

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>North American Electric Reliability Corporation</b>	)	
	)	<b>Docket No. FA11-21-000</b>

**COMPLIANCE FILING OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

The North American Electric Reliability Corporation (“NERC”)<sup>1</sup> submits this compliance filing in accordance with the Commission’s January 16, 2013 Order in Docket No. FA11-21-000.<sup>2</sup> In the January 16 Order, the Commission approved a Settlement Agreement between the Office of Enforcement (“Enforcement”) and NERC related to Enforcement’s findings and recommendations arising out of its 2012 performance audit of NERC. Specifically, Section II.7(b)(i) of the Settlement Agreement requires that:

Within forty-five days of the end of each quarter, beginning with the quarter ending March 31, 2013, NERC will file with the Commission the unaudited report of the NERC budget-to-actual spending variances during the preceding quarter. This report will include information regarding sources and uses of operating and working capital reserves and will match or exceed the level of detail of the quarterly budget-to-actual variance report of NERC expenditures attached to the agenda of NERC Board of Trustees Finance and Audit Committee’s October 2012 meeting.<sup>3</sup>

Attached hereto is the unaudited report of NERC’s budget-to-actual variance information for the first quarter of 2014, in accordance with the January 16 Order. This variance information was

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<sup>1</sup> NERC was certified by FERC as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. FERC certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (“ERO Certification Order”).

<sup>2</sup> See *North American Electric Reliability Corporation, Order Approving Settlement Agreement*, 142 FERC ¶ 61,042 (2013) (“January 16 Order”).

<sup>3</sup> *Id.*

posted on NERC's website and reviewed in open session at the May 6, 2014 meeting of the NERC Finance and Audit Committee. The unaudited report was accepted by the NERC Board of Trustees at its meeting on May 7, 2014.

**I. NOTICES AND COMMUNICATIONS**

Notices and communications with respect to this filing may be addressed to:<sup>4</sup>

Michael Walker\*  
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Administrative Officer  
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\*Persons to be included on the  
Commission's official service list

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<sup>4</sup> 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/ Meredith M. Jolivert*

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*Counsel for North American Electric  
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Dated: May 15, 2014

# **ATTACHMENT**

## Summary of Results as of March 31, 2014

Through March 31, 2014, NERC was \$1.5M, 10.2%, under its expense and fixed asset budget. As reflected in the following table and as further explained below, NERC is projecting to be approximately \$939.1k, 1.7%, under budget at year end, due primarily to projected: (i) lower than budgeted personnel expense related to timing of hiring open positions; (ii) lower than budgeted travel expense after taking into account 2013 actual results, which reflected the implementation of various travel and expense control initiatives, and projected staffing levels; and, (iii) reduced office costs, primarily related to lower than budgeted expense for maintenance and service agreements. It's important to keep in mind that this projection is preliminary and subject to change. This year end projection will be utilized in preparation of the initial draft of NERC's 2015 business plan and budget, which will be posted on May 16<sup>th</sup>. It will be further refined and updated as part of the second quarter variance report and the final draft of the 2015 business plan and budget which is scheduled to be posted on July 15<sup>th</sup>.

### YTD Actual versus YTD Budget and 2014 Projection versus 2014 Total Budget by Category

	2014	2014	2014 Variance	%	2014	2014 Annual	2014 Projected	%
	Actual	Budget	Over(Under)		Projection	Budget	Variance from Budget Over(Under)	
TOTAL FUNDING	13,612,918	13,653,595	(40,677)	-0.3%	53,735,382	53,735,382	-	0.0%
<b>BUDGET - EXPENSES and FIXED ASSETS</b>								
PERSONNEL EXPENