236,622	\$ 122,994,669	\$ (758,047)	(0.6%)

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 process modernization activities, as well as higher personnel costs.
- Registration – Projected to be over budget primarily due to costs for technology supporting Inverter-Based Resources (IBR) data collection efforts. The budgeted funds for this effort were spread across multiple program areas expected to benefit from the data; however, the technology expenditures for the current phase of this effort are applicable to the Registration program.
- Reliability Assessment and Technical Committees – Under budget year-to-date due to lower Personnel and Fixed Asset Additions, partially offset by Net Financing Activity. Projected to be under budget for these same reasons.
- Advanced System Analytics and Modeling – Under budget year-to-date and projected to be under budget at year-end primarily due to lower Personnel expenses, and Contracts and Consultants expenses to help fund MSPP efforts.
- Performance Analysis – Under budget year-to-date and projected to be under budget at year-end primarily due to lower Fixed Asset Additions partially offset by Net Financing Activity.
- Event Analysis – Under budget year-to-date due to lower Personnel, Contracts and Consultants, and Fixed Asset Additions, partially offset by Net Financing Activity. Projected to be under budget for these same reasons.
- E-ISAC – Under budget year-to-date due to lower Personnel expenses and timing of Contracts and Consultants costs. Projected to be over budget at year-end due to higher Meetings and Travel and Contracts and Consultants expenses, partially offset by lower Personnel costs.
- Training, Education and Personnel Certification – Projected to be over budget primarily due to higher Contracts and Consultants expenses for the System Operator Certification program.

- External Affairs – Projected to be over budget due to higher-than-anticipated Personnel expenses and communications and governmental affairs support.
- Business Technology – Over budget year-to-date due to higher Personnel, Contracts and Consultants, and Net Financing Activity (no borrowing year-to-date). Projected to be at budget at year-end.
- Human Resources and Administration – Under budget year-to-date and projected to be under budget due to lower Personnel expenses and Fixed Asset expenditures, partially offset by Net Financing Activity.
- Finance and Accounting – Projected to be over budget due to higher-than-anticipated accounting system and consulting support.
- CRISP – Under budget year-to-date and projected to be under budget at year-end due to lower third-party contractor costs and lower professional services expense.

Supplemental Schedules

Schedule 1 – Year-End Projected Reserves

Reserve Account	1/1/2025 Beginning Balance ⁽¹⁾	Budgeted Funding/(Use) ⁽²⁾	Unbudgeted Funding/(Use) ⁽³⁾	Operating and Financing Activity Versus Budget ⁽⁴⁾	12/31/2025 Ending Balance ⁽⁵⁾
NERC Operating Contingency	\$ 10,405,143	\$ (300,000)	\$ -	\$ 1,295,452	\$ 11,400,595
Future Obligations	2,911,139	(789,192)	-	-	2,121,947
Assessment Stabilization	956,000	-	-	-	956,000
System Operator	1,078,663	369,174	-	(999,776)	448,062
CRISP Defense Fund	500,000	-	-	-	500,000
CRISP Operating	5,076,816	-	(765,000)	296,320	4,608,136
CRISP Equipment Reserve	900,000	-	-	-	900,000
Total Reserves	\$ 21,827,761	\$ (720,018)	\$ (765,000)	\$ 591,996	\$ 20,934,739

NOTES:

(1) 2025 beginning balances have been adjusted from the 12/31/2024 variance report balances as the result of a reconciliation to the final audited balance sheet.

(2) The 2025 Business Plan & Budget (BP&B) contained a budgeted use of NERC Operating Contingency Reserves (OCR) of \$300,000 to help lower assessments, and System Operator Reserves contained a budgeted increase of \$369,174 due to budgeted 2025 revenues being higher than budgeted expenses. The Future Obligations Reserve is a budgeted use of deferred rent reserves to fund a portion of office lease costs.

(3) The CRISP Governance Advisory Committee approved a used of operating reserves up to \$765,000 for equipment purchases.

(4) This column primarily reflects the net impact of normal operations. For example, under normal circumstances, if tracking 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 in this column related to the CRISP department is \$364,373, with \$296,320 going into the CRISP Operating Reserve for CRISP costs funded by the CRISP participants and \$68,053 going into the NERC OCR for the portion of CRISP costs funded by assessments. \$765,000 of the CRISP Operating Reserve has been approved by the CRISP Governance Advisory Committee to fund equipment purchases in 2025. The projected CRISP net results are a reduction to the CRISP Operating Reserve of \$468,680 in 2025.

(5) The projected 12/31/25 OCR balance of \$11.4M is \$1.8M less than the \$13.2M year-end balance projected in the 2025 budget primarily due to lower actual 2024 financing activity than was projected in the 2024 budget (no loan borrowing was made for capital software projects in 2024). The ending OCR balance of \$11.4 million is 10.6% of NERC's 2025 budget (less CRISP & SOCCED) and within the OCR target range of 8% to 16%.

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	\$ 16,229,891	\$ 32,459,782	\$ 32,459,782	\$ -
Other Funding	5,336,981	10,521,481	11,335,302	(813,821)
TOTAL FUNDING	\$ 21,566,872	\$ 42,981,263	\$ 43,795,084	\$ (813,821)
EXPENDITURES				
Personnel Expense	\$ 6,888,721	\$ 13,820,719	\$ 14,032,057	\$ (211,338)
Meetings and Travel Expense	433,813	731,842	479,675	252,167
Operating Expenses (excluding Depreciation)	4,739,149	13,537,707	13,489,341	48,366
Other Non-Operating Expenses	-	-	2,194	(2,194)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	2,793	-	183,000	(183,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	(15,993)	15,993
Total Direct Costs (excluding Depreciation and Allocations)	\$ 12,064,475	\$ 28,090,268	\$ 28,170,274	\$ (80,005)
Indirect Expense Allocation	7,546,678	15,556,733	15,263,944	292,789
Fixed Asset Allocation	249,126	517,883	496,600	21,284
Net Financing Activity Allocation	113,141	(233,634)	(135,734)	(97,901)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 19,973,421	\$ 43,931,250	\$ 43,795,084	\$ 136,166
RESERVE INCREASE (DECREASE)	\$ 1,593,451	\$ (949,987)	\$ -	\$ (949,987)

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

CRISP

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 1,239,841	\$ 2,479,682	\$ 2,479,682	\$ -
Other Funding	5,070,593	9,865,171	10,583,011	(717,840)
TOTAL FUNDING	\$ 6,310,434	\$ 12,344,853	\$ 13,062,692	\$ (717,840)
EXPENDITURES				
Personnel Expense	\$ 935,293	\$ 1,545,205	\$ 1,637,505	\$ (92,300)
Meetings and Travel Expense	130,485	197,937	175,000	22,937
Operating Expenses (excluding Depreciation)	2,635,033	8,775,578	9,105,569	(329,991)
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	2,793	-	150,000	(150,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-
Total Direct Costs (excluding Depreciation and Allocations)	\$ 3,703,603	\$ 10,518,720	\$ 11,068,074	\$ (549,355)
Indirect Expense Allocation	1,126,885	2,186,804	1,948,548	238,256
Fixed Asset Allocation	37,200	72,799	63,399	9,399
Net Financing Activity Allocation	16,895	(32,842)	(17,329)	(15,513)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 4,884,583	\$ 12,745,480	\$ 13,062,692	\$ (317,212)
RESERVE INCREASE (DECREASE)	\$ 1,425,851	\$ (400,627)	\$ -	\$ (400,627)

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 \$190,000. Year-to-date expenses sent by the third-party contractor to NERC for new CRISP participants total \$31,000.

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

E-ISAC (excluding CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 14,990,050	\$ 29,980,100	\$ 29,980,100	\$ -
Other Funding	266,388	656,310	752,291	(95,981)
TOTAL FUNDING	\$ 15,256,438	\$ 30,636,410	\$ 30,732,391	\$ (95,981)
EXPENDITURES				
Personnel Expense	\$ 5,953,428	\$ 12,275,514	\$ 12,394,552	\$ (119,037)
Meetings and Travel Expense	303,328	533,905	304,675	229,230
Operating Expenses (excluding Depreciation)	2,104,116	4,762,129	4,383,772	378,358
Other Non-Operating Expenses	-	-	2,194	(2,194)
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	-	33,000	(33,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	(15,993)	15,993
Total Direct Costs (excluding Depreciation and Allocations)	\$ 8,360,872	\$ 17,571,549	\$ 17,102,200	\$ 469,349
Indirect Expense Allocation	6,419,793	13,369,929	13,315,396	54,533
Fixed Asset Allocation	211,926	445,085	433,200	11,884
Net Financing Activity Allocation	96,247	(200,792)	(118,405)	(82,388)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 15,088,837	\$ 31,185,770	\$ 30,732,391	\$ 453,378
RESERVE INCREASE (DECREASE)	\$ 167,600	\$ (549,359)	\$ -	\$ (549,359)

Schedule 3 – Summary of Investments

	Quarter-End	Ticker		S&P	Average
	Balance	Symbol	Fund Name	Credit Rating	Annualized Yield
<u>Cash Sweep Accounts</u>					
Operating Account Sweep	\$ 16,928,694	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	3.94%
SOCED Account Sweep	3,582,207	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	3.94%
CRISP Account Sweep	16,928,694	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	3.94%
Total Cash Sweep Accounts	\$ 37,439,596				
<u>Investment Account</u>					
Money Market Funds	\$ 2,336,184		Federated Hermes Gov't Obligations Fund	AAAm	4.27%
U.S. Treasury Portfolio	9,451,241		PNC Ultra Short U.S. Government Portfolio	AA+	4.66%
Total Investments	\$ 11,787,425				

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

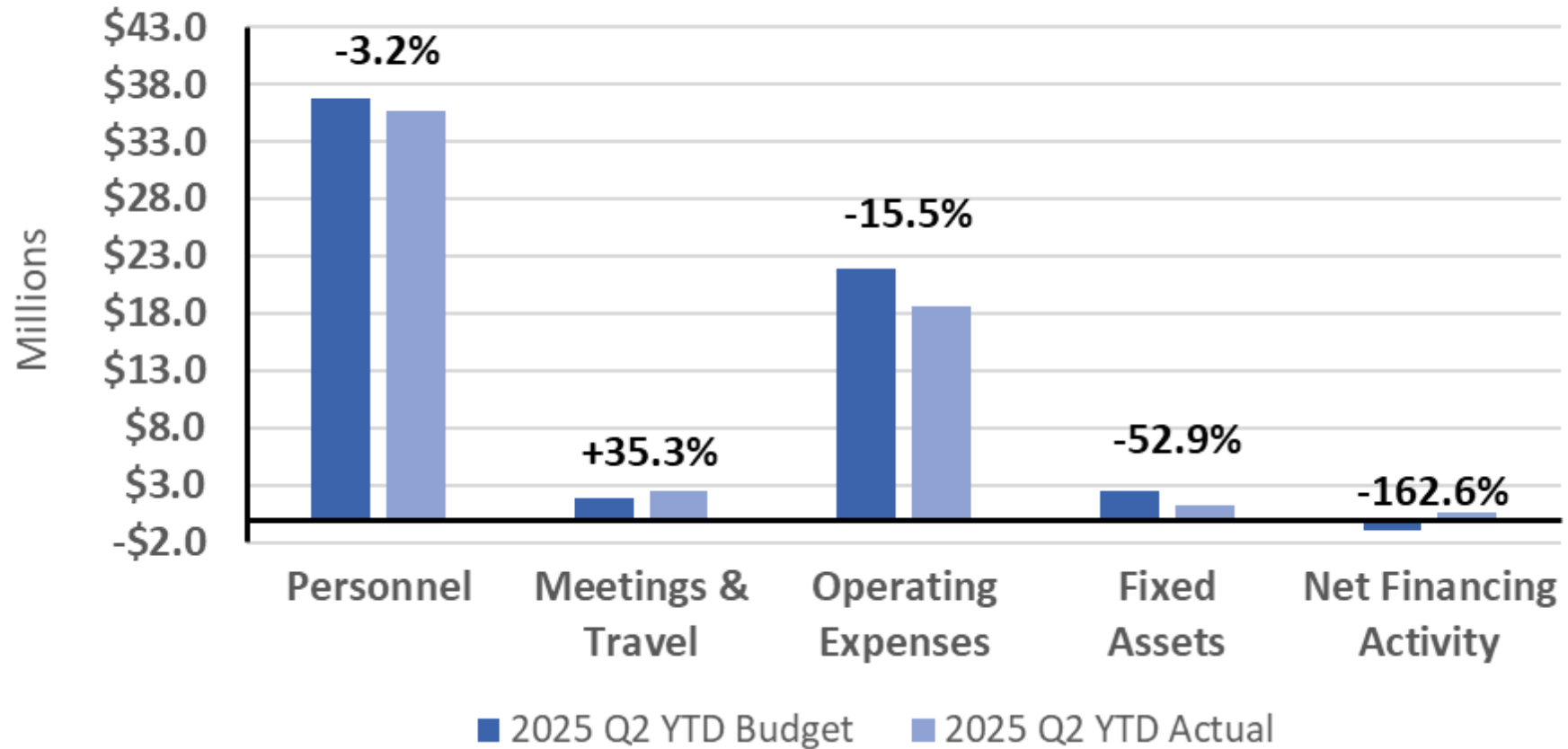
NERC Summary of Unaudited Results as of June 30, 2025

Andy Sharp, Vice President and Chief Financial Officer
Finance and Audit Committee Meeting
August 13, 2025

RELIABILITY | RESILIENCE | SECURITY

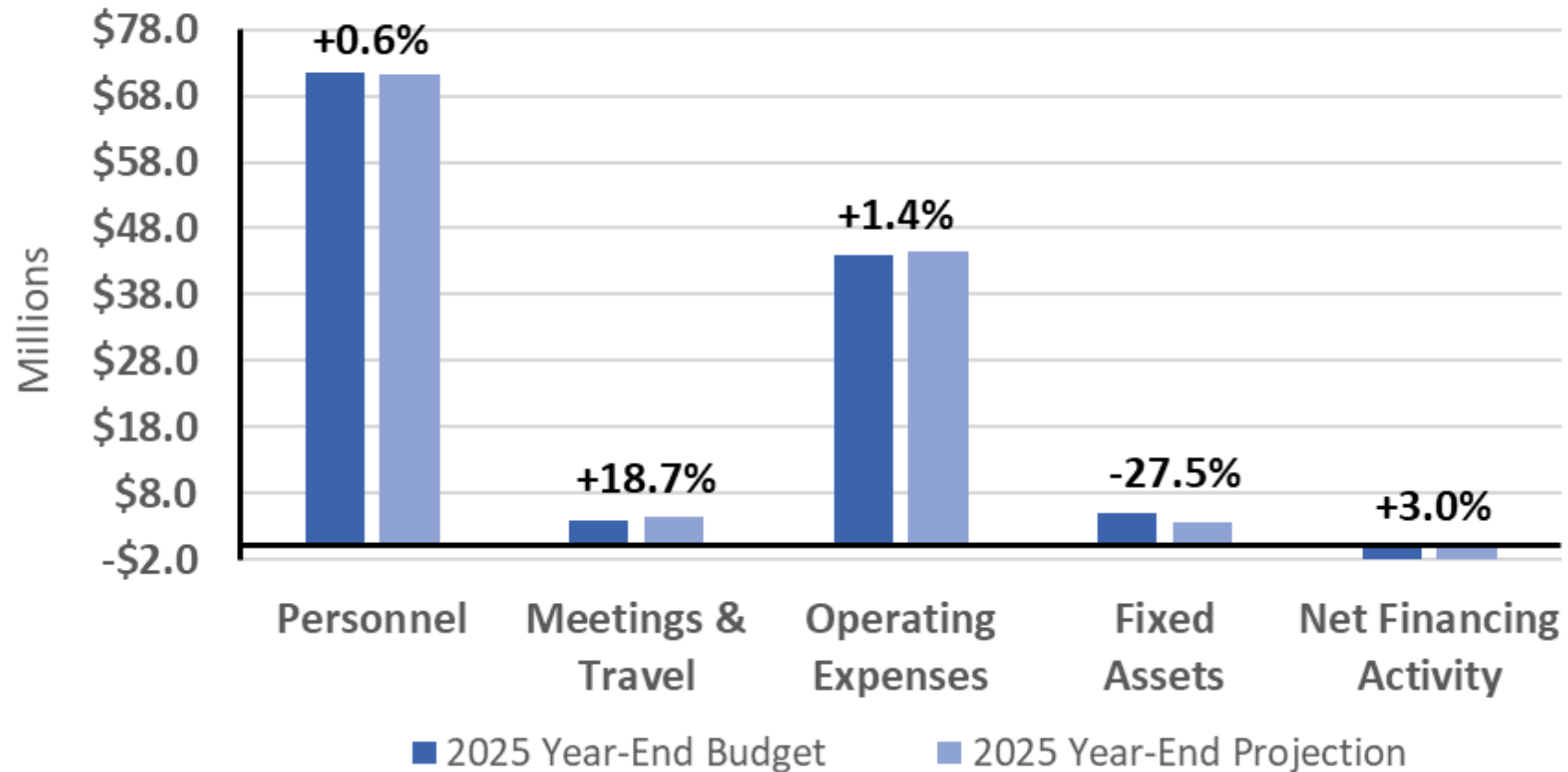
- Total funding – \$324k (0.5%) under budget
 - Lower third-party funding for CRISP
- Total expenditures – \$3.8M (6.0%) under budget
 - Lower personnel, contracts and consultants, office costs, professional services, interest, and fixed asset addition costs
 - Partially offset by higher meetings and travel expenses and higher net financing activity (no loan borrowing)
- Reserve increase – \$3.5M over budget

2025 Second Quarter YTD Results by Category



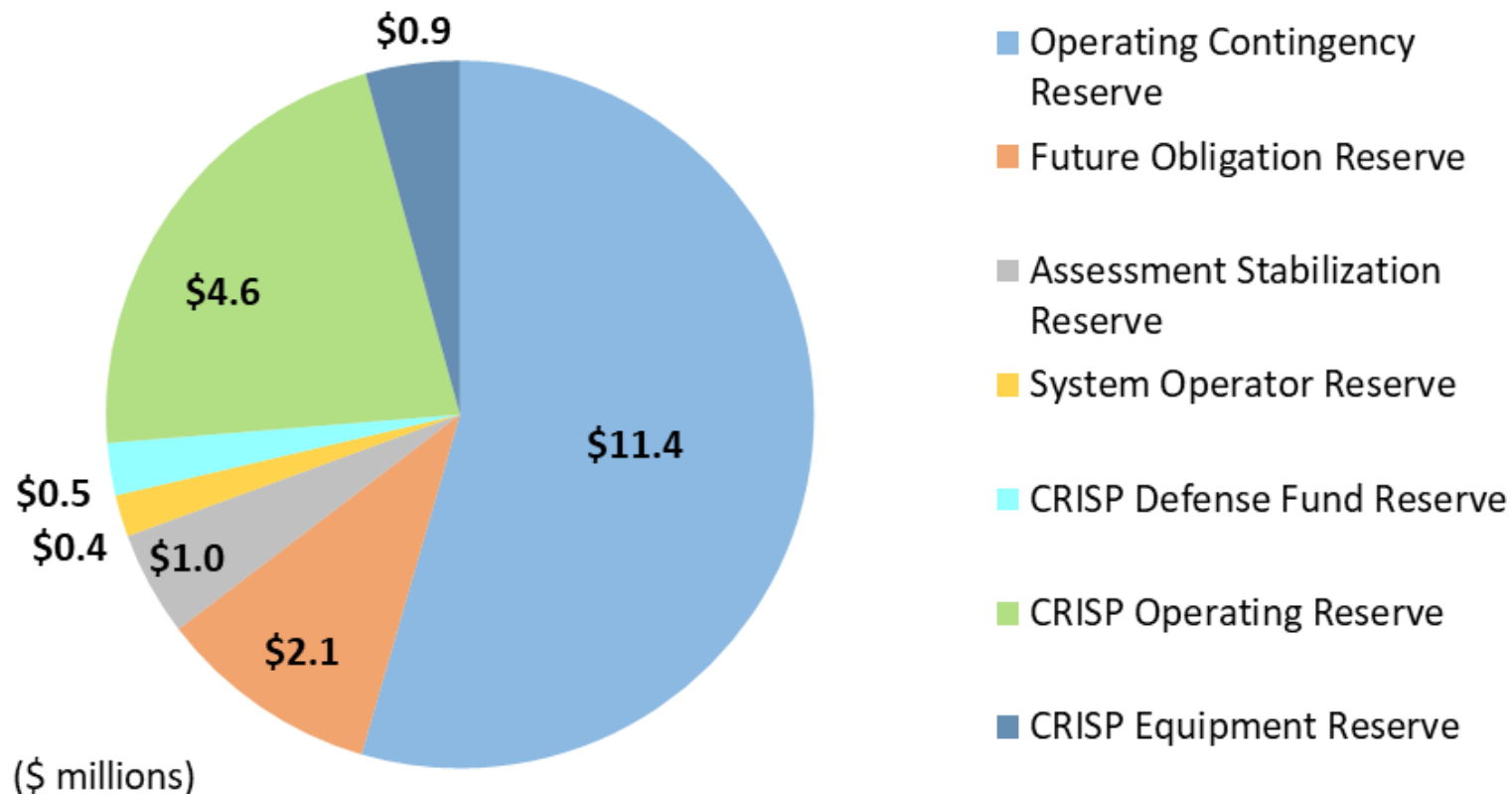
- Total funding – \$991k (0.8%) under budget
 - Lower third-party funding from CRISP and lower system operator certification renewal and continuing education fees
- Total expenditures – \$800k (0.6%) under budget
 - Lower personnel expenses, office costs, professional services, interest expense and fixed asset additions
 - Partially offset by higher meetings, travel, and contracts and consultants costs
- Reserves – \$300k lower than budget

2025 Year-End Projections by Category



2025 Projected Year-End Reserves Breakdown

TOTAL RESERVES OF \$20.9M





Questions and Answers



Lam Chung, Corporate Treasurer

P: 651.256.5187

F: 651.855.1712

E: lam.chung@mro.net

July 16, 2025

Mr. Andy Sharp
North American Electric Reliability Corporation (NERC)

RE: Unaudited Midwest Reliability Organization (MRO) 2025 Second Quarter Statement of Activity –
Cash Flow through June 30, 2025

Dear Mr. Sharp:

MRO experienced variances greater than \$10,000 and 10 percent. Second quarter results indicate that MRO's budget is under spent by 6.6 percent.

Meeting Expenses (Variance of \$43,670 over budget)

Meeting costs for MRO's off-site joint reliability, security, and compliance monitoring and enforcement program summit was over budget.

Operating Expenses (Variance of \$274,268 (15.8%) under budget)

Consultants and contracts are less than budgeted because staff re-prioritized work and contractual needs. Office costs includes staff driven costs which are under spent and driven by staff in-office presence which is slowly increasing. It also includes business insurance costs which are under spent due to better negotiated rates.

Fixed Assets (Variance of \$8,166 (16.9%) under budget)

Capital asset purchases are under budget due to savings from quoted prices. In general, procurement will be subject to supply chain and/or priority changes.

Budget Outlook

Mid-year projections indicate that the 2025 budget will result in a 6.7 percent under spend. Personnel expenses are driving the projected under spend due to position vacancies through June.

If you have any questions regarding this report, please contact me. Thank you.

Lam Chung
Vice President and Chief Strategy and Finance Officer

Cc: Sara Patrick, MRO President and CEO

Midwest Reliability Organization
Statement of Activity
6/30/2025
PRELIMINARY (Unaudited)

(In Whole Dollars)

