

Attached hereto is the unaudited report of NERC's budget-to-actual variance information for the third quarter of 2013, in accordance with the January 16 Order. This variance information was posted on NERC's website and reviewed in open session at the October 31, 2013 meeting of the NERC Finance and Audit Committee.

I. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to:⁴

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*Persons to be included on the
Commission's official service list

⁴ Persons to be included on the Commission's service list are identified by an asterisk. NERC respectfully requests a waiver of Rule 203 of the Commission's regulations, 18 C.F.R. § 385.203 (2012), to allow the inclusion of more than two persons on the service list in this proceeding.

II. 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/ Rebecca J. Michael

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Dated: November 14, 2013

ATTACHMENT

North American Electric Reliability Corporation- Review of September 30, 2013 Unaudited Results – Budget to Actual Variance Analysis

Summary of Results as of September 30, 2013

Through September 30, 2013, NERC was \$666.7k, 1.6%, under its expense and fixed asset budget. Management is projecting the company will exceed its expense and fixed asset budget by approximately \$701.3k, 1.3% at year end, before taking into account planned expenditures of operating reserves. The year end projection is slightly better than the company's year end targeted budget goal of total expenditures in an amount equal to the company's expense and fixed asset budget plus an expenditure of \$1M in operating reserves. All uses of operating reserves receive necessary corporate authorizations and are further explained beginning on page 7 under the heading Operating Reserve Analysis.

	YTD Results through September 30, 2013							
	2013 YTD Actual	2013 YTD Budget	2013 YTD Actual Variance from Budget		2013 Projection	2013 Annual Budget	2013 Projected Variance from Budget	
			Over(Under)	%			Over(Under)	%
TOTAL FUNDING	39,256,004	39,056,492	199,512	0.5%	52,257,603	52,252,656	4,947	0.0%
BUDGET - EXPENSES and FIXED ASSETS								
PERSONNEL EXPENSES	23,831,872	23,561,705	270,165	1.1%	31,406,787	31,298,403	108,383	0.3%
MEETINGS, TRAVEL and CONFERENCE CALLS	2,663,103	2,950,233	(287,130)	-9.7%	3,776,097	4,098,310	(322,213)	-7.9%
CONSULTANTS and CONTRACTS	5,544,454	6,982,873	(1,438,420)	-20.6%	8,118,258	8,816,254	(697,996)	-7.9%
RENT	2,068,076	2,105,422	(37,346)	-1.8%	2,695,217	2,756,840	(61,623)	-2.2%
OFFICE COSTS, PROFESSIONAL SERVICES and MISCELLANEOUS	4,128,141	4,120,758	7,382	0.2%	5,722,399	5,494,346	228,053	4.2%
Other Non-Operating Expenses	132,426	37,500	94,926	253.1%	176,666	50,000	126,666	253.3%
FIXED ASSET PURCHASES (excludes the credit for depreciation)	2,052,787	1,329,075	723,712	54.5%	3,092,159	1,772,100	1,320,059	74.5%
TOTAL BUDGET	40,420,858	41,087,566	(666,710)	-1.6%	54,987,583	54,286,253	701,329	1.3%
FTEs	173.64	186.25	(12.61)	-6.8%	175.90	186.25	(10.35)	-5.6%

Funding – (\$199.5k over budget YTD; projected to be \$4.9k over budget at year end)

Total funding was over budget through September 30, 2013 due to (1) higher than budgeted system operator testing fees, certificate renewals and continuing education fees, (2) higher than budgeted funding from third party licensing of pc-GAR (GADS related) software, and (3) higher than budgeted workshop fees. Funding from system operator testing program is projected to be equal to budget at year end and funding from workshop fees is projected to be under budget at year end due to the elimination of a planned NASPI workshop. Total funding is projected to be approximately equal to budget at year end.

