



was posted on NERC's website October 23, 2019 and was reviewed at the October 31, 2019 open meeting of the NERC Finance and Audit Committee. The unaudited report was accepted by the NERC Board of Trustees at its meeting on November 5, 2019.

## **II. NOTICES AND COMMUNICATIONS**

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

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## **III. DISCUSSION OF SIGNIFICANT VARIANCES BETWEEN 2019 BUDGET AND ACTUAL PROJECTED 2019 RESULTS**

The attached third quarter 2019 variance report compares actual (unaudited) financial results to NERC's budgeted expenditures as of September 30, 2019, and projected year-end 2019 financial results to NERC's total 2019 budgeted expenditures. NERC is providing additional discussion of significant variances between the projected (unaudited) year-end 2019 results and NERC's 2019 budgeted expenditures, by NERC department or program area and by major activity within departments and program areas. This discussion focuses on variances of \$500,000 or more between projected year-end 2019 results and the 2019 budget. NERC has focused on projected year-end variances in excess of budget of \$500,000 or more, because Section 7(b)(ii) of the Settlement Agreement specifies that NERC will file for Commission review and approval proposals approved by the NERC Board of Trustees to expend \$500,000 or more from Operating Reserves designated for "unforeseen contingencies" (as defined in NERC's

Working Capital and Operating Reserves Policy), *i.e.*, where any amount allocated from the unforeseen contingencies account of Operating Reserves plus any amount redirected from previously budgeted funds is, in the aggregate, \$500,000 or more for any one specific project or major activity in a program area.

**A. Projected Variances of \$500,000 or more by Department or Program Area**

In late 2018, NERC management went through an organizational assessment, including the alignment of various programs and staffing resources according to roles and responsibilities, and re-characterized several employees across multiple departments. In general, these employees maintained the same responsibilities and functional oversight, but were assigned different managers or departments. In some cases, similar roles were consolidated to align certain technical functions. The changes had no effect on total FTEs for the company, and the net cost impact of these movements was immaterial. However, for financial presentation purposes as it relates to the original 2019 Business Plan & Budget, three of the six affected departments have projected year-end budget variances exceeding \$500,000, primarily due to the change in alignment of staffing within and across these program areas: Compliance Assurance; Compliance Analysis, Registration and Certification; and Reliability Assessment and System Analysis. As of September 30, 2019, Compliance Assurance is projected to be over budget by \$995,874, Compliance Analysis, Registration and Certification is projected to be under budget by \$1,008,220, and Reliability Assessment and System Analysis is projected to be under budget by \$892,214. Other departments and program areas reflect over and under budget amounts as well resulting from this reorganization, but none were greater than \$500,000. Legal and Regulatory is projected to be over budget by \$914,605 due to personnel transition costs and search fees, as well as Internal Audit contracts and consultants expenditures that were budgeted

in the Finance and Accounting department that will be charged to the Legal and Regulatory department. The E-ISAC is expected to be over budget by \$550,106 at year-end due to higher than budgeted contractor support costs, software and workshop expenses, which will be partially offset by higher workshop revenues and lower spending for personnel costs and fixed assets. CRISP is projected to be under budget by \$948,898, primarily due to lower personnel, software and contractor costs, which will be partially offset by lower third-party funding required from CRISP participants.

#### **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 January 16 Order in Docket No. FA11-21-000.

Respectfully submitted,

/s/ Meredith M. Jolivert

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Dated: November 14, 2019

**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 14<sup>th</sup> day of November, 2019.

*/s/ Meredith M. Jolivert*

Meredith M. Jolivert  
*Counsel for North American Electric  
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# **ATTACHMENT**