		2025 YTD Actual	2025 YTD Budget	2025 YTD Variance	%	Projected 2025 End Of Year	2025 Budget	2025 Variance	%
Funding									
ERO Funding									
	ERO Assessments	\$ 12,617,102	\$ 12,617,102	-		\$ 25,234,204	\$ 25,234,204	-	
	Penalty Sanctions	310,625	310,625	-		621,250	621,250	-	
A.	Total ERO Funding	\$ 12,927,728	\$ 12,927,727	\$ -		\$ 25,855,454	\$ 25,855,454	\$ -	
	Interest	164,229	7,800	156,429		328,457	15,600	312,858	
	Total Funding	\$ 13,091,956	\$ 12,935,527	\$ 156,429		\$ 26,183,911	\$ 25,871,053	\$ 312,858	
Expenses									
Personnel Expenses									
	Salaries	\$ 7,804,018	\$ 8,331,710	(527,692)		\$ 15,893,985	\$ 16,663,420	(769,435)	
	Payroll Taxes	453,243	528,785	(75,542)		897,134	1,057,570	(160,436)	
	Benefits	921,608	872,056	49,553		1,817,365	1,744,112	73,253	
	Retirement Costs	1,118,108	1,182,531	(64,423)		2,255,425	2,365,061	(109,636)	
	Total Personnel Expenses	\$ 10,296,977	\$ 10,915,081	\$ (618,104)	-5.7%	\$ 20,863,909	\$ 21,830,163	\$ (966,254)	-4.4%
Meeting Expenses									
	Meetings & Conference Calls	\$ 196,878	\$ 91,138	105,740		\$ 246,071	\$ 182,275	63,796	
	Travel	185,285	247,356	(62,070)		346,298	494,711	(148,413)	
	Total Meeting Expenses	\$ 382,163	\$ 338,493	\$ 43,670	12.9%	\$ 592,369	\$ 676,986	\$ (84,617)	-12.5%
Operating Expenses									
	Consultants & Contracts	\$ 317,666	\$ 478,741	(161,075)		\$ 897,640	\$ 1,196,853	(299,213)	
	Office Rent	528,055	568,000	(39,945)		1,056,109	1,136,000	(79,891)	
	Office Costs	365,493	417,213	(51,720)		730,986	1,043,032	(312,046)	
	Professional Services	251,122	272,650	(21,528)		502,244	545,300	(43,056)	
	Total Operating Expenses	\$ 1,462,336	\$ 1,736,604	\$ (274,268)	-15.8%	\$ 3,186,979	\$ 3,921,185	\$ (734,206)	-18.7%
	Total Direct Expenses	\$ 12,141,476	\$ 12,990,178	\$ (848,702)	-6.5%	\$ 24,643,257	\$ 26,428,334	\$ (1,785,077)	-6.8%
Indirect Expenses									
	Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
B.	Total Expenses	\$ 12,141,476	\$ 12,990,178	\$ (848,702)		\$ 24,643,257	\$ 26,428,334	\$ (1,785,077)	
	Net Funding less Expenses (A-B)	\$ 950,480	\$ (54,652)	\$ 1,005,131		\$ 1,540,654	\$ (557,281)	\$ 2,097,935	
C.	Fixed Asset Additions, excl. Right of Use Assets	\$ 40,284	\$ 48,450	\$ (8,166)	-16.9%	\$ 303,000	\$ 323,000	\$ (20,000)	-6.2%
	Total Budget (B + C)	\$ 12,181,760	\$ 13,038,628	\$ (856,868)	-6.6%	\$ 24,946,257	\$ 26,751,334	\$ (1,805,077)	-6.7%
	Change in Working Capital (A-B-C)	\$ 910,196	\$ (103,102)	\$ 1,013,297		\$ 1,237,654	\$ (880,281)	\$ 2,117,935	
	Head Count	79.00	83.00	(4.00)		83.00	83.00	-	
	FTEs	79.25	83.00	(3.75)		80.75	83.00	(2.25)	
Reserve Activity:									
	Beginning Reserves - 1/1/25	\$ 9,338,033	\$ 4,599,521	\$ 4,738,512		\$ 9,338,033	4,599,521	\$ 4,738,512	
	Change to Working Capital	910,196	(103,102)	1,013,298		1,237,654	(880,281)	2,117,935	
	Penalties Received	24,299	-	24,299		24,299	-	24,299	
	Penalties Released	(310,625)	(310,625)	-		(621,250)	(621,250)	-	
	Other Reserve Activity	121,797	-	121,797		243,594	-	243,594	
	Ending Reserves at 6/30/2025 :	\$ 10,083,700	\$ 4,185,794	\$ 5,897,906		\$ 10,222,330	\$ 3,097,990	\$ 7,124,339	

Limited Disclosure



July 21, 2025

North American Electric Reliability Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
Attention: Andy Sharp, Vice President and Chief Financial Officer

Subject: NPCC Regional Entity Division Variance Comparison and
Second Quarter 2025 Statement of Activities

Dear Andy:

The variance comparison for the period ended June 30, 2025 is included along with Northeast Power Coordinating Council, Inc.'s unaudited Second Quarter 2025 Statement of Activities.

Please do not hesitate to contact me via email at jhala@npcc.org or (646) 632-7071 should you have any comments or questions with regard to the materials provided.

Sincerely,

Jessica Hala

Jessica Hala
Vice President, Finance and Treasurer

Enclosures

cc: Charles Dickerson – NPCC President & CEO
ERO Finance Group



NPCC Regional Entity Division Budget to Actual Variance Comparison as of June 30, 2025

TOTAL EXPENSES

For the quarter ending June 30, 2025 the NPCC Regional Entity Division is \$1.6M or 12.4% under budget year to date (YTD). Based on planned activities, NPCC's current full year projection (FYP) is an under budget variance of \$812k or 3.2%. NPCC will continue to reprioritize resources as necessary to fulfill all of its responsibilities under its Regional Delegation Agreement, agreements and memorandums of understanding respecting Canadian Provinces, and the NPCC Bylaws.

INCOME

- **Penalty Sanctions** (Penalties released of \$500k were applied to reduce 2025 assessments to NPCC U.S. load serving entity designees.) Penalty sanctions remitted are included in NPCC's Assessment Stabilization Reserve (ASR) to be applied to future budget years to reduce assessments to NPCC U.S. load serving entity designees. Penalties are reported in NPCC's audited financial statements in accordance with GAAP.
- **Interest & Investment Income** (Actual income of \$130k over budget YTD and \$272k over budget FYP) Interest & investment income is earned from the investment of excess operating cash in a 100% U.S. Treasury Securities money market fund. NPCC allocated \$194k as a portion of total interest income (95%) to the Regional Entity Division consistent with the ratio of Regional Entity (RE) to Criteria Services (CS) Division 2025 funding. A common system of accounts, with divisional separation, is used for both RE and CS revenue tracking and financial reporting. Actual investment income is trending higher than budgeted, as a result, the FYP includes lower utilization of working capital than budgeted.

EXPENSES

- **Personnel** (Variance of \$646k under budget YTD and \$574k under budget FYP)
Several open positions during the first half of the year resulted in an under budget variance. Based on projected start dates for remaining open positions the full year projection is for personnel expenses to be slightly under budget. NPCC is currently recruiting to retain qualified technical individuals to fill open positions. In the interim, current responsibilities of any open positions are being addressed through resource re-allocations among the existing workforce.
- **Meetings** (Variance of \$206k under budget YTD and \$44k under budget FYP)
Under budget variance is primarily due to timing with a greater number of in-person meetings scheduled in the second half of the year. Some meetings will continue to be held in virtual or hybrid format to allow for remote participation and greater access. There will be two in-person Board of Directors meetings in 2025 rather than three included in the budget.



- **Consultants & Contracts** (Variance of \$375k under budget YTD and \$30k under budget FYP)
Under budget variance is due to timing with increased activity related to reliability assessments and studies planned for later in the year.
- **Office Costs** (Variance of \$180k under budget year-to-date and \$49k under budget FYP)
Under budget variance is due to timing of IT annual activities and the IT team successfully negotiating lower costs for license renewals compared to the budget.
- **Professional Services** (Variance of \$185k under budget YTD and \$156k under budget FYP)
Under budget variance is primarily due to one independent director search currently planned for 2025 rather than two included in the budget.
- **Fixed Assets** (Variance of \$7k under budget YTD and \$23k over budget FYP)
Over budget variance is associated with unbudgeted software enhancements. Over budget variance is offset by under budget office costs.

*(Unaudited)
Submitted July 21, 2025*



Northeast Power Coordinating Council, Inc. - Regional Entity Division
Statement of Activities, Fixed Assets and Change in Working Capital
(Unaudited)
For the Period Ended June 30, 2025

	2025 YTD Actual	2025 YTD Budget	2025 YTD Actual Variance from Budget Over(Under)	%	2025 FYP	2025 Annual Budget	2025 Projection Variance from Budget Over(Under)	%
Funding								
ERO Assessments	12,046,415	12,046,415	-		24,092,831	24,092,831	-	
Non-Statutory Funding	-	-	-		-	-	-	
Penalties Released*	500,000	500,000	-		500,000	500,000	-	
Workshops & Misc Revenue	-	30,313	(30,313)		60,625	60,625	-	
Interest & Investment Income	193,917	63,996	129,921		400,000	127,992	272,008	
Total Funding	12,740,332	12,640,724	99,608	0.8%	25,053,456	24,781,448	272,008	1.1%
Expenses								
Personnel Expenses								
Salaries	6,711,442	7,214,102	(502,660)		14,067,499	14,428,204	(360,705)	
Payroll Taxes	538,379	611,870	(73,491)		968,795	1,019,784	(50,989)	
Benefits	1,652,455	1,695,901	(43,446)		3,267,006	3,391,801	(124,795)	
Retirement Costs	733,537	759,774	(26,237)		1,481,560	1,519,548	(37,989)	
Total Personnel Expenses	9,635,813	10,281,647	(645,834)	-6.3%	19,784,860	20,359,338	(574,478)	-2.8%
Meeting Expenses								
Meetings & Conference Calls	101,111	220,716	(119,605)		447,443	519,832	(72,389)	
Travel	279,096	365,320	(86,224)		941,473	913,300	28,173	
Total Meeting Expenses	380,207	586,036	(205,829)	-35.1%	1,388,916	1,433,132	(44,216)	-3.1%
Operating Expenses, excluding Depreciation								
Consultants & Contracts	229,790	605,000	(375,210)		1,180,000	1,210,000	(30,000)	
Office Rent	182,935	215,500	(32,565)		406,000	431,000	(25,000)	
Office Costs	479,143	659,364	(180,221)		1,269,807	1,318,728	(48,921)	
Professional Services	461,258	646,500	(185,242)		1,071,000	1,227,000	(156,000)	
Miscellaneous	6,284	15,000	(8,716)		30,090	30,000	90	
Total Operating Expenses, excluding Depreciation	1,359,410	2,141,364	(781,954)	-36.5%	3,956,897	4,216,728	(259,831)	-6.2%
Indirect Expense Allocation	(155,102)	(197,347)	42,245	-21.4%	(351,278)	(394,694)	43,416	-11.0%
Other Non-Operating Expenses	-	-	-	n/a	-	-	-	n/a
Total Expenses	11,220,328	12,811,700	(1,591,372)	-12.4%	24,779,395	25,614,504	(835,109)	-3.3%
Change in Net Assets	1,520,004	(170,976)	1,690,980	-989.0%	274,061	(833,056)	1,107,117	-132.9%
Fixed Asset Additions, excluding Right of Use Assets	28,110	35,300	(7,190)	-20.4%	93,504	70,600	22,904	32.4%
Net Financing Activity	-	-	-	n/a	-	-	-	n/a
Total Budget (Expenses plus Fixed Assets and Net Financing Activity)	11,248,438	12,847,000	(1,598,562)	-12.4%	24,872,899	25,685,104	(812,205)	-3.2%
Change in Working Capital (Total Funding less Total Budget)	1,491,894	(206,276)	1,698,170	-823.3%	180,557	(903,656)	1,084,213	-120.0%
Equivalent Full Time Employees	69.90	71.20	(1.30)		77.50	77.20	0.30	
Headcount	72.00	74.00	(2.00)		80.00	80.00	-	
Beginning Total Reserves - 1/1/25	9,560,208	8,399,816	1,160,392		9,560,208	8,399,816	1,160,392	
Change to Working Capital	1,491,894	(206,276)	1,698,170		180,557	(903,656)	1,084,213	
Penalties Received (+)	23,826	-	23,826		23,826	-	23,826	
Penalties Released (-)	(500,000)	(500,000)	-		(500,000)	(500,000)	-	
Other Reserve Activity	-	-	-		-	-	-	
Total Projected Reserves at 12/31/25	10,575,928	7,693,540	2,882,388		9,264,591	6,996,160	2,268,431	
Reserve Balance Summary								
Working Capital & Operating Contingency Reserves	9,055,199	6,882,637	2,172,562		7,743,862	6,185,257	1,558,605	
Assessment Stabilization & Penalty Reserves	1,520,729	810,903	709,826		1,520,729	810,903	709,826	
Other Reserves	-	-	-		-	-	-	
Total Projected Reserves at 12/31/25	10,575,928	7,693,540	2,882,388		9,264,591	6,996,160	2,268,431	

* Penalties Released reflect the designated amount of funds released to offset U.S assessments. Actual penalties invoiced are reported in the audited financial statements an an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).



Beth Dowdell
Treasurer and Senior Director, Corporate Services
3 Summit Park Drive, Suite 600
Cleveland, OH 44131
Office: 216.503.0689
Beth.Dowdell@rfirst.org

July 18, 2025

Mr. Andy Sharp
North American Electric Reliability Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, Georgia 30326

ReliabilityFirst's 2025 2nd Quarter Year-to-Date Statement of Activities Variance Report - Unaudited

Dear Andy,

Attached is RF's 2025 2nd Quarter Year-to-Date Statement of Activities (unaudited) and Variance Report. This includes a comparison of budgeted and actual expenses relative to ReliabilityFirst Corporation 2025 Budget.

For more information, please contact me at 216.503.0689 or beth.dowdell@rfirst.org.

Sincerely,

RELIABILITYFIRST CORPORATION

Beth Dowdell

Beth Dowdell
Treasurer and Senior Director, Corporate Services

Enclosures

Cc: Tim Gallagher, President and Chief Executive Officer
Finance and Audit Committee

**RELIABILITY FIRST**

ReliabilityFirst's 2025 2nd Quarter Year-to-Date Statement of Activities Variance Report - Unaudited

Year-to-date variances greater than \$10,000 and 10% are explained below.

Funding

- **Investment Income:** \$261K (552.59%) over budget
 - Unrealized returns; Investment portfolio performing better than expected. Interest income received on new checking accounts.

Expenses

- **Employee Benefits:** \$354K (23.93%) under budget
 - Negotiated lower health care costs than budgeted for the first half of 2025. Experienced an average 2% vacancy rate for the first half of the year. Timing of budgeted training versus actual.
- **Meetings & Conference Calls:** \$20K (13.68%) under budget
 - Timing of scheduled meetings versus actual meetings
- **Contracts & Consultants:** \$112K (30.78%) under budget
 - Timing of scheduled projects and initiatives versus actual implementation and project launch.
- **Miscellaneous:** \$17K (61.18%) under budget
 - Certain expenses such as background fees were budgeted in miscellaneous but actuals are included in Contracts & Consultants. Remaining variance due to timing.