Actual to Budget Variances for Expenses and Fixed Assets by Category

- **Personnel** expenses were over budget \$270.2k, 1.1%, and are projected to be \$108.4k, 0.3% over budget at year end, due to the addition of senior personnel, offset by lower than budgeted benefits and retirement expenses. There were 12.6, 6.8%, fewer FTEs on staff than budgeted through September 30, 2013. We are projecting to be under budget 10.4, 5.6%, FTEs at year end due to attrition and hiring delays.
 - Salaries were over budget \$810.3k, 5.2%, and are projected to be \$953.1k, 4.0%, over budget at year end due to the addition of senior personnel, a higher incentive compensation accrual based upon historical achievement and higher expenses for employment agency fees and temporary office services needed to support NERC's ongoing operations during times of staff vacancies. Consistent with prior years, the budget for incentive compensation was based on a 70% threshold achievement of performance results. Given the preliminary projection of year end performance results, the higher historical year end percentage achievement results were used for the current year accrual rather than the lower threshold percentage.. The actual year end budget impact will be reflected with actual documented performance results.
 - Payroll taxes were over budget \$82.4k, 6.6% due to higher salaries expense and due to a higher maximum taxable earnings cap than the assumption in the budget. Payroll taxes are projected to be over budget \$67.2k, 4.6%, at year end.
 - Employee Benefits were \$106.8k, 4.6%, under budget due to having fewer FTEs on staff than budgeted and due to lower costs than budgeted. Benefits are projected to be \$371.4k, 12.1%, under budget at year end due to lower than budgeted renewal costs which became effective on April 1st.
 - Retirement costs were \$515.8k, 25.9%, under budget through September 30th and are projected to be \$540.5k, 20.0%, under budget at year end due to having fewer FTEs on staff, later eligibility dates due to timing of hiring and due to forfeiture of unvested funds related to personnel attrition.
- **Meeting, travel and conferencing** expenses were collectively under budget \$287.1k, 9.7%, through September 30th, and are projected to be \$322.2k, 7.9%, under budget at year end.
 - Meetings and workshop expenses were \$168.8k, 25.7%, over budget, primarily due to higher costs of the quarterly BOT meetings, an increase in the number of meetings held by the Standards program in connection with the standards overview project, higher than budgeted costs of the GMD and RISC meetings, and sponsorship of the Electric Infrastructure Security Council and the Canadian Electricity Association's cross-border forum on energy issues which were not budgeted. Meeting and workshop expenses are projected to be \$133.3k, 12.8%, over budget at year end.
 - Travel expenses were \$452.2k, 22.0%, under budget through September 30, 2013, and are projected to be \$450.8k, 16.5%, under budget at year end due to having fewer FTEs on staff,

fewer telecommuters, having department staff consolidated in either the Atlanta or Washington, DC office, and due to management’s focus on reducing overall travel expenses.

- Webinar and conferencing expenses were \$3.8k, 1.6%, under budget through September 30th and are projected to be \$4.7k, 1.5% under budget by year end.
- **Consultant and Contract** expenses were \$1.4M, 20.6%, under budget and are projected to be under budget \$698.0k, 7.9%, at year end due to (i) timing initiation of projects; (ii) elimination or shifts in the timing of certain projects; and (iii) reclassification of expenses related to development of the BES database and the Event Information Database System (EIDS), which were partially budgeted under consulting and contract expenses, but will be recorded in Fixed Assets as capitalized software. The reclassification of BES and EIDS expenses had the largest impact in reducing overall contractor and consulting expense below budgeted levels. However, as set forth below under Fixed Assets, the resulting increase in Fixed Asset expense compared to budget more than offsets this reduction. The following table summarizes the over and under budget variances for Consultants and Contracts by Program area.