# Summary of Unaudited Results For the Month Ending September 30, 2019

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## Executive Summary

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

<u>FUNDING</u>	<u>Projected</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 78.7	\$ 78.5	\$ 0.2
Funding from Reserves			
Assessment Stabilization Reserve	\$ 0.6	\$ 0.6	-
<b>TOTAL FUNDING</b>	<b>\$ 79.3</b>	<b>\$ 79.1</b>	<b>\$ 0.2</b>
<b>EXPENDITURES</b>			
Expenses (excluding Depreciation)	\$ 76.6	\$ 75.2	\$ 1.4
Fixed Asset Additions	3.8	4.8	(1.0)
<b>TOTAL EXPENDITURES</b>	<b>\$ 80.4</b>	<b>\$ 80.0</b>	<b>\$ 0.4</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ (1.1)</b>	<b>\$ (0.9)</b>	<b>\$ (0.2)</b>

#### Funding

- Revenues
  - Expected to be slightly over budget at year-end primarily due to higher than budgeted workshop revenues and investment income, and will be partially offset by lower third-party revenues for the CRISP program.

#### Expenditures

- Expenses (excluding depreciation)
  - Personnel expenses are expected to be over budget largely because of transition costs and search fees.
  - Meeting expenses are projected to be over budget mainly as a result of higher than budgeted workshops, and are largely offset by higher than budgeted workshop revenues.
- Fixed Asset Additions
  - Expected to be below budget in order to offset increased costs in other areas.

#### Operating Reserve Increase (Decrease)

- Projected reserve decrease from operating activity is \$1.1M versus a budgeted decrease of \$0.9M.

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

<u>FUNDING</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 59.5	\$ 58.9	\$ 0.6
Funding from Reserves			
Assessment Stabilization Reserve	0.6	0.6	-
<b>TOTAL FUNDING</b>	<b>\$ 60.1</b>	<b>\$ 59.5</b>	<b>\$ 0.6</b>
<b>EXPENDITURES</b>			
Expenses (excluding Depreciation)	\$ 55.4	\$ 56.7	\$ (1.3)
Fixed Asset Additions	2.3	3.6	(1.3)
<b>TOTAL EXPENDITURES</b>	<b>\$ 57.7</b>	<b>\$ 60.3</b>	<b>\$ (2.6)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 2.4</b>	<b>\$ (0.8)</b>	<b>\$ 3.2</b>

**Funding**

- Revenues
  - Slightly over budget mainly due to higher than budgeted workshop revenues and investment income.

**Expenditures**

- Expenses (excluding depreciation)
  - Personnel expenses are over budget largely because of transition costs and search fees.
  - Contracts and Consultants expenses are under budget primarily because of the expected timing of expenditures versus budget, as well as lower than expected billings from the CRISP program contractor.
- Fixed Asset Additions
  - Under budget largely due to lower spending to offset increased costs in other areas.

**Operating Reserve Increase (Decrease)**

- Reserve increase from operating activity is higher than budget by \$3.2 million mainly because of the expected timing of expenditures versus budget.

## 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>\$ 60,089,694</b>	<b>\$ 59,501,512</b>	<b>\$ 588,183</b>	<b>1.0%</b>	<b>\$ 79,333,264</b>	<b>\$ 79,130,349</b>	<b>\$ 202,915</b>	<b>0.3%</b>
<b>EXPENDITURES</b>								
Personnel	\$ 34,146,020	\$ 33,360,305	\$ 785,715	2.4%	\$ 44,334,477	\$ 43,952,190	\$ 382,287	0.9%
Meetings, Travel, and Conference Calls	2,886,464	2,550,925	335,539	13.2%	4,300,830	3,380,400	920,430	27.2%
Contracts and Consultants	8,795,837	11,205,451	(2,409,614)	(21.5%)	14,890,301	15,043,318	(153,017)	(1.0%)
Rent and Facilities	2,465,994	2,486,294	(20,300)	(0.8%)	3,305,058	3,335,058	(30,000)	(0.9%)
Office Costs, Professional, and Misc.*	6,972,683	7,004,420	(31,737)	(0.5%)	9,597,217	9,346,517	250,700	2.7%
Other Non-Operating Expenses	143,596	165,197	(21,601)	(13.1%)	192,045	214,171	(22,126)	(10.3%)
Fixed Asset Additions*	2,326,358	3,583,500	(1,257,142)	(35.1%)	3,831,364	4,778,000	(946,636)	(19.8%)
<b>TOTAL EXPENDITURES</b>	<b>\$ 57,736,952</b>	<b>\$ 60,356,091</b>	<b>\$ (2,619,139)</b>	<b>(4.3%)</b>	<b>\$ 80,451,293</b>	<b>\$ 80,049,655</b>	<b>\$ 401,639</b>	<b>0.5%</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 2,352,743</b>	<b>\$ (854,580)</b>	<b>\$ 3,207,322</b>	<b>(375.3%)</b>	<b>\$ (1,118,029)</b>	<b>\$ (919,306)</b>	<b>\$ (198,723)</b>	<b>21.6%</b>
<b>FTEs</b>	<b>202.1</b>	<b>204.9</b>	<b>(2.8)</b>	<b>(1.4%)</b>	<b>201.6</b>	<b>204.9</b>	<b>(3.3)</b>	<b>(1.6%)</b>