ReliabilityFirst Statement of Activities
From 1/1/2025 – 6/30/2025 (unaudited)

2025 YTD Actual	2025 YTD Budget	YTD Variance Over/(Under)	% Variance		Total 2025 Projection	Total 2025 Budget	Total 2025 Projected Variance Over/(Under)	% Projected Variance
14,293,806	14,293,806	0	0.00%	Funding				
2,707,910	2,707,910	0	0.00%	Assessments	28,587,612	28,587,612	0	0.00%
311,295	50,000	261,295	522.59%	Penalties Released	2,707,910	2,707,910	0	0.00%
0	0	0	0.00%	Investment Income	400,000	100,000	300,000	300.00%
17,313,011	17,051,716	261,295	1.53%	Miscellaneous Income	0	0	0	0.00%
				Total Funding	31,695,522	31,395,522	300,000	0.96%
				Expenses				
				Personnel Expenses				
10,137,153	10,304,119	(166,966)	-1.62%	Salaries	20,909,475	20,909,475	0	0.00%
760,405	764,399	(3,994)	-0.52%	Payroll Taxes	1,345,325	1,345,325	0	0.00%
1,126,068	1,480,276	(354,208)	-23.93%	Employee Benefits	2,781,735	3,013,614	(231,879)	-7.69%
1,713,334	1,754,296	(40,962)	-2.33%	Savings & Retirement Costs	3,371,307	3,371,307	0	0.00%
13,736,960	14,303,090	(566,130)	-3.96%	Total Personnel Expenses	28,407,842	28,639,721	(231,879)	-0.81%
				Meeting Expenses				
126,992	147,112	(20,120)	-13.68%	Meetings & Conference Calls	464,908	440,408	24,500	5.56%
305,234	313,422	(8,188)	-2.61%	Travel	693,521	648,107	45,414	7.01%
432,226	460,534	(28,308)	-6.15%	Total Meeting Expenses	1,158,429	1,088,515	69,914	6.42%
				Operating Expenses				
251,294	363,045	(111,751)	-30.78%	Contracts & Consultants	616,513	653,970	(37,457)	-5.73%
375,175	358,000	17,175	4.80%	Rent & Utilities	731,000	716,000	15,000	2.09%
647,863	700,391	(52,528)	-7.50%	Office Costs	1,316,072	1,357,755	(41,683)	-3.07%
352,136	384,755	(32,619)	-8.48%	Professional Services	759,364	761,365	(2,001)	-0.26%
11,064	28,498	(17,434)	-61.18%	Miscellaneous	41,113	65,696	(24,583)	-37.42%
1,637,532	1,834,689	(197,157)	-10.75%	Total Operating Expenses	3,464,062	3,554,786	(90,724)	-2.55%
0	0	0	0.00%	Non-Operating Expenses	0	0	0	0.00%
15,806,718	16,598,313	(791,595)	-4.77%	Total Expenses	33,030,333	33,283,022	(252,689)	-0.76%
1,506,293	453,403	1,052,890	232.22%	Net Change in Assets	(1,334,811)	(1,887,500)	552,689	-29.28%
39,549	45,000	(5,451)	-12.11%	Fixed Asset Additions, excluding Right of Use Assets	90,000	90,000	0	0.00%
15,846,267	16,643,313	(797,046)	-4.79%	Total Budget (Expenses + Fixed Assets)	33,120,333	33,373,023	(252,690)	-0.76%
1,466,744	408,403	1,058,341	259.14%	Change in Working Capital (Total Funding less Total Budget)	(1,424,811)	(1,977,500)	552,689	-27.95%
102.00	101.00	1.00	0.99%	FTE Count	101.00	101.00	0.00	0.00%



Working Capital Reserve Analysis
From 1/1/2025 – 6/30/2025 (unaudited)

	2025 YTD Actual	Total 2025 Projection
Beginning Total Reserves - 1/1/2025	7,690,929	7,690,929
Plus: Temporary Restricted Penalties	3,137,910	3,137,910
Beginning Total Reserve Balance 1/1/2025	10,828,839	10,828,839
Change to Working Capital	1,466,744	(1,424,811)
Add: Penalties Received	647,858	647,858
Subtract: Penalties Released	(2,737,910)	(2,737,910)
Other Reserve Activity	0	0
Ending Reserve at 6/30/2025	10,205,531	7,313,976
Working Capital & Operating Contingency Reserves	9,157,673	6,266,118
Assessment Stabilization & Penalty Reserves	1,047,858	1,047,858
Total Reserves	10,205,531	7,313,976



July 17, 2025

Mr. Andy Sharp
North American Electric Corporation

RE: SERC 2025 Q2 Unaudited Financial Statement – Budget vs. Actual

Andy:

Following, please find SERC's unaudited 2025 Q2 financial statement, reflecting actual to budgeted amounts with variance explanations.

If you have any questions, please let me know.

Thank you,

A handwritten signature in black ink, appearing to read 'George Krogstie', is written over a light blue horizontal line.

George Krogstie
Chief Financial Officer and Corporate Treasurer

cc: Jason Blake

SERC Reliability Corporation Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital From 1/1/2025 Through 6/30/2025								
	2025	2025	Variance 2025 YTD Actual v 2025 YTD Budget		2025	2025	Variance 2025 Projection v 2025 Budget	
	YTD Actuals	YTD Budget	Over(Under)	%	Projection	Budget	Over(Under)	%
Funding								
Statutory Funding								
SERC Assessments	\$ 15,773,808	\$ 15,773,808	\$ -		\$ 31,547,615	\$ 31,547,615	-	
Penalties Released*	\$ 1,486,020	\$ 1,486,020	-		2,972,040	2,972,040	-	
Total Statutory Funding	\$ 17,259,828	\$ 17,259,828	\$ -	0.00%	\$ 34,519,655	\$ 34,519,655	\$ -	0.00%
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -	-	
Federal Grants	-	-	-		-	-	-	
Services & Software	-	-	-		-	-	-	
Workshops & Miscellaneous	139,523	106,000	33,523		216,000	200,000	16,000	
Interest	375,036	85,000	290,036		504,000	170,000	334,000	
Total Funding (A)	\$ 17,774,387	\$ 17,450,828	\$ 323,559	1.85%	\$ 35,239,655	\$ 34,889,655	\$ 350,000	1.00%
Expenses								
Personnel Expenses								
Salaries	\$ 11,055,041	11,021,285	\$ 33,756		\$ 22,108,000	\$ 22,041,566	66,434	
Payroll Taxes	797,267	659,762	137,505		1,325,000	\$ 1,319,534	5,466	
Benefits	1,028,439	1,163,367	(134,928)		2,288,000	2,420,585	(132,585)	
Retirement Costs	1,511,976	1,414,950	97,026		2,901,800	2,829,901	71,899	
Total Personnel Expenses	\$ 14,392,723	\$ 14,259,364	\$ 133,359	0.94%	\$ 28,622,800	\$ 28,611,585	\$ 11,215	0.04%
Meeting Expenses								
Meetings & Conference Calls	\$ 224,912	\$ 248,110	\$ (23,198)		\$ 490,000	\$ 449,700	40,300	
Travel	480,679	555,506	(74,827)		1,020,000	1,114,895	(94,895)	
Total Meeting Expenses	\$ 705,591	\$ 803,616	\$ (98,025)	-12.20%	\$ 1,510,000	\$ 1,564,595	\$ (54,595)	-3.49%
Operating Expenses, excluding Depreciation								
Consultants & Contracts	\$ 399,617	\$ 401,125	\$ (1,508)		\$ 1,250,000	\$ 1,170,100	79,900	
Office Rent	703,683	706,700	(3,017)		1,340,800	\$ 1,344,800	(4,000)	
Office Costs	731,243	831,367	(100,124)		1,677,488	1,718,484	(40,996)	
Professional Services	290,512	296,823	(6,311)		590,000	581,525	8,475	
Miscellaneous	-	-	-		-	-	-	
Total Operating Expenses	\$ 2,125,055	\$ 2,236,015	\$ (110,960)	-4.96%	\$ 4,858,288	\$ 4,814,909	\$ 43,379	0.90%
Total Direct Expenses	\$ 17,223,369	\$ 17,298,995	\$ (75,626)	-0.44%	\$ 34,991,088	\$ 34,991,088	\$ (0)	0.00%
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Total Expenses (B)	\$ 17,223,369	\$ 17,298,995	\$ (75,626)	-0.44%	\$ 34,991,088	\$ 34,991,088	\$ (0)	0.00%
Change in Assets	\$ 551,018	\$ 151,832	\$ 399,185	262.91%	\$ 248,567	\$ (101,433)	\$ 350,000	-345.05%
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 322,806	\$ 220,000	\$ 102,806	46.73%	\$ 560,000	\$ 360,000	\$ 200,000	55.56%
TOTAL BUDGET (B+C)	\$ 17,546,175	\$ 17,518,995	\$ 27,180	0.16%	\$ 35,551,088	\$ 35,351,088	\$ 200,000	0.57%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 228,211	\$ (68,168)	\$ 296,379	-434.78%	\$ (311,433)	\$ (461,433)	\$ 150,000	-32.51%
FTE's	111.00	115.00	(4.00)		115.00	115.00	-	
Head Count	111.00	115.00	(4.00)		115.00	115.00	-	
Beginning Reserve at 1/1/2025	12,613,546	10,854,538	1,759,008		12,613,546	10,854,538	1,759,008	
Change to Working Capital	228,211	(68,168)	296,379		(311,433)	(461,433)	150,000	
Penalties Received (+)	267,055	-	267,055		267,055	-	267,055	
Penalties Released (-)	(1,486,020)	(1,486,020)	-		(2,972,040)	(2,972,040)	-	
Other Reserve Activity	-	-	-		-	-	-	
Ending Reserves at 12/31/2025	11,622,792	9,300,350	2,322,442		9,597,128	7,421,065	2,176,063	
Working Capital & Operating Contingency Reserves	3,303,717	2,514,330	789,387		2,764,073	2,121,065	643,008	
Assessment Stabilization & Penalty Reserves	8,319,075	6,786,020	1,533,055		6,833,055	5,300,000	1,533,055	
Other Reserves	-	-	-		-	-	-	
Total Reserves Balance	11,622,792	9,300,350	2,322,442		9,597,128	7,421,065	2,176,063	

* Penalties Released in the current year reflects the designated amount of funds released from the Assessment Stabilization Reserve (ASR) to offset U.S. assessments as approved by the SERC Board of Directors and FERC. Actual penalties invoiced in the current reporting year are shown as an increase in the ASR on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Budget to Actual Comparison as of June 30, 2025 (Unaudited)

Overall Summary

- YTD spending \$27k over budget due to timing of planned fixed asset purchases and deferred consulting expenditures. Full year projection \$200k over budget due to timing of expenses associated with office relocation
- Funding \$324k over budget YTD and projected \$350k over budget for the full year attributable to increased investment returns

Income

- **Funding (Actual - \$324k over budget)**
 - Higher interest rates are driving the YTD and projected favorable variances

Expense

- **Personnel Expenses (Actual - \$133k over budget)**
 - Timing of actual payroll taxes versus budget and higher participation in SERC 401k retirement program driving YTD variances. Full year expense projected to be slightly over budget due to salaries and retirement participation offset by favorable insurance rates in first half of year
- **Meeting/Travel Expenses (Actual - \$98k under budget)**
 - Deferred meeting and travel resulting in lower expenses versus budget
- **Contracts/Consultants (Actual - \$1.5k under budget)**
 - Timing of projects varies from budget; full year projected to be \$80k over budget due to contract renewals being higher than expected
- **Office Rent (Actual - \$3k under budget)**
 - Actual GAAP rent expense slightly less than estimate used for budgeting purposes
- **Office Costs (Actual - \$100k under budget)**
 - Certain planned software purchases deferred driving YTD underage in Office Costs
- **Professional Services (Actual - \$6k under budget)**
 - Timing of actual legal fees varies from budget
- **Fixed Asset Purchases (Actual - \$103k over budget)**
 - YTD and projected budget variance due to leasehold improvements planned in 2024 not completed until 2025 (no net impact to working capital).



July 17, 2025

Mr. Andy Sharp
North American Electric Reliability Corporation
3353 Peachtree Road NE, Suite 600, North Tower
Atlanta, GA 30326

RE: Texas Reliability Entity, Inc. 2nd Quarter 2025 Statement of Activities and Variance Report

Dear Andy,

Attached is the 2025 second quarter Variance Report for Texas RE with variance explanations.

Please contact me if you have questions or comments.

Thank you.

Donna Bjornson

Donna Bjornson, CPA
Vice President and CFO
Texas Reliability Entity, Inc.
800 Metropolis Drive, Suite 300
Austin, Texas 78744
Donna.bjornson@texasre.org
512.583.4959



2025 Second Quarter Budget to Actual Comparison

Year-to-date variances greater than \$10,000 and 10% explained below.

FUNDING

- **Interest:** \$151K (242%) more than budget
 - Texas RE's banking account is the Business Banking U.S. End of Day Money Market Mutual Fund Sweep account. Interest rates and average balances are higher than anticipated at the time the 2025 budget was prepared.

EXPENSES

- **Personnel Expenses:** \$930K (-11.7%) less than budget
 - Salaries and taxes are less than budget by \$422K (-7.4%) and \$52K (-12.3%), respectively because of vacancies. Four positions (two in CMEP, one in IT, and one in Enforcement) became vacant in the first two quarters. By the end of the second quarter, all but one IT position was filled.
 - Employee benefits are \$129K (-24.9%) less than budget. This underrun can be attributed to health insurance costs not incurred because of vacancies as well as a timing difference in training and seminar costs.
 - Savings and Retirement is less than budget by \$159K (-40.2%) because of vacancies and the use of forfeitures used to fund retirement contributions.
- **Meetings and Travel Expenses:** \$89K (-35.9%) less than budget
 - Meetings expenses are timing differences between when these expenses are incurred versus an even allocation of the annual budget over the year.
 - Travel expenses are partially because of vacancies and because of timing differences between when these expenses are incurred versus an even allocation of the annual budget over the year.
- **Operating Expenses:** \$456K (-25.1%) less than budget
 - Building Rent and Improvements are \$420K (-49.8%) less than budget. The budget underrun is because a \$117K credit was received from our Landlord as a result of the 2024 CAM reconciliation, \$94K represents the recognition of lease incentives per ASC 842 lease accounting standard, and the balance represents maintenance costs not spent in the first two quarters.
 - Consultants and Contracts are \$31K (-16.4%) less than budget because of a timing difference between when these services are scheduled versus when they are allocated in the budget.



- Professional Services are \$52K (-13.8%) less than budget because of \$32K of legal fees not needed in the first two quarters, \$11K less required for property insurance renewals, and a \$7.6K timing difference in tax preparation fees.
- Office costs are \$46K (11.3%) more than budget primarily because of additional software costs needed to support the migration of on premise data hosting to cloud hosting.



Texas Reliability Entity, Inc.
Statement of Activities and Fixed Assets
For the period ended June 30, 2025
(Unaudited)

	2025 Actual	2025 Budget	YTD Actual Variance from Budget		2025 Forecast	2025 Budget	Forecast Variance from Budget	
Funding								
ERO Funding								
Assessments	\$ 9,630,711	\$ 9,630,711	-	0.0%	\$19,261,419	\$ 19,261,419	\$ -	0.0%
Penalties Released	338,463	338,463	-	0.0%	338,463	338,463	-	0.0%
Interest Income	213,799	62,501	151,298	242.1%	300,000	125,000	175,000	140.0%
Total Funding (A)	\$ 10,182,973	\$ 10,031,675	\$ 151,298	1.5%	\$19,899,882	\$ 19,724,882	\$ 175,000	0.9%
Expenses								
Personnel Expenses								
Salaries	\$ 5,299,516	\$ 5,721,402	\$ (421,886)	-7.4%	\$11,275,514	\$ 11,591,928	\$ (316,415)	-2.7%
Payroll Taxes	368,554	420,483	(51,928)	-12.3%	738,908	777,854	(38,946)	-5.0%
Employee Benefits	704,978	1,002,217	(297,239)	-29.7%	1,969,452	1,969,452	\$ -	0.0%
Savings & Retirement	653,810	812,318	(158,508)	-19.5%	1,524,271	1,643,152	(118,881)	-7.2%
Total Personnel Expenses	\$ 7,026,858	\$ 7,956,419	\$ (929,561)	-11.7%	\$15,508,145	\$ 15,982,386	\$ (474,242)	-3.0%
Meeting & Travel Expenses								
Total Meetings & Conference Calls	\$ 21,581	\$ 44,700	\$ (23,119)	-51.7%	\$ 120,900	\$ 120,900	\$ -	0.0%
Total Travel	137,226	202,872	(65,646)	-32.4%	403,579	403,579	-	0.0%
Total Meeting & Travel Expenses	\$ 158,807	\$ 247,572	\$ (88,765)	-35.9%	\$ 524,479	\$ 524,479	\$ -	0.0%
Operating Expenses								
Total Consultants & Contracts	\$ 157,768	\$ 188,748	\$ (30,980)	-16.4%	\$ 437,500	\$ 437,500	\$ -	0.0%
Total Rent & Improvements	423,049	843,160	(420,112)	-49.8%	1,563,692	1,751,692	(188,000)	-10.7%
Total Office Costs	460,332	413,779	46,553	11.3%	811,325	811,325	-	0.0%
Total Professional Services	321,481	373,048	(51,567)	-13.8%	737,500	737,500	-	0.0%
Total Operating Expenses	\$ 1,362,630	\$ 1,818,735	\$ (456,106)	-25.1%	\$ 3,550,017	\$ 3,738,017	\$ (188,000)	-5.0%
Other Non-Operating Expenses								
	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%
Total Expenses	\$ 8,548,295	\$ 10,022,726	\$ (1,474,432)	-14.7%	\$19,582,641	\$ 20,244,882	\$ (662,242)	-3.3%
Change in Net Assets	\$ 1,634,678	\$ 8,948	\$ 1,625,730	18168.4%	\$ 317,241	\$ (520,000)	\$ 837,242	-161.0%
Fixed Asset Additions, excl. ROU Assets	\$ 21,136	\$ -	\$ 21,136	0.0%	\$ 50,000	\$ 50,000	\$ -	0.0%
Total Budget (B)	\$ 8,569,431	\$ 10,022,726	\$ (1,453,295)	-14.5%	\$ 19,632,641	\$ 20,294,882	\$ (662,242)	-3.3%
Change in Working Capital (A - B)	\$ 1,613,541	\$ 8,948	\$ 1,604,593	17932.2%	\$ 267,241	\$ (570,000)	\$ 837,242	-146.9%
FTE's	71	72	(1)		72	72	-	



Working Capital Reserve Analysis

	YTD 2025 Actual	Total 2025 Projection
Beginning Working Capital as of 1/1/25	\$ 8,023,308	\$ 8,023,308
Change to Working Capital	1,613,541	267,241
Minus Penalties Released	(338,463)	(338,463)
Add Penalties Received	445,217	445,217
Lease Incentive Recognition	(93,476)	(192,459)
Working Capital	\$ 9,650,127	\$ 8,204,845
Restricted Contingency Reserve	\$ 2,000,000	\$ 2,000,000
Unrestricted Contingency Reserve	1,382,480	\$ 1,382,480
Working Capital Reserves	2,066,064	605,586
Penalty Reserves	445,217	445,217
Reserve for Future Lease Obligation	347,913	363,108
Assessment Stabilization Reserves	3,408,453	3,408,453
Total Reserves	\$ 9,650,127	\$ 8,204,845



Jillian Lessner
CFAO
July 21, 2025

Mr. Andy Sharp
Vice President, Chief Financial Officer
North American Electric Reliability Corporation
1401 H Street NW, Suite 410
Washington, DC 20005

RE: WECC Q2 2025 Statutory Statement of Activities and Variance Report

Dear Andy,

Attached is WECC's second-quarter Statutory Statement of Activities (Unaudited) and Variance Report. WECC's 2025 unaudited, net year-to-date results are \$268,000 under budget, excluding the impact of Generally Accepted Accounting Principles' (GAAP) treatment of penalty revenue recognition. Explanations and drivers are noted below.

If you have any questions, please let me know.

Regards,

A handwritten signature in blue ink, appearing to read 'JLessner', written in a cursive style.

Jillian Lessner
Chief Financial and Administrative Officer

Enclosures

Cc: Melanie Frye, President and Chief Executive Officer
WECC Finance and Audit Committee

Year-to-date variances greater than \$10,000 and 10% are explained below. The explanations pertain to all statutory activities.

Funding

- Workshop Revenue: \$110,000 under budget
Workshop Revenue is under budget due to lower-than-budgeted workshop attendance.
- Interest: \$238,000 over budget
Interest is over budget due to higher-than-budgeted interest rates and investment income.

Expenses

- Meetings & Conference Calls: \$37,000 under budget
Meetings & Conference Calls are under budget primarily due to the conversion of some in-person meetings to a virtual format and lower-than-budgeted workshop attendance.
- Travel: \$61,000 under budget
Travel is under budget primarily due to lower-than-budgeted travel activity and costs.
- Consultants & Contracts: \$208,000 over budget
Consultants & Contracts are over budget primarily due to the timing of actual expenditures compared to budget.
- Office Costs: \$185,000 under budget
Office Costs are under budget primarily due to actual licensing fee escalations compared to budget and actual software tools in service compared to budget.
- Professional Services: \$83,000 under budget
Professional Services are under budget primarily due to the vacancy of one Board of Director position.
- Indirect Expenses: \$147,000 under budget
Indirect Expenses are under budget due to lower allocable expenses in the Corporate Services program area and several vacant positions in the non-statutory program area.
- Fixed Assets: \$96,000 over budget
Fixed Assets are over budget primarily due to the timing of equipment upgrades and replacements compared to budget.



Western Electricity Coordinating Council
Statutory Statement of Activities
As of June 30, 2025
(Unaudited)

(In Whole Dollars)

	2025 YTD Actual	2025 YTD Budget	2025 YTD Variance	%	2025 Projection	2025 Annual Budget	2025 Projected Variance	%
Funding								
Assessments	33,016,000	33,016,000	-	0.0%	33,016,000	33,016,000	-	0.0%
Penalties Released ¹	4,400	4,400	-	0.0%	4,400	4,400	-	0.0%
Services & Software	-	-	-	-	-	-	-	-
Workshops & Miscellaneous	210,085	320,521	(110,436)	-34.5%	767,434	703,541	63,893	9.1%
Interest	737,959	500,000	237,959	47.6%	1,239,888	1,000,000	239,888	24.0%
Total Funding	33,968,444	33,840,921	127,523	0.4%	35,027,722	34,723,941	303,781	0.9%
Expenses								
Personnel Expenses								
Salaries	10,920,556	11,099,957	(179,401)	-1.6%	24,228,421	24,449,956	(221,535)	-0.9%
Payroll Taxes	822,843	766,842	56,001	7.3%	1,614,453	1,536,792	77,661	5.1%
Employee Benefits	1,451,300	1,471,586	(20,286)	-1.4%	2,815,573	2,934,023	(118,450)	-4.0%
Retirement Costs	935,435	1,002,786	(67,351)	-6.7%	2,086,635	2,200,566	(113,931)	-5.2%
Total Personnel Expenses	14,130,134	14,341,171	(211,037)	-1.5%	30,745,082	31,121,337	(376,255)	-1.2%
Meeting Expenses								
Meetings & Conference Calls	253,040	289,983	(36,943)	-12.7%	598,373	635,316	(36,943)	-5.8%
Travel	422,963	483,591	(60,628)	-12.5%	983,031	1,062,145	(79,114)	-7.4%
Total Meeting Expenses	676,003	773,574	(97,571)	-12.6%	1,581,404	1,697,461	(116,057)	-6.8%
Operating Expenses, excluding Depreciation								
Consultants & Contracts	1,181,117	973,518	207,599	21.3%	1,785,092	1,897,400	(112,308)	-5.9%
Office Rent	646,964	661,531	(14,567)	-2.2%	1,313,695	1,328,263	(14,568)	-1.1%
Office Costs	1,340,278	1,524,989	(184,711)	-12.1%	2,643,134	2,949,356	(306,222)	-10.4%
Professional Services	591,355	674,250	(82,895)	-12.3%	1,226,210	1,327,700	(101,490)	-7.6%
Miscellaneous	-	-	-	-	-	-	-	-
Total Operating Expenses	3,759,714	3,834,288	(74,574)	-1.9%	6,968,131	7,502,719	(534,588)	-7.1%
Total Direct Expenses	18,565,851	18,949,033	(383,182)	-2.0%	39,294,617	40,321,517	(1,026,900)	-2.5%
Indirect Expenses	(426,110)	(573,437)	147,327	-25.7%	(999,546)	(1,146,873)	147,327	-12.8%
Other Non-Operating Expenses	-	-	-	-	-	-	-	-
Total Expenses	18,139,741	18,375,596	(235,855)	-1.3%	38,295,071	39,174,644	(879,573)	-2.2%
Change in Net Assets	15,828,703	15,465,325	363,378	2.3%	(3,267,349)	(4,450,703)	1,183,354	-26.6%
Fixed Asset Additions, excluding Right of Use Assets	157,622	62,000	95,622	154.2%	244,122	150,713	93,409	62.0%
Total Expenditures	18,297,363	18,437,596	(140,233)	-0.8%	38,539,193	39,325,357	(786,164)	-2.0%
Change in Working Capital (Total Funding less Total Budget)	15,671,081	15,403,325	267,756		(3,511,471)	(4,601,416)	1,089,945	
FTEs	159.01	175.00	(15.99)		164.01	175.00	(10.99)	
Headcount	164.00	175.00	(11.00)		169.00	175.00	(6.00)	
Working Capital at 1/1/2025	14,188,218	12,848,597	1,339,621		14,188,218	12,848,597	1,339,621	
Peak Reliability Donation Expenditures	1,027,931	411,191	616,740		1,531,971	1,500,000	31,971	
Change to WC - 2025	15,671,081	15,403,325	267,756		(3,511,471)	(4,601,416)	1,089,945	
Working Capital at 6/30/2025	30,887,230	28,663,113	2,224,117		12,208,718	9,747,181	2,461,537	

¹ Penalties released in the current year reflects the designated amount of funds released to offset U.S. assessments as approved by the WECC Board of Directors and FERC. Actual penalties invoiced in the current reporting year will be reported as income on the audited financial statements in accordance with GAAP.