	2013 YTD Actual	2013 YTD Budget	Variance from Budget Over(Under)	2013 Projection	2013 Annual Budget	Variance from Budget Over(Under)
CONSULTANTS and CONTRACTS						
STANDARDS	310,600	150,000	160,600	334,608	150,000	184,608
COMPLIANCE OPERATIONS	9,282	-	9,282	60,000	-	60,000
COMPLIANCE ENFORCEMENT	-	-	-	-	-	-
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS	286,197	651,250	(365,053)	719,764	685,000	34,764
RELIABILITY RISK MANAGEMENT						
EVENT ANALYSIS	22,050	90,000	(67,950)	23,000	120,000	(97,000)
SITUATION AWARENESS	2,259,019	2,368,457	(109,438)	2,719,605	2,743,180	(23,575)
RELIABILITY RISK MANAGEMENT	2,281,069	2,458,457	(177,388)	2,742,605	2,863,180	(120,575)
CRITICAL INFRASTRUCTURE DEPARTMENT	381,045	526,750	(145,705)	785,000	785,000	(0)
TRAINING, EDUCATION and OPERATOR CERTIFICATION	433,593	544,874	(111,281)	775,260	848,574	(73,314)
GENERAL and ADMINISTRATIVE and EXECUTIVE	-	-	-	-	-	-
POLICY and EXTERNAL AFFAIRS	39,223	112,500	(73,277)	39,223	150,000	(110,777)
LEGAL and REGULATORY	-	-	-	-	-	-
INFORMATION TECHNOLOGY	1,125,850	2,031,583	(905,734)	1,600,406	2,721,000	(1,120,594)
HUMAN RESOURCES	263,453	241,498	21,955	438,545	288,500	150,045
FINANCE and ACCOUNTING	414,141	265,960	148,181	622,847	325,000	297,847
TOTAL CONTRACTS and CONSULTANTS	5,544,454	6,982,873	(1,438,420)	8,118,258	8,816,254	(697,996)

- **Standards** – The \$184.6k over budget projection is related to the well documented NERC standards review project which has been utilizing outside expert consulting resources to review existing standards. These costs are being funded from the Unknown Contingency operating reserves.
- **Compliance Operations** – The \$60.0k over budget projection is for outside consulting assistance in connection with the reliability assurance initiative. These costs will be funded from the Unknown Contingency operating reserves.

- Reliability Assessments and Performance Analysis – Under budget \$365.1k through September 30th due to, (i) timing of GMD technical conferences and consulting support for NERC assessment reports; and (ii) timing of the development of the Reliability Assessment Data System (RADS). The \$34.8k over budget projection is primarily related to change orders in connection with improvements to the GADS and TADS databases.
- Critical Infrastructure Department – Under budget \$145.7k through September 30th due to timing related to contract support for the Grid Security Conference, cyber risk preparedness assessments, and ESCC support. Expenses related to these items are projected to be equal to budget at year end.
- Reliability Risk Management – The use of subject matter experts to support event analysis has not been required and is not expected to be required for the remainder of the year, resulting in an under budget variance projection of \$97.0k. Situation Awareness was \$109.4k under budget through September 30th due to lower than budgeted costs for additional industry user licensing fees for SAFNR, which were incurred in 2012 but budgeted in 2013, and due to lower than budgeted costs for the current secure alerts system. Due to the projected cost to replace the company's legacy secure alerts system, the project has been postponed to 2014, pending further review of replacement application options and approval of NERC's 2014 Business Plan and Budget.
- Training, Education and Operator Certification – Projected to be \$73.3k under budget at year end primarily due to a reduction in the requirement for consulting and contract support for web-based course development and lower than budgeted costs associated with review of individual learning activities for the continuing education program.
- Policy and External Affairs – Under budget \$75.3k through September 30th and projected to be \$110.8k under budget at year end due to the elimination of external contract support and assumption of greater responsibilities by NERC staff.
- Information Technology – Under expense budget \$905.7k through September 30, 2013 and projected to be \$1.1M under expense budget at year end, due to the reclassification of expenses related to development of the Bulk Electric System Exception (BES) database and Events Information Data System (EIDS), which were partially budgeted as consulting and contract expense, but will be recorded in Fixed Assets as capitalized software when the projects are completed, (\$850.0k of the total \$2.7M IT budget for consultants and contracts was allocated to these projects). In addition, management is projecting \$250.0k of budgeted costs for data warehouse design will not be needed in 2013. As discussed in previous budget variance reports, the total costs to complete the BES database and EIDS are projected to exceed the IT 2013 expense and fixed asset budget for these items, requiring expenditure of operating reserves as reflected in the working capital and operating reserve analysis.

- Human Resources - \$22.0k over budget through September 30th and projected to be \$150.0k over budget at year end, due primarily to higher than budgeted costs associated with staff and board compensation studies.
- Finance and Accounting - \$148.2k over budget through September 30th and projected to be \$297.8k over budget at year end, due to the use of budgeted operating reserves to fund additional outside auditor support in connection with various risk management initiatives and for costs associated with the evaluation and implementation of upgrades to the company's accounting system.
- **Rent** - \$37.3K, 1.8% under budget through September 30, 2013 and projected to be \$61.6k, 2.2%, under budget at year end due to lower than budgeted straight-line rent expense as a result of the refund of an excess tenant improvement associated with the expansion of the Atlanta office.
- **Office Costs, Professional Services and Miscellaneous**
 - Office Costs were \$68.8k, 2.9%, over budget primarily due to higher than budgeted internet expense for data connections between NERC's offices and data center, which in part is the result of the unforeseen delay in final closure of the Princeton data center. Office costs are projected to be \$279.3k, 8.8%, over budget at year end due primarily to, (1) higher than budgeted communication expenses (i.e. internet and cellular services), (2) equipment costs to support employee communications, (3) service agreement costs to support additional licenses for various software programs, and (4) bank fees related to the capital financing program, which is pending approval of NERC's 2014 Business Plan and Budget.
 - Professional Services were \$50.5k, 2.9%, under budget through September 30th and are projected to be \$56.7k, 2.5%, under budget at year end primarily due lower than budgeted use of outside counsel. The under budget projection for outside counsel expenses is offset by an increase in outside services expenses related to the implementation of a new travel and expense management system which will improve efficiency and reduce long term costs.
 - Miscellaneous expenses consist of employee rewards and recognition expenses, costs associated with community responsibility activities, and charitable contributions. Miscellaneous expenses were \$10.9k, 67.5%, under budget through September 30th, and are projected to be slightly over budget, \$5.5k at year end. Management is planning year end employee recognition events in both Atlanta and DC.
- **Other Non-Operating Expenses** were over budget \$94.9k, 253.1%, through September 30, 2013 and are projected to be over budget \$126.7k, 253.3%, at year end due to retirement or disposal of certain fixed assets and projected interest expense associated with the company's planned capital financing program, subject to approval of the 2014 business plan and budget.
- **Fixed Asset Purchases**, excluding a credit for depreciation, were \$723.7k, 54.5%, over budget as of September 30th and are projected to be over budget \$1.3M, 74.5%, at year end due to, (1) capitalization of the development costs of the BES database and EIDS, as previously noted, and (2)

furniture and leasehold improvement costs required for the approved increase in lease space for the Atlanta offices. As described in previous variance reports, the costs associated with the increase in lease space required for the Atlanta office was not fully known and was estimated at the time the budget was developed, but were within the range of projected expenditures at the time the lease amendment and associated improvements were authorized by the board and committee. The year end projection also includes the use of operating reserve funding for the completion of the Standards Balloting System, (SBS). The projected development costs for the BES database, EIDS and SBS which are in excess of available funding in the budget are further detailed in the Operating and Reserve Analysis and received necessary corporate authorizations in accordance with NERC's Working Capital and Operating Reserve Policy.

Operating Reserve Analysis

As detailed by the following table, the current projection includes the use of “Known Contingency Reserves” for (i) the development of two new enterprise software applications, the BES Exception Application, and the Events Information Database System, which collectively are projected to use \$358.6k of operating reserves, (both of these software development projects were partially budgeted in the operating expense budget as Contracts and Consultants but actual costs are recorded as capital costs under fixed assets)¹; (ii) consulting support for the Reliability Assurance Initiative and risk management audits, collectively \$192.1k; and (iii) implementation of additional back office accounting and expense management systems, together with consulting support, related to implementation of the FERC Audit recommendations, \$105.8k. The projected use of “Unknown Contingency Reserves” is primarily related to funding for (i) the Standards Overview Project, \$184.6k; (ii) GADS and TADS upgrades and maintenance, \$132.7k; and (iii), costs in excess of the tenant improvement allowance associated with an increase in lease space for the Atlanta office of \$49.6k which were recorded as operating expenses and \$114.6k which were recorded in fixed assets, for a total of \$164.2k. The total cost of construction, furniture, equipment, leasehold improvements, and operating expenses was \$915,162. The tenant improvement allowance was \$751,007. The difference between these two figures of \$164,155 represents the total cash outlay by NERC for the build out of the 8th floor. The total projected use of Known Contingency Reserves is \$707.1k. No additional (unbudgeted) draws on the operating reserve balance associated with the System Operating Certification and Testing Program is projected for 2013.