\* Excludes depreciation expense

Following is a brief summary of variances by category:

- Personnel Expense
  - Currently and expected to be over budget primarily due to transition costs and search fees.
- Meeting, Travel, and Conference Call Expense
  - Currently and projected to be over budget due to higher attendance at workshops and conferences, which is partially offset by increased revenues for these events.
- Contracts and Consultants Expense
  - Under budget due to lower costs from the CRISP program contractor and expected timing of expenditures versus budget. Expected to be near budget at year-end with offsetting variances between several of the departments, largely due to higher E-ISAC support costs and lower than expected spending for Reliability Assessment and System Analysis projects. Also, amounts for Internal Audit projects that were originally budgeted in the Finance and Accounting department will be charged to the Legal and Regulatory department, which nets to a \$53k over budget amount between those departments.

<b>CONTRACTS and CONSULTANTS</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>YTD Over (Under)</b>	<b>Annual Projection</b>	<b>Annual Budget</b>	<b>Annual Over (Under)</b>
Reliability Standards	\$ -	\$ 37,500	\$ (37,500)	\$ 50,000	\$ 50,000	\$ (0)
Compliance Assurance	-	37,500	(37,500)	50,000	50,000	(0)
Compliance Analysis, Registration and Certification	-	-	-	-	-	-
Compliance Enforcement	46,769	120,750	(73,981)	68,593	161,000	(92,407)
Reliability Assessment and System Analysis	191,060	468,750	(277,690)	385,000	625,000	(240,000)
Situation Awareness	1,105,917	1,106,205	(288)	1,329,240	1,280,990	48,250
Event Analysis	-	-	-	-	-	-
Performance Analysis	369,268	490,174	(120,906)	711,777	653,565	58,212
E-ISAC	1,047,292	1,365,375	(318,083)	2,238,754	1,820,500	418,254
Training, Education, and Personnel Certification	373,148	372,750	398	599,137	497,000	102,137
General and Administrative and Executive	94,304	140,000	(45,696)	205,000	220,000	(15,000)
Legal and Regulatory	72,265	-	72,265	393,058	-	393,058
Policy and External Affairs	13,260	16,250	(2,990)	24,000	20,000	4,000
Information Technology	1,140,208	1,532,072	(391,864)	2,042,763	2,042,763	-
Human Resources and Administration	369,337	318,750	50,587	690,000	690,000	0
Finance and Accounting	67,300	356,250	(288,950)	135,000	475,000	(340,000)
<b>TOTAL (excluding CRISP)</b>	<b>\$ 4,890,128</b>	<b>\$ 6,362,326</b>	<b>\$ (1,472,198)</b>	<b>\$ 8,922,321</b>	<b>\$ 8,585,818</b>	<b>\$ 336,503</b>
CRISP	3,905,709	4,843,125	(937,416)	5,967,980	6,457,500	(489,520)
<b>TOTAL (including CRISP)</b>	<b>\$ 8,795,837</b>	<b>\$ 11,205,451</b>	<b>\$ (2,409,614)</b>	<b>\$ 14,890,301</b>	<b>\$ 15,043,318</b>	<b>\$ (153,017)</b>

- Office Costs
  - Projected to be over budget at year-end primarily due to software costs that were budgeted in fixed assets but that will be charged to office costs due to the type of license acquired, and also because of higher than expected software costs.
- Fixed Asset Additions
  - Currently and projected to be under budget largely because of lower spending to offset increased costs in other areas.

## Variations by Department

DIRECT EXPENSES and NET FIXED ASSETS	YTD			Annual Projection	Annual Budget	Annual Over (Under)
	YTD Actual	YTD Budget	Over (Under)			
Reliability Standards	\$ 2,565,510	\$ 2,588,222	\$ (22,712)	\$ 3,691,810	\$ 3,419,581	\$ 272,229
Compliance Assurance	4,668,011	3,884,973	783,038	6,174,380	5,178,505	995,874
Compliance Analysis, Registration and Certification	1,501,438	2,179,454	(678,016)	1,873,584	2,881,804	(1,008,220)
Compliance Enforcement	2,626,273	2,914,515	(288,242)	3,563,056	3,861,690	(298,634)
Reliability Assessment and System Analysis	2,700,384	3,488,424	(788,040)	3,713,892	4,606,107	(892,214)
Situation Awareness	2,269,374	2,413,119	(143,745)	3,049,196	3,012,404	36,792
Event Analysis	2,273,708	2,111,255	162,453	2,768,349	2,771,658	(3,309)
Performance Analysis	2,390,542	2,174,160	216,382	3,369,606	2,873,967	495,638
E-ISAC	7,211,411	8,033,229	(821,818)	11,199,196	10,649,090	550,106
Training, Education, and Personnel Certification	1,112,811	1,013,259	99,552	1,585,551	1,367,755	217,796
General and Administrative and Executive	6,157,150	6,130,581	26,568	8,522,135	8,144,200	377,935
Legal and Regulatory	3,632,786	2,938,231	694,556	4,793,395	3,878,791	914,605
Policy and External Affairs	1,788,134	1,899,867	(111,733)	2,459,918	2,510,721	(50,803)
Information Technology	8,207,451	8,809,435	(601,984)	11,400,484	11,696,532	(296,048)
Human Resources	1,817,139	1,731,929	85,210	2,505,614	2,562,371	(56,758)
Finance and Accounting	2,094,618	1,931,529	163,089	2,649,294	2,553,747	95,547
<b>TOTAL (excluding CRISP)</b>	<b>\$ 53,016,742</b>	<b>\$ 54,242,182</b>	<b>\$ (1,225,440)</b>	<b>\$ 73,319,462</b>	<b>\$ 71,968,925</b>	<b>\$ 1,350,536</b>
CRISP	4,720,210	6,113,909	(1,393,699)	7,131,832	8,080,729	(948,898)
<b>TOTAL EXPENSES and NET FIXED ASSETS</b>	<b>\$ 57,736,952</b>	<b>\$ 60,356,091</b>	<b>\$ (2,619,139)</b>	<b>\$ 80,451,293</b>	<b>\$ 80,049,655</b>	<b>\$ 401,639</b>

In late 2018, NERC management went through an organizational assessment involving various program areas and re-characterized several employees across multiple departments. In most cases, these employees kept the same responsibilities and functional oversight, but were assigned new departments and/or consolidated with other similar roles to align certain technical functions. The changes had no effect on the total FTEs, and the net cost impact of these movements was immaterial. The following program areas were impacted by this review:

- Reliability Standards
- Compliance Assurance
- Compliance Analysis, Registration and Certification
- Reliability Assessment and System Analysis
- Event Analysis
- Performance Analysis

Following is a brief summary of variances by department:

- E-ISAC - Under budget year-to-date largely because of the expected timing of expenditures and hiring of FTEs versus the budget. Expected to be over budget due to higher than budgeted contractor support costs, software, and workshop expenses, which will be partially offset by higher workshop revenues and lower spending for personnel costs and fixed assets.
- Legal and Regulatory - Projected to be over budget at year-end primarily due to transition costs and search fees, as well as Internal Audit expenditures that were budgeted in the Finance and Accounting department that will be charged to the Legal and Regulatory department.

- Information Technology – Under budget year-to-date primarily because of the expected timing of expenditures.
- CRISP – Currently and expected to be under budget largely because of lower personnel, software, and contractor costs.

## Supplemental Schedules

### Schedule 1 – Year-End Projected Reserves

Reserve Account	Beginning Balance <sup>(1)</sup>	Budgeted Funding	Budgeted Uses	Other Funding (Uses) <sup>(2)</sup>	Net Financing Activity <sup>(3)</sup>	Ending Balance
Operating Contingency	\$ 5,644,359	\$ 550,000	\$ (1,067,980)	\$ (716,024)	\$ 331,535	\$ 4,741,889
Future Obligations	2,535,333	-	(480,457)	64,843	-	2,119,719
Assessment Stabilization	2,071,000	-	(550,000)	-	-	1,521,000
System Operator	592,110	148,674	-	(32,699)	-	708,084
CRISP	500,000	-	-	-	-	500,000
<b>Total Reserves</b>	<b>\$ 11,342,801</b>	<b>\$ 698,674</b>	<b>\$ (2,098,437)</b>	<b>\$ (683,880)</b>	<b>\$ 331,535</b>	<b>\$ 9,590,692</b>

**NOTES:**

(1) Some 2019 beginning balances have been adjusted from the 12/31/2018 variance report balances as the result of a reconciliation to the final audited balance sheet.

(2) The column Other Funding (Uses) primarily reflects the net impact of normal operations. For example, under normal circumstances, if NERC was 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.

(3) Net financing activity in 2019 reflects principal debt repayments for borrowings originating in 2016. NERC did not make budgeted borrowings for 2017 and 2018 in light of a favorable working capital position, and is projected to borrow 1/3 of its 2019 budgeted financing in 2019.

**Schedule 2 – IT Projects**

<b>Projects in Progress</b>	<b>Project</b>	<b>Actual</b>	<b>Expected</b>	<b>Expected</b>
	<b>Budget <sup>(1)</sup></b>	<b>Spend</b>	<b>Spend</b>	<b>Over (Under)</b> <b>Budget</b>
CMEP Technology Project (2017-2020)	\$ 5,403,000	\$ 3,216,464	\$ 5,484,524	\$ 81,524
Entity Registration - CORES (2018-2020)	1,400,000	1,221,418	1,373,797	(26,203)
SAFNR V3	221,500	-	188,000	(33,500)
Document Management - Records Center Reconfigurat	190,500	125,400	190,500	-
Standards	300,000	88,656	300,000	-
E-ISAC - Customer Relationship Management (CRM)	237,800	206,920	293,300	55,500
Footprints Upgrade	84,753	33,330	84,753	-

<b>Projects Completed in 2019</b>	<b>Project</b>	<b>Actual</b>	<b>Actual</b>
	<b>Budget <sup>(1)</sup></b>	<b>Spend</b>	<b>Over (Under)</b> <b>Budget</b>
Multifactor Authentication	27,660	7,173	20,488
FRCC Dissolution	128,497	122,238	6,259

**NOTES:**

(1) The Project Budget noted above usually corresponds to the approved business case for each project and funds for each project are drawn from the available budget. In some projects, business cases may not be prepared, particularly when a project is smaller and/or may be in response to a FERC order.

\* Some of these projects span multiple years, so the amounts above do not represent a single budget year expenditure.

\* The amounts noted above do not include internal labor or license/maintenance/support costs and reflect only external (consultant) costs of the

## Schedule 2 (continued) – IT Projects

### **CMEP Technology Project**

(Started May 2017 / Planned Completion Sep 2021)

This project will provide registered entities, Regional Entities, and NERC the ability manage the compliance and enforcement processes and data in a single ERO Enterprise system. Today, those processes and related data are managed across three separate systems that have to be synchronized (webCDMS, CITS, and CRATS).