Working Capital and Reserve Analysis

Working Capital and Reserve Analysis					
STATUTORY					
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation	
Beginning Reserve, January 1, 2025	17,249,910	\$ 14,188,218	\$ 4,400		3,057,292
Plus: Total Funding	34,010,189	33,968,444	41,745		-
Penalties Release	(4,400)	-	(4,400)		-
Less: Expenditures	(18,297,362)	(17,269,431)	-		(1,027,931)
Plus: Non-Statutory Fund Adjustment	-		-		-
Reserve, June 30, 2025	<u>\$ 32,958,337</u>	<u>\$ 30,887,231</u>	<u>\$ 41,745</u>	<u>\$</u>	<u>2,029,361</u>

NERC

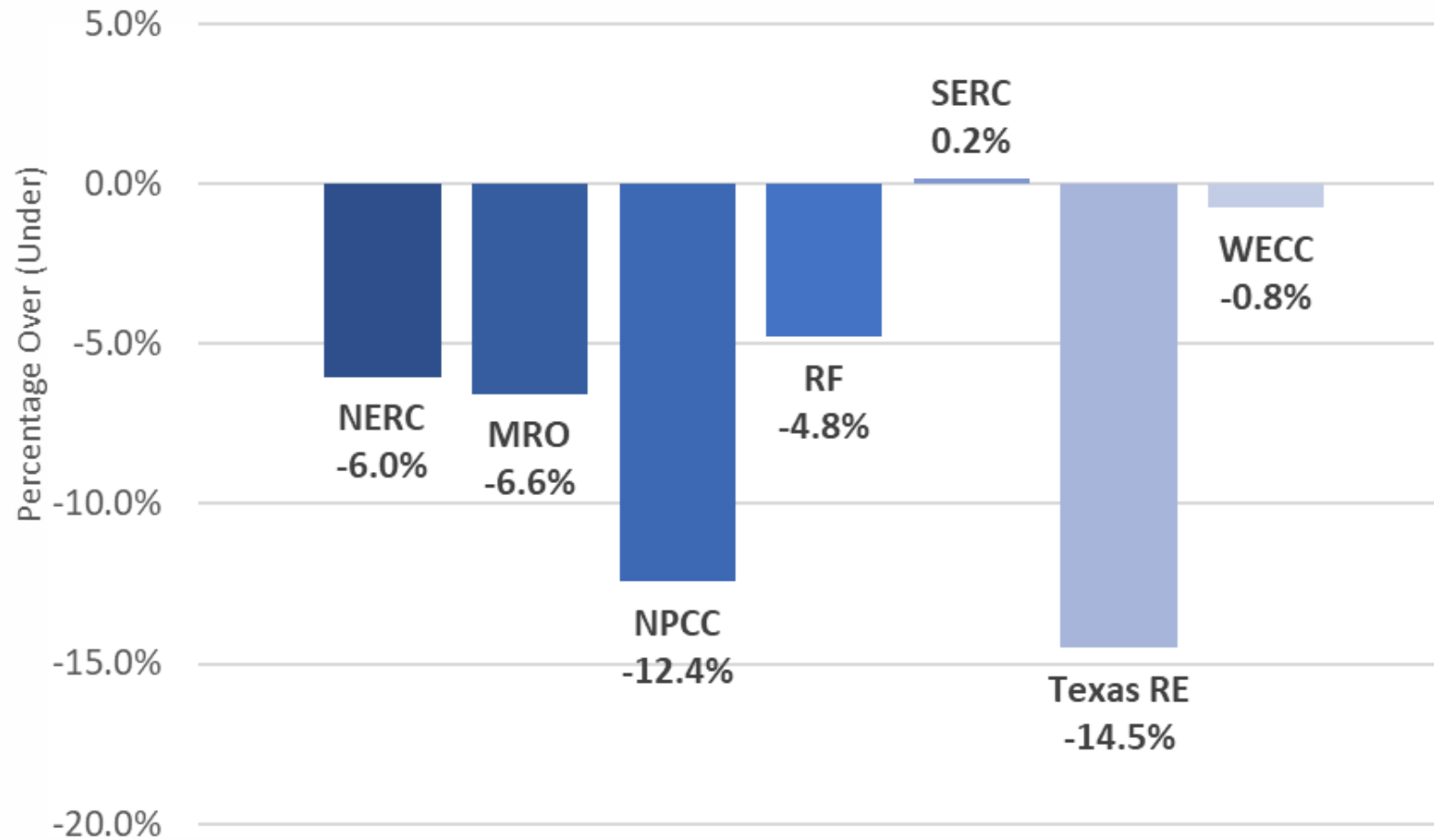
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Total ERO Enterprise Unaudited Summary of Results as of June 30, 2025

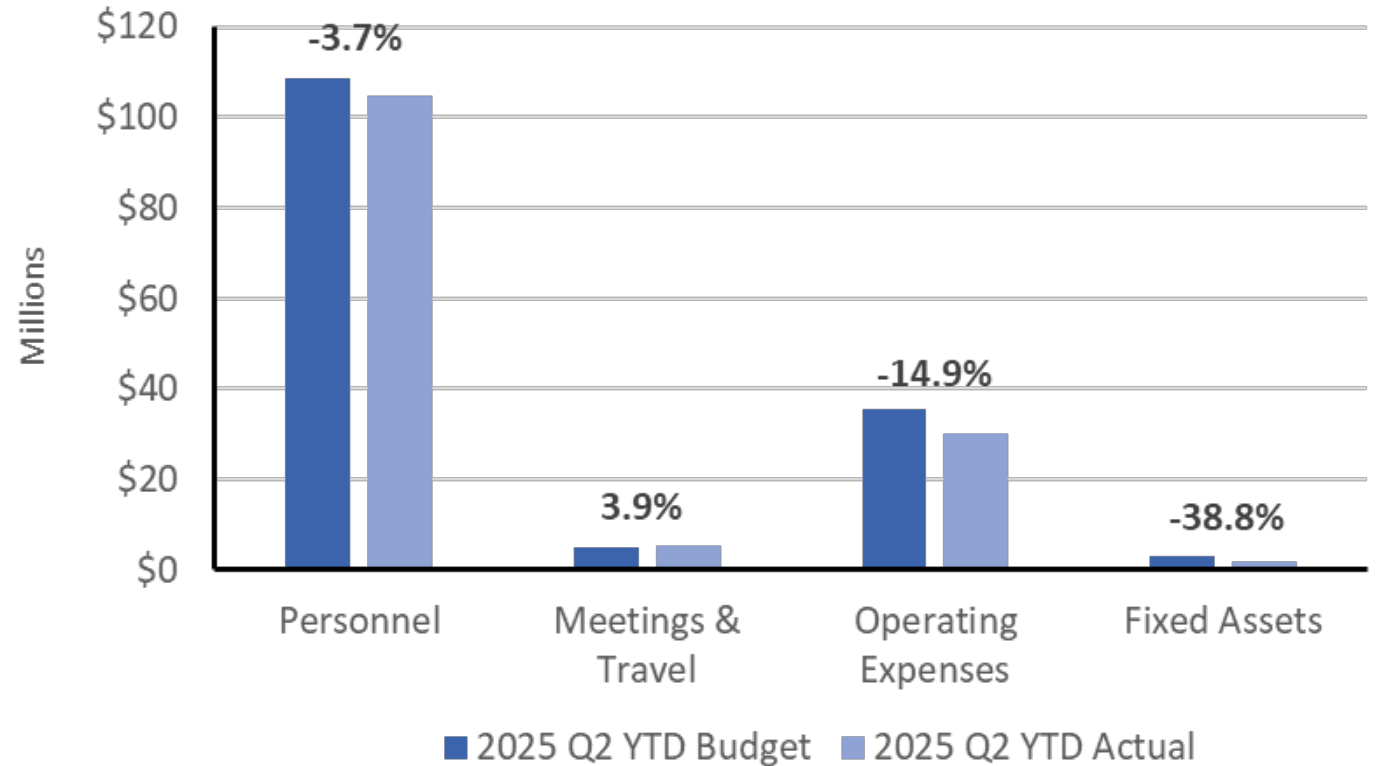
Andy Sharp, Vice President and Chief Financial Officer
Finance and Audit Committee Meeting
August 13, 2025

RELIABILITY | RESILIENCE | SECURITY

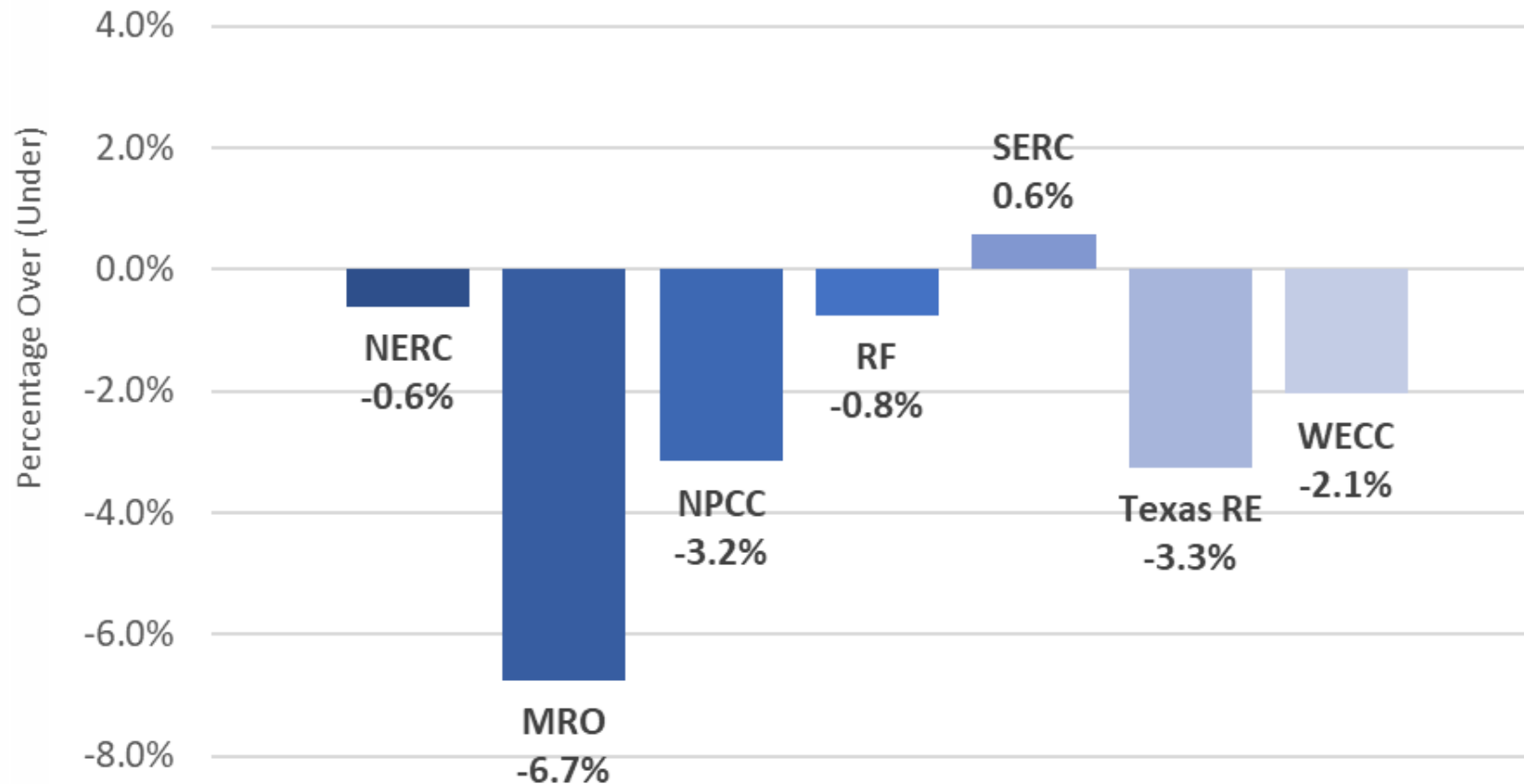
2025 Second Quarter YTD Results vs. Budget (% by Entity)



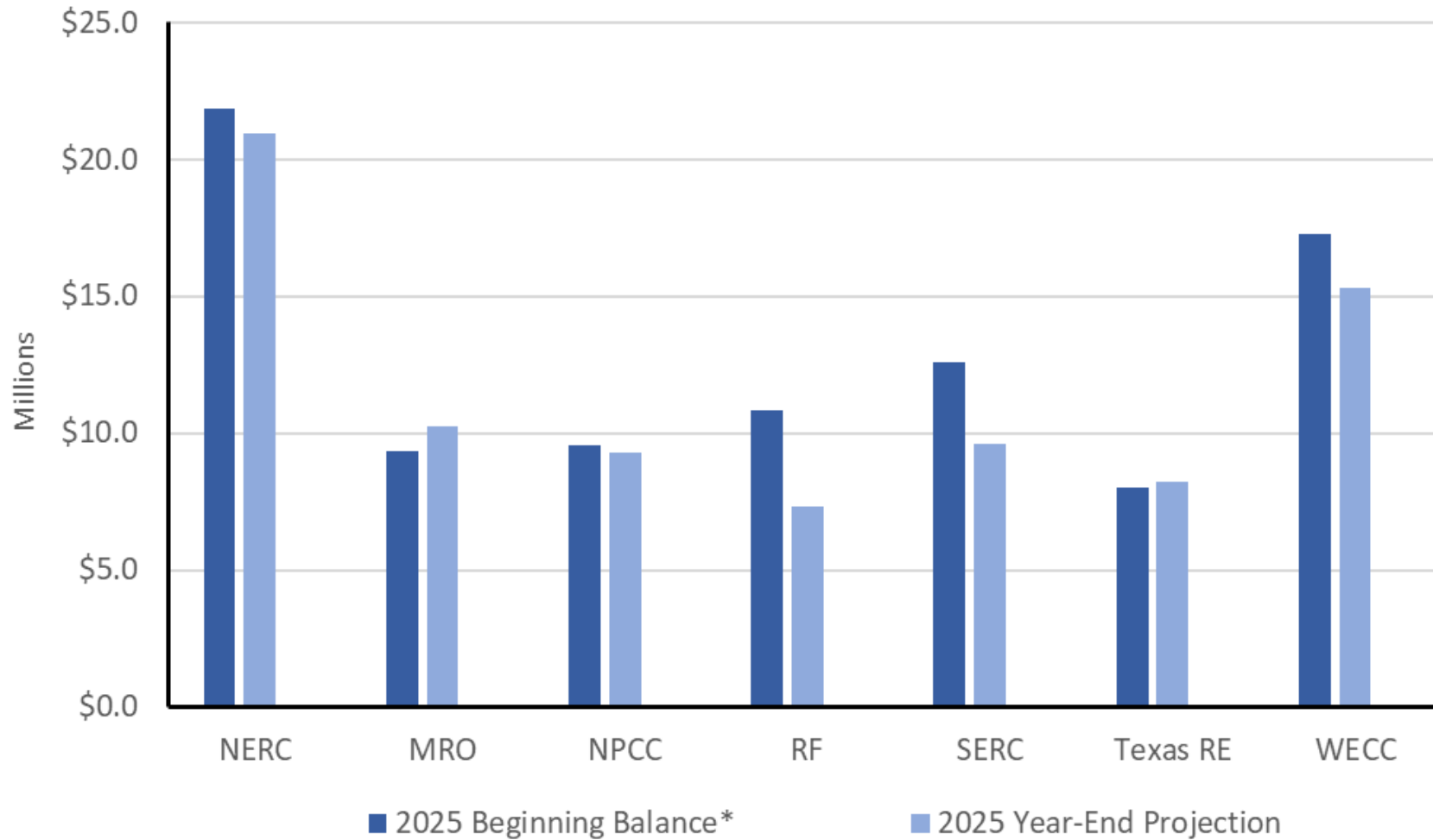
- **Personnel** – All entities were under budget except for SERC.
- **Meetings & Travel** – All entities were under budget except for NERC.
- **Operating Expenses** – All entities were under budget.
- **Fixed Assets** – SERC, Texas RE, and WECC were over budget. All other entities were under budget.



2025 Projected Year-End Results vs. Budget (% by Entity)



2025 Beginning vs. Projected Ending Total Reserve Balances by Entity



**Adjusted for audited results*

A map of North America, including the United States, Canada, and Mexico. The map is divided into three horizontal color bands: a light blue band across the top (Canada), a dark blue band across the middle (United States), and a light blue band across the bottom (Mexico). The word "Appendix" is written in large, bold, black letters across the center of the map, overlapping the United States band.

Appendix

2025 Actual Beginning vs. Projected Ending Reserves Balances Detail

\$ - millions

Entity	Actual Beginning				Projected Ending				Total 2025 Budget	% of Reserves to 2025 Total Budget	Increase/(Decrease)			
	WCOCR ⁽¹⁾	ASR ⁽²⁾ & Unreleased Penalties	Other Reserves	1/1/2025 Total Reserves	WCOCR ⁽¹⁾	ASR ⁽²⁾ & Unreleased Penalties	Other Reserves	12/31/2025 Total Reserves			WCOCR ⁽¹⁾	ASR ⁽²⁾ & Unreleased Penalties	Other Reserves	Total Reserves
NERC	\$ 10.4	\$ 1.0	\$ 10.5	\$ 21.9	\$ 11.4	\$ 1.0	\$ 8.6	\$ 21.0	\$ 123.0	17.1%	\$ 1.0	\$ -	\$ (1.9)	\$ (0.9)
MRO	3.1	6.2	-	9.3	3.4	6.9	-	10.3	26.8	38.4%	0.3	0.7	-	1.0
NPCC	8.1	1.5	-	9.6	7.7	1.5	-	9.2	25.7	35.8%	(0.4)	-	-	(0.4)
RF	7.7	3.1	-	10.8	6.3	1.0	-	7.3	33.4	21.9%	(1.4)	(2.1)	-	(3.5)
SERC	3.1	9.5	-	12.6	2.8	6.8	-	9.6	35.4	27.1%	(0.3)	(2.7)	-	(3.0)
Texas RE	5.4	2.3	0.3	8.0	4.0	3.9	0.4	8.3	20.3	40.9%	(1.4)	1.6	0.1	0.3
WECC	14.2	-	3.1	17.3	13.8	-	1.5	15.3	39.3	38.9%	(0.4)	-	(1.6)	(2.0)
	\$ 52.0	\$ 23.6	\$ 13.9	\$ 89.5	\$ 49.4	\$ 21.1	\$ 10.5	\$ 81.0	\$ 303.9	26.7%	\$ (2.6)	\$ (2.5)	\$ (3.4)	\$ (8.5)

⁽¹⁾ WCOCR - Working Capital & Operating Contingency Reserve -Projected 12/31/25 WCOCR is 16.3% of annual 2025 budget, or 2.0 months of budgeted expenses

⁽²⁾ ASR - Assessment Stabilization Reserve

⁽³⁾ Projected 12/31/25 total reserve balance is 26.7% of annual 2025 budget, or 3.2 months of budgeted operating expenses

2025 Projected Ending vs. Budgeted Ending Reserve Balances Detail

\$ - millions

	Projected Ending				Budgeted Ending				Over/(Under)			
Entity	WCOCR ⁽¹⁾	ASR ⁽²⁾ & Unreleased Penalties	Other Reserves	12/31/2025 Total Reserves	WCOCR ⁽¹⁾	ASR ⁽²⁾ & Unreleased Penalties	Other Reserves	12/31/2025 Total Reserves	WCOCR ⁽¹⁾	ASR ⁽²⁾ & Unreleased Penalties	Other Reserves	12/31/2025 Total Reserves
NERC	\$ 11.4	\$ 1.0	\$ 8.6	\$ 21.0	\$ 13.2	\$ 1.0	\$ 7.5	\$ 21.7	\$ (1.8)	\$ -	\$ 1.1	\$ (0.7)
MRO	3.4	6.9	-	10.3	1.0	2.3	(0.2)	3.1	2.4	4.6	0.2	7.2
NPCC	7.7	1.5	-	9.2	6.2	0.8	-	7.0	1.5	0.7	-	2.2
RF	6.3	1.0	-	7.3	3.2	1.0	-	4.2	3.1	-	-	3.1
SERC	2.8	6.8	-	9.6	2.1	5.3	-	7.4	0.7	1.5	-	2.2
Texas RE	4.0	3.9	0.4	8.3	2.0	4.8	0.4	7.2	2.0	(0.9)	-	1.1
WECC	13.8	-	1.5	15.3	9.7	-	1.2	10.9	4.1	-	0.3	4.4
	\$ 49.4	\$ 21.1	\$ 10.5	\$ 81.0	\$ 37.4	\$ 15.2	\$ 8.9	\$ 61.5	\$ 12.0	\$ 5.9	\$ 1.6	\$ 19.5

⁽¹⁾ WCOCR - Working Capital & Operating Contingency Reserve

⁽²⁾ ASR - Assessment Stabilization Reserve



Questions and Answers

NERC and Regional Entity Proposed 2026 Business Plans and Budgets and Associated Assessments

Action

Review and recommend the following for Board of Trustees (Board) approval:

[Final NERC 2026 Business Plan and Budget \(BP&B\)](#)

[Final Regional Entity and Western Interconnection Regional Advisory Body \(WIRAB\) 2026 BP&Bs 2026 Assessment Schedule](#)

Background

On May 23, 2025, NERC posted its draft 2026 BP&B for stakeholder review and comment, along with the 2026 BP&Bs of each Regional Entity and WIRAB for reference.¹ Prior, on May 21, 2025, the FAC hosted a webinar that included a review of the NERC draft 2026 BP&B assumptions and the proposed ERO Enterprise combined 2026 budgets and assessments.

NERC's 2026 BP&B included the following key assumptions, consistent with the "bridge year" approach for 2026. This approach represents an operational pause between three-year plans, in which the 2026 BP&B has been developed as a traditional, one-year plan that focuses on continuing critical priorities while targeting a lower budget increase than the 8–9% projected for 2026 in the 2025 BP&B.

- **2026 Budget – \$128.3M (\$5.3M or 4.3% increase from 2025)**
 - Primary drivers are costs related to key workforce and technology strategy investments that continue NERC's most critical priorities in support of the four focus areas outlined in the *ERO Enterprise Long-Term Strategy*, which include Energy, Security, Engagement, and Agility and Sustainability
- **2026 Assessment – \$113.7M (\$5.3M or 4.9% increase from 2025)**
 - No proposed release of reserves to conserve funds for unanticipated expenditures
- **2026 FTEs – 272.6 (increase of 9.1 from 2025)**
 - Four incremental positions added in 2025 to support critical needs in standards, engagement, and security (increase managed within the 2025 personnel expense budget)
 - Six new positions in 2026 related to support priorities in engineering, security, and engagement

Stakeholder Comments

The comment period on the draft NERC 2026 BP&B ended on June 23, 2025. Comments were received from one stakeholder organization, Electricity Canada, which noted:

- Appreciation for NERC's rationale in approaching 2026 as a bridge year

¹ The Regional Entities and WIRAB post their BP&Bs for comment in accordance with each of their individual public review process and schedules.

- Continued support for the three-year planning model
- Concern with the trajectory of consecutive, above-inflation increases, encouraging NERC to continue its engagement with policymakers and regulators so that there is clarity around rising costs

Given this level of stakeholder response after robust outreach efforts on NERC's bridge year approach and 2026 budget assumptions, including informal engagement with the MRC BP&B Input Group and other key stakeholders, and the public webinar and comment period, NERC is not proposing any material adjustments to its proposed final 2026 BP&B from the draft version. A formal [response to comments](#) is posted on the NERC website.

NERC Review of Regional Entity 2026 BP&Bs

In accordance with 18 C.F.R. Section 39.4, Rules of Procedure Section 1104, and Exhibit E of the regional delegation agreements, NERC oversees that the Regional Entities are adequately funded to accomplish their delegated functions. For each annual BP&B cycle, the Regional Entities submit their BP&Bs to NERC according to a schedule established collaboratively by NERC and the Regional Entities, and NERC conducts reviews of each, focusing on the following:

- Adequacy of the resources and activities to perform delegated functions;
- Alignment of the Regional Entity's activities with ERO goals, objectives, and strategic focus areas;
- Efforts to improve efficiency and control costs;
- Quality and completeness of the financial information presented, including:
 - Conformance with FERC budget reporting requirements and common presentation format;
 - Separation of statutory and non-statutory activities;
 - Supporting detail, including explanations for significant changes from the previous budget;
 - Reporting of reserve budgets and explanation of policies; and
 - Compliance with any budget or audit-related orders from FERC, if applicable.

The following is a summary of the review findings and outcomes of NERC's review of the Regional Entity 2026 BP&Bs.

- All Regional Entity budgets cover activities eligible for funding, consistent with the regional delegation agreements as well as section 215 criteria.
- All statutory areas for all Regional Entities have adequate resources to fulfill their delegated functions. Any considerations for specific areas are being addressed through ongoing Regional Entity oversight processes.
- All Regional Entities conform to necessary budget reporting and format requirements.
- Other minor wording change suggestions.

Summary

During the August 13, 2025, FAC open meeting, NERC will provide an overview of the final proposed NERC 2026 budget and assessment and ERO Enterprise combined 2026 budgets and assessments prior to requesting recommendation of approval to the Board of the following provided via the links above: (1) NERC's proposed final 2026 BP&B; (2) the Regional Entity and WIRAB final 2026 BP&Bs as approved by their respective boards; and (3) the proposed 2026 Assessment Schedule.

NERC

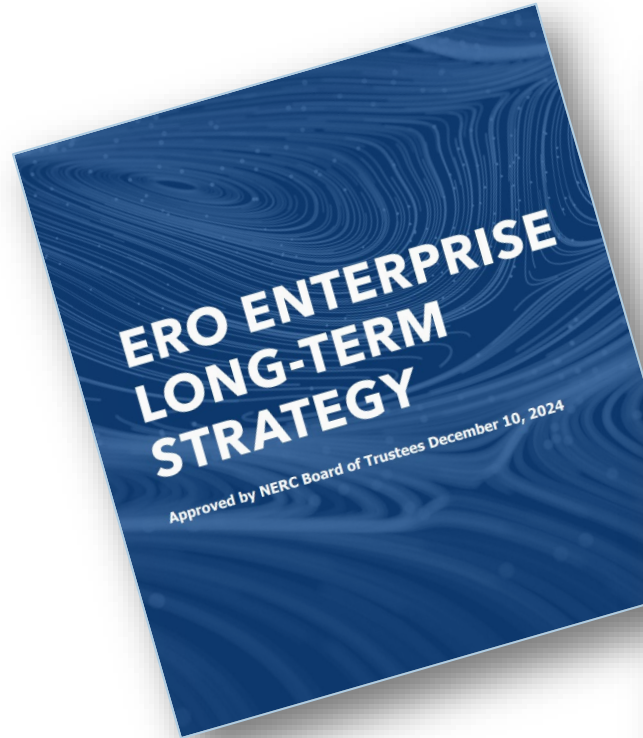
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Final ERO Enterprise 2026 Business Plans and Budgets

Andy Sharp, Vice President and Chief Financial Officer
Finance and Audit Committee Meeting
August 13, 2025

RELIABILITY | RESILIENCE | SECURITY

ERO Enterprise Alignment: Long-Term Strategy



ERO Enterprise Focus Areas

The ERO Enterprise has identified four focus areas for achieving success in its vision and mission:



ENERGY

Effectively leverage a broad range of data, tools, and approaches to assist stakeholders and policymakers in addressing existing BPS risks and proactively identifying and preparing for emerging and unknown risks to the grid.



SECURITY

Maintain cyber and physical security programs (E-ISAC, Standards, Compliance Monitoring and Enforcement Program (CMEP), technical committee work², outreach and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of industry.



ENGAGEMENT

Ensure that the increasingly diverse spectrum of stakeholders and policymakers find value in engagements with the ERO Enterprise, seek ERO Enterprise expertise to inform their decision-making, and have confidence in the integrity and independence of ERO Enterprise programs.



AGILITY AND SUSTAINABILITY

Perform as an effective and efficient team acting in coordination, ensuring its programs and efforts deliver value for stakeholders and policymakers as they manage changing reliability and security risk within the evolving industry landscape, and capturing cost efficiencies when practical.

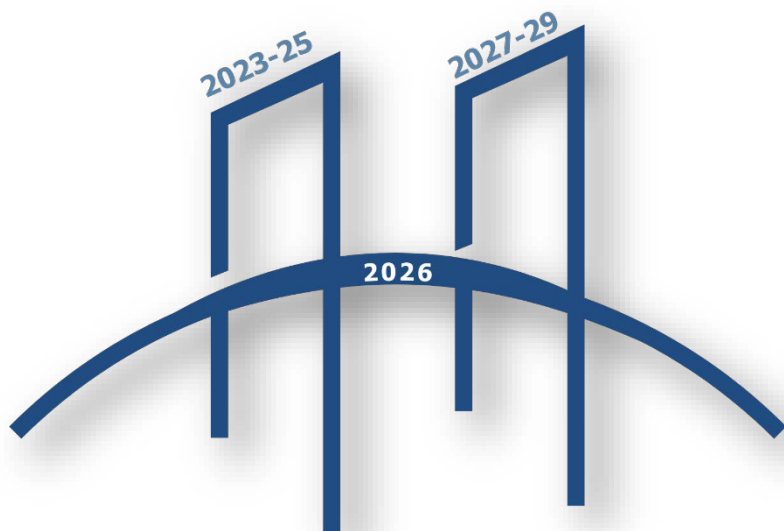
² Technical committees include the NERC Standing Committees (Compliance and Certification Committee, Personnel Certification and Governance Committee, Reliability Issues Steering Committee, Reliability and Security Technical Committee, and Standards Committee) and Regional Entity committees.





NERC Final Proposed 2026 BP&B

- **May 23–June 23 Comment Period**
 - One set of comments received from Electricity Canada
- **No proposed changes from draft to final**
 - NERC and Regional Entity 2026 BP&Bs submitted to FAC/Board for approval August 13–14
 - 2026 BP&Bs filed with FERC by August 25
- **Developing 2026 Work Plan Priorities (WPPs)**



BUDGET

\$128.3M



increase of **\$5.3M** or **4.3%**
*versus prior year
projection of 8.6%*

ASSESSMENT

\$113.7M



increase of **\$5.3M** or **4.9%**
*versus prior year
projection of 9.1%*

- **United States – \$102.6M**
 - \$4.9M (5.0%) increase over 2025
 - 90.2% of total NERC assessment
- **Canada – \$11.1M**
 - \$417k (3.9%) increase over 2025
 - 9.8% of total NERC assessment

A map of North America, including the United States, Canada, and Mexico. A horizontal band of varying shades of blue and grey stretches across the middle of the map, passing behind the title text. The band is darker blue in the center and fades to a lighter greyish-blue towards the edges.

ERO Enterprise 2026 Budget and Assessments

Regional Entity Budgets (2026 vs 2025)

Budget Change (in millions)	2025	2026	2025 vs. 2026 \$ Change	2025 vs. 2026 % Change
WECC	\$39.3	\$40.1	\$0.8	2.1%
SERC	\$35.3	\$37.5	\$2.2	6.1%
RF	\$33.4	\$35.9	\$2.5	7.4%
MRO	\$26.8	\$27.8	\$1.0	3.9%
NPCC	\$25.7	\$28.4	\$2.7	10.6%
TEXAS RE	\$20.3	\$21.6	\$1.3	6.4%
WIRAB	\$0.83	\$0.86	\$0.03	3.7%

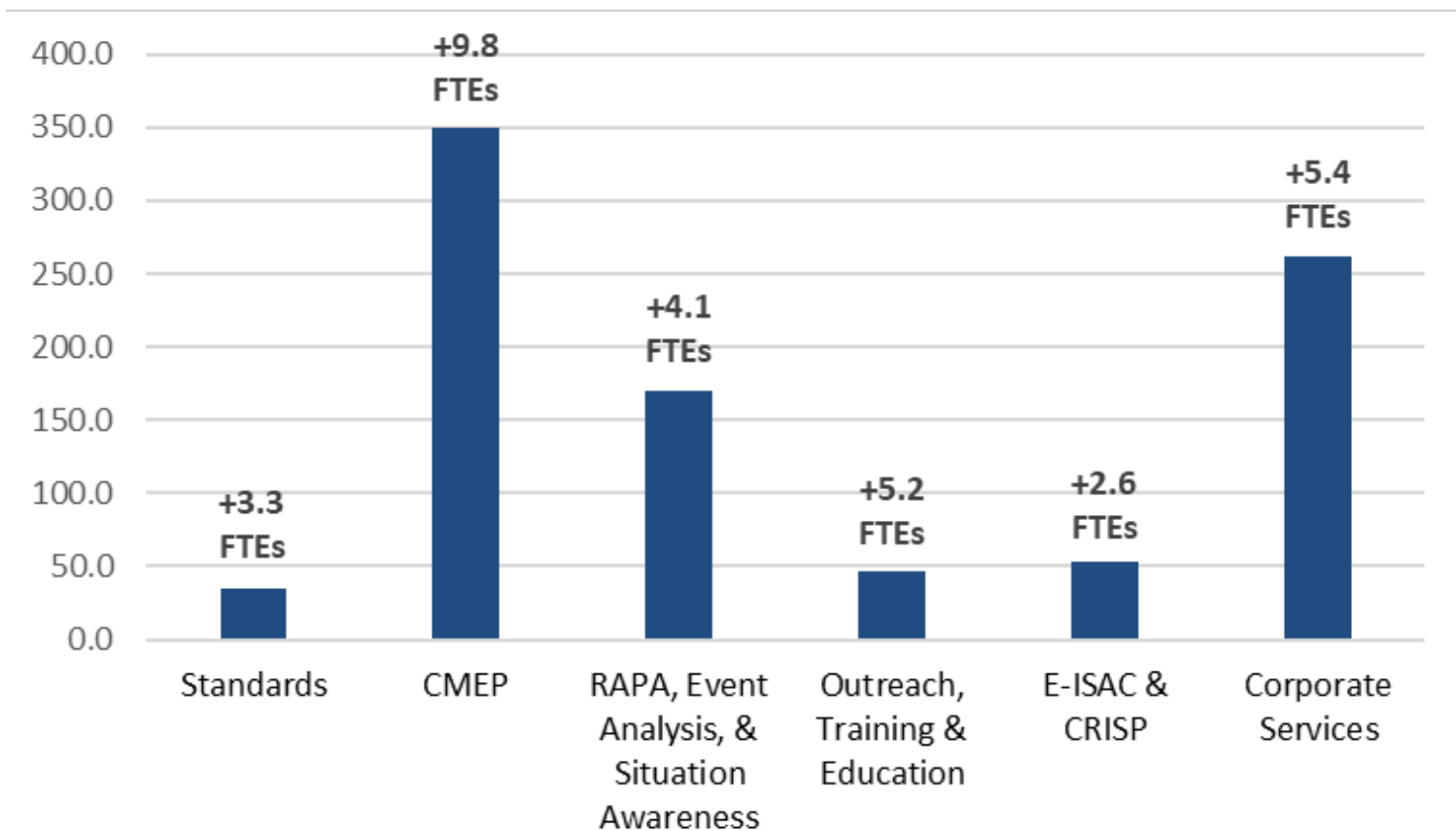


Regional Entity Assessments (2026 vs 2025)

Assessments Change (in millions)	2025	2026	2025 vs. 2026 \$ Change	2025 vs. 2026 % Change
WECC	\$33.0	\$35.6	\$2.6	8.0%
SERC	\$31.5	\$34.2	\$2.7	8.6%
RF	\$28.6	\$32.6	\$4.0	14.0%
MRO	\$25.2	\$26.2	\$1.0	3.9%
NPCC	\$24.1	\$26.6	\$2.5	10.5%
TEXAS RE	\$19.2	\$19.8	\$0.6	2.9%
WIRAB	\$0.72	\$0.71	-\$0.01	-1.3%



Total ERO Enterprise 2026 FTEs – 917.0 (30.4 or 3.4% increase vs 2025)



Excludes WIRAB

Total ERO Enterprise 2026 Budget and Assessment

BUDGET

\$320.5M



increase of **\$15.9M** or **5.2%**

ASSESSMENT

\$289.6M



increase of **\$18.7M** or **6.9%**



Questions and Answers



Appendix

Budget: \$128.3M (\$5.3M or 4.3% increase vs 2025)

- **Personnel** – \$76.2M (\$4.7M or 6.5% increase)
 - New positions, benefits increase
 - Average merit increase assumption of 4.0%, consistent with market data, and 1.5% estimate for market or equity adjustments and promotions
- **Meetings & Travel** – \$4.1M (\$238k or 6.2% increase)
 - Meeting costs flat; slight increase in travel expenses
- **Operating Expenses** – \$43.5M (\$446k or 1.0% decrease)
 - Increase in contractors and consulting and software agreements, offset by lower rent, facility, insurance costs
- **Fixed Assets** – \$7.2M (\$2.1M or 41.8% increase)
 - Capital software and equipment investments
- **Net Financing Activity** – (\$3.1M) (\$1.1M or 59.3% decrease)
 - Assuming \$4.3M in loan and lease financing proceeds, which spreads capital investments over time

Assessment: \$113.7M (\$5.3M or 4.9% increase vs 2025)

- No proposed release of reserves to conserve funds for unanticipated expenditures

FTEs – 272.6 (increase of 9.1 vs 2025)

- Four incremental positions added in 2025 to support critical needs in standards, engagement, and security. Increase managed within the 2025 personnel expense budget.
- Six new positions in 2026 related to support priorities in engineering, security, and engagement