The following table compares current reserve balance projections to the projected starting reserve balances contained in the 2014 budget:

	Known Contingency Reserves	Unknown Contingency Reserves	System Operator Reserves	Total
2013 Projection	292,941	3,472,879	1,238,451	5,004,271
2014 Budget - Starting Balance	163,294	3,059,177	1,206,746	4,429,217
Variance - Over(Under)	129,647	413,702	31,705	575,054

The increase in the projected starting reserve balance is primarily due to reductions in the projected costs for: (1) personnel expenses related to lower benefit costs associated with contract renewals effective April 1, 2013, and lower retirement costs associated with timing of hiring and attrition; (2) travel expenses; (3) professional services; and (4) replacement hardware and various software licenses.

As part of the working capital and operating reserve analysis and review, it’s important to keep in mind that NERC’s 2013 approved budget includes the return of \$2.0M in excess operating reserves. The use of these excess reserves to fund actual 2013 operating expenses is effectively spread among each operating expense category based on the ratio of the budget for each category to the total budget.

¹ Funding for the Standards Balloting System was not specifically budgeted, but was available from reserves due to under runs in the IT capital budget...

OPERATING RESERVE ANALYSIS - September 30, 2013

	2013 YTD Actual	2013 YTD Budget	Generation (Use) of Reserves	2013 Projection	2013 Annual Budget	Generation (Use) of Reserves	2013 Projected Generation (Use) of Reserves in Excess of Budget		
							Known Contingency Reserves	Unknown Contingency Reserves ¹	System Operator Reserves
Beginning Working Capital and Operating Reserves									
Balance as of 12/31/12 - per audit	8,167,396	5,440,748	2,726,648	8,167,396	5,440,748	2,726,648			
Release of penalty funding from restriction	2,512,500		2,512,500	2,512,500		2,512,500			
Less: Adjustment for future liabilities	(3,667,844)		(3,667,844)	(3,667,844)		(3,667,844)			
Available Working Capital and Operating Reserves	7,012,052	5,440,748	1,571,304	7,012,052	5,440,748	1,571,304	1,000,000	4,446,090	1,565,962
(1) Generation (Use) of Operating Reserves from Budgeted Operations									
Funding	39,190,430	39,056,492	133,938	52,176,603	52,252,656	(76,053)		(76,053)	
Personnel	(23,831,872)	(23,561,705)	(270,165)	(31,406,787)	(31,298,403)	(108,383)		(108,383)	
Meetings, Travel and Conference Calls	(2,663,103)	(2,950,233)	287,130	(3,776,097)	(4,098,310)	322,213		322,213	
Contracts and Consultants	(4,795,155)	(6,540,790)	1,745,636	(7,017,986)	(7,386,518)	368,532		368,532	
Operating Expenses (excl. contracts, consultants & depreciation)	(6,082,534)	(6,201,430)	118,896	(8,284,368)	(8,218,186)	(66,182)		(66,182)	
Non-Operating Expenses	(54,027)	(37,500)	(16,527)	(54,267)	(50,000)	(4,267)		(4,267)	
Fixed Assets (excluding depreciation)	(910,035)	(1,329,075)	419,040	(1,373,455)	(1,502,100)	128,645		128,645	
Total Operating Reserves Generated(Used) from Budgeted Operations	853,705	(1,564,241)	2,417,948	263,644	(300,861)	564,507	-	564,507	-
(2) Additions to Operating Reserves									
Services and Software Fees not budgeted	65,575	-	65,575	81,000	-	81,000		81,000	
Total Additions to Operating Reserves	65,575	-	65,575	81,000	-	81,000	-	81,000	-