### **Entity Registration - CORES**

(Started Dec 2017 / Planned Completion Dec 2019)

NERC is undertaking an effort to both standardize and modernize the Entity Registration process. The discovery phase of the Centralized Organization Registration Entity System (CORES) project includes the capture of Region-specific needs, variations, and exceptions in the registration process. CORES will be a centralized entity registration process, which will require the retirement of registration in CDMS, CITS, and CRATS. The Joint Registration Organization (JRO) portion of the project will be combined with the CORES production release in 2019.

### **SAFNR V3**

(Started May 2019 / Planned Completion Nov 2019)

One of the primary functions of the ERO Enterprise is to maintain situational awareness of Bulk Power System conditions and provide accurate and timely information regarding threats that may adversely impact reliability. This project will replace the existing Situation Awareness for FERC, NERC, and the Regional Entities system (SAFNR V2) system with a new version to reduce reliability risk, provide new capabilities, reduce corporate risk, and increase productivity.

### **Document Management – Records Center Reconfiguration**

(Started May 2019 / Planned Completion Dec 2019)

The Record Center is in alignment with the original intent and business case for Document Management. One of the key items for addressing information management across all program areas, was to have the ability to address document retention. The Record Center will be configured in accordance with the NERC Records Retention and Destruction policy, allowing records to be managed and retained in accordance with policy.

### **Standards**

(Started Jan 2019 / Planned Completion Oct 2019)

In support of the CMEP Technology Project, this project involves the movement all of the Standards data from the old source system to the new one.

## Schedule 2 (continued) – IT Projects

### **E-ISAC – Customer Relationship Management (CRM)**

(Started Jul 2019 / Planned Completion Oct 2019)

The purpose of this project is to select and implement a Customer Relationship Management (CRM) tool to assist the E-ISAC team in growing its North American electricity owner/operator base from the current roughly 1,000 members to a progressively greater share of the roughly 5,000 total. The team will be able to do so through improved outreach, marketing, and overall engagement and tracking processes expected from use of the new tool. The plan is also to integrate with the E-ISAC Portal.

### **Footprints Upgrade**

(Started Mar 2019 / Planned Completion Aug 2019)

The purpose of this project is to replace the current Footprints helpdesk application used to support both NERC and the ERO applications with the latest version.

### **Multifactor Authentication**

(Started Jan 2019 / Completed Jul 2019)

The purpose of this project was to implement the DUO Multi Factor Authorization solution to enhance the overall security of the NERC ERO suite of applications and to meet existing requirements for applications currently under development, primarily CORES and CMEP/Align projects. Multi-factor authorization provides functionality requiring multiple means of user authentication (Mobile PIN code, etc.) in addition to traditional user authentication methods like user name and password.

### **FRCC Dissolution**

(Started Jan 2019 / Completed Jul 2019)

With FRCC dissolving, NERC assessed the changes required to applications that contained FRCC data and the reassignment/classification of such information. The inventory required the mapping utility, functionality, migration, and support efforts by both Region and entity. Activities included facilitated discussions with IT and business owners of impacted applications to capture and document high-level, as well as more detailed, requirements necessary to support the transition of registered entities from FRCC to SERC.