(3) Expenditures of Operating Reserves									
Contracts and Consultants									
NERC Standards Overview Project	(310,600)	(150,000)	(160,600)	(334,608)	(150,000)	(184,608)		(184,608)	
GADS and TADS Change Management and Consulting	(140,479)	(80,000)	(60,479)	(212,667)	(80,000)	(132,667)		(132,667)	
ERO Applications - BES/EIDS - Non-Capitalized Costs	(50,150)	(58,333)	8,183	(50,150)	(994,736)	944,586	944,586		
Reliability Assurance Initiative and Other Auditing	(198,695)	(153,750)	(44,945)	(397,072)	(205,000)	(192,072)	(192,072)		
Systems review and implementation (FERC Audit)	(49,375)		(49,375)	(105,775)	-	(105,775)	(105,775)		
Subtotal	(749,299)	(442,083)	(307,216)	(1,100,272)	(1,429,736)	329,464	646,739	(317,275)	-
Operating Expenses									
Travel and invoice system implementation	(64,096)	(24,750)	(39,346)	(83,662)	(33,000)	(50,662)	(50,662)		
AFC Expansion	(49,587)		(49,587)	(49,587)		(49,587)		(49,587)	
Subtotal	(113,683)	(24,750)	(88,933)	(133,249)	(33,000)	(100,249)	(50,662)	(49,587)	-
Other Non-Operating Expenses									
Disposal of assets	(78,399)		(78,399)	(78,399)		(78,399)		(78,399)	
Interest on capital financing				(44,000)		(44,000)		(44,000)	
Subtotal	(78,399)	-	(78,399)	(122,399)	-	(122,399)	-	(122,399)	-
Fixed Assets									
SAS Software Upgrade	(33,190)	-	(33,190)	(31,000)	-	(31,000)		(31,000)	
AFC Expansion - Furniture, Equipment and UI - net in excess of TIA	(114,568)	-	(114,568)	(114,568)	-	(114,568)		(114,568)	
ERO Applications - BES Exceptions - Capitalized Costs	(721,558)	-	(721,558)	(747,136)	-	(747,136)	(747,136)		
ERO Applications - EIDS - Capitalized Costs	(273,437)	-	(273,437)	(581,000)	(25,000)	(556,000)	(556,000)		
Standards Balloting Software				(245,000)	(245,000)	-			
Subtotal	(1,142,752)	-	(1,142,752)	(1,718,704)	(270,000)	(1,448,704)	(1,303,136)	(145,568)	-
Total Expenditure of Operating Reserves	(2,084,133)	(466,833)	(1,617,300)	(3,074,624)	(1,732,736)	(1,341,888)	(707,059)	(634,829)	-
(4) Net Expenditure of Operating Reserves	(2,018,558)	(466,833)	(1,551,725)	(2,993,624)	(1,732,736)	(1,260,888)	(707,059)	(553,829)	-
Total Generation (Use) of Operating Reserves	(1,164,854)	(2,031,074)	866,222	(2,729,980)	(2,033,597)	(696,381)	(707,059)	10,678	-
TOTAL Operating Reserves							2013 Projected Reserve Balance		
Beginning Balance 1/1/2013	7,012,052	5,440,748	1,571,304	7,012,052	5,440,748	1,571,304	1,000,000	4,446,090	1,565,962
Generation (Use) from Budgeted Operations	853,705	(1,564,241)	2,417,948	263,644	(300,861)	564,507	-	591,155	(327,511)
Generation (Use) - Known and Unknown Contingency Reserves ²	(2,018,558)	(466,833)	(1,551,725)	(2,993,624)	(1,732,736)	(1,260,888)	(707,059)	(2,286,565)	843,000
Proceeds from Financing Activities (non-current portion only)				843,000		843,000		843,000	
Amortize adjustment for future liabilities				(120,801)		(120,801)		(120,801)	
Projected Balance 12/31/13	5,847,198	3,409,674	2,437,526	5,004,271	3,407,151	1,597,122	292,941	3,472,879	1,238,451

²The use of Unknown Contingency Reserves includes the \$1,686,309 budgeted reduction in reserves, excluding the System Operator program. The 2013 budget also included a \$347,288 reduction in System Operator reserves, for a total 2013 budgeted reduction of \$2,033,597 in reserves.

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
Statement of Activities, Fixed Assets and Change in Working Capital
(Unaudited)
For the period ended 09/30/2013

	2013 YTD Actual	2013 YTD Budget	2013 YTD Actual Variance from Budget		2013 Projection	2013 Annual Budget	2013 Projected Variance from Budget	
			Over(Under)	%			Over(Under)	%
Funding								
Assessments	35,703,117	35,703,117	0		47,604,156	47,604,156	-	
Penalties	1,884,375	1,884,375	-		2,512,500	2,512,500	-	
Testing	1,328,396	1,260,000	68,396		1,680,000	1,680,000	-	
Services & Software	65,575	-	65,575		81,000	-	81,000	
Workshop Fees	271,600	194,000	77,600		376,100	436,000	(59,900)	
Interest	2,717	15,000	(12,283)		3,623	20,000	(16,377)	
Miscellaneous	224	-	224		224	-	224	
Total Funding	39,256,004	39,056,492	199,512	0.5%	52,257,603	52,252,656	4,947	0.0%
Expenses								
Personnel Expenses								
Salaries	18,824,985	18,014,652	810,333		25,009,270	24,056,165	953,105	
Payroll Taxes	1,325,718	1,243,268	82,450		1,526,896	1,459,710	67,186	
Employee Benefits	2,203,077	2,309,926	(106,848)		2,708,568	3,079,941	(371,373)	
Savings & Retirement	1,478,091	1,993,862	(515,771)		2,162,053	2,702,588	(540,536)	
Total Personnel Expenses	23,831,872	23,561,705	270,165	1.1%	31,406,787	31,298,403	108,383	0.3%
Meeting Expenses								
Meetings	826,856	658,000	168,856		1,175,272	1,042,000	133,272	
Travel	1,601,706	2,053,875	(452,169)		2,287,727	2,738,500	(450,773)	
Conference Calls	234,541	238,358	(3,816)		313,098	317,810	(4,712)	
Total Meeting Expenses	2,663,103	2,950,233	(287,130)	-9.7%	3,776,097	4,098,310	(322,213)	-7.9%
Operating Expenses								
Consultants and Contracts	5,544,454	6,982,873	(1,438,420)		8,118,258	8,816,254	(697,996)	
Rent & Improvements	2,068,076	2,105,422	(37,346)		2,695,217	2,756,840	(61,623)	
Office Costs	2,454,891	2,386,136	68,755		3,460,838	3,181,515	279,323	
Professional Services	1,668,008	1,718,497	(50,489)		2,234,600	2,291,331	(56,731)	
Miscellaneous	5,241	16,125	(10,884)		26,962	21,500	5,462	
Depreciation	1,372,762	1,184,852	187,910		1,863,385	1,579,801	283,584	
Total Operating Expenses	13,113,432	14,393,906	(1,280,473)	-8.9%	18,399,259	18,647,241	(247,982)	-1.3%
Other Non-Operating Expenses	132,426	37,500	94,926	253.1%	176,666	50,000	126,666	253.3%
Total Expenses	39,740,833	40,943,343	(1,202,512)	-2.9%	53,758,809	54,093,954	(335,146)	-0.6%
Net Change in Assets	(484,828)	(1,886,851)	1,402,025	-74.3%	(1,501,206)	(1,841,298)	340,094	-18.5%
Fixed Assets								
Depreciation	(1,372,762)	(1,184,852)	(187,910)		(1,863,385)	(1,579,801)	(283,584)	
Computer & Software CapEx	1,200,830	1,167,075	33,755		2,100,822	1,556,100	544,722	
Furniture & Fixtures CapEx	340,788	-	340,788		340,788	-	340,788	
Equipment CapEx	435,980	162,000	273,980		569,588	216,000	353,588	
Leasehold Improvements	75,189	-	75,189		80,962	-	80,962	
Incr(Dec) in Fixed Assets	680,025	144,223	535,802	371.5%	1,228,774	192,299	1,036,475	539.0%
Total Budget (Expenses plus Incr(Dec) in Fixed Assets)	40,420,858	41,087,566	(666,710)	-1.6%	54,987,583	54,286,253	701,329	1.3%
Change in Operating Reserves (Total Funding less Total Budget)	(1,164,854)	(2,031,074)	866,222		(2,729,980)	(2,033,597)	(696,381)	
FTE's	173.64	186.25	(12.61)	-6.8%	175.90	186.25	(10.35)	-5.6%

CERTIFICATE OF SERVICE

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

Dated at Washington, D.C. this 14th day of November, 2013.

/s/ Rebecca J. Michael

Rebecca J. Michael
*Attorney for North American
Electric Reliability Corporation*