### Schedule 3 – E-ISAC and CRISP Summary of Activity

#### TOTAL E-ISAC (including CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 14,720,923	\$ 19,627,897	\$ 19,627,897	\$ -
Other Funding	6,185,444	7,630,907	7,767,730	(136,823)
<b>TOTAL FUNDING</b>	<b>\$ 20,906,367</b>	<b>\$ 27,258,804</b>	<b>\$ 27,395,627</b>	<b>\$ (136,823)</b>
<b>EXPENDITURES</b>				
Personnel Expense	\$ 5,704,633	\$ 7,672,155	\$ 8,180,123	\$ (507,969)
Meeting Expense	373,262	957,815	418,000	539,815
Operating Expenses (excluding Depreciation)	5,714,578	9,299,249	9,431,696	(132,447)
Fixed Assets (excluding Depreciation and Fixed Asset Allocation)	139,148	401,808	700,000	(298,192)
Total Direct Costs (excluding Depreciation and Allocations)	\$ 11,931,622	\$ 18,331,027	\$ 18,729,819	\$ (398,792)
Indirect Expense Allocation	6,382,284	8,721,078	9,004,572	(283,494)
Fixed Asset Allocation	(328,499)	(384,474)	(338,764)	(45,710)
<b>TOTAL EXPENDITURES (excluding Depreciation, including Allocations)</b>	<b>\$ 17,985,407</b>	<b>\$ 26,667,632</b>	<b>\$ 27,395,627</b>	<b>\$ (727,995)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 2,920,960</b>	<b>\$ 591,172</b>	<b>\$ -</b>	<b>\$ 591,172</b>

**Schedule 3 (continued) – E-ISAC and CRISP Summary of Activity**

**CRISP**

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 1,144,791	\$ 1,526,388	\$ 1,526,388	\$ -
Other Funding	5,726,888	7,003,991	7,517,319	(513,328)
<b>TOTAL FUNDING</b>	<b>\$ 6,871,679</b>	<b>\$ 8,530,379</b>	<b>\$ 9,043,707</b>	<b>\$ (513,328)</b>
<b>EXPENDITURES</b>				
Personnel Expense	\$ 525,077	\$ 715,912	\$ 965,793	\$ (249,881)
Meeting Expense	43,946	62,963	48,000	14,963
Operating Expenses (excluding Depreciation)	4,079,379	6,181,148	6,966,936	(785,788)
Fixed Assets (excluding Depreciation and Fixed Asset Allocation)	71,808	171,808	100,000	71,808
Total Direct Costs (excluding Depreciation and Allocations)	\$ 4,720,210	\$ 7,131,832	\$ 8,080,729	\$ (948,898)
Indirect Expense Allocation	732,393	871,592	1,000,605	(129,013)
Fixed Asset Allocation	(37,697)	(38,425)	(37,628)	(797)
<b>TOTAL EXPENDITURES (excluding Depreciation, including Allocations)</b>	<b>\$ 5,414,907</b>	<b>\$ 7,964,999</b>	<b>\$ 9,043,707</b>	<b>\$ (1,078,708)</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 1,456,772</b>	<b>\$ 565,380</b>	<b>\$ -</b>	<b>\$ 565,380</b>

**E-ISAC (excluding CRISP)**

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 13,576,132	\$ 18,101,509	\$ 18,101,509	\$ -
Other Funding	458,556	626,916	250,411	376,505
<b>TOTAL FUNDING</b>	<b>\$ 14,034,688</b>	<b>\$ 18,728,425</b>	<b>\$ 18,351,920</b>	<b>\$ 376,505</b>
<b>EXPENDITURES</b>				
Personnel Expense	\$ 5,179,557	\$ 6,956,242	\$ 7,214,330	\$ (258,088)
Meeting Expense	329,316	894,852	370,000	524,852
Operating Expenses (excluding Depreciation)	1,635,199	3,118,101	2,464,760	653,341
Fixed Assets (excluding Depreciation and Fixed Asset Allocation)	67,340	230,000	600,000	(370,000)
Total Direct Costs (excluding Depreciation and Allocations)	\$ 7,211,411	\$ 11,199,196	\$ 10,649,090	\$ 550,106
Indirect Expense Allocation	5,649,891	7,849,486	8,003,966	(154,480)
Fixed Asset Allocation	(290,802)	(346,049)	(301,136)	(44,913)
<b>TOTAL EXPENDITURES (excluding Depreciation, including Allocations)</b>	<b>\$ 12,570,501</b>	<b>\$ 18,702,633</b>	<b>\$ 18,351,920</b>	<b>\$ 350,713</b>
<b>RESERVE INCREASE (DECREASE)</b>	<b>\$ 1,464,188</b>	<b>\$ 25,792</b>	<b>\$ -</b>	<b>\$ 25,792</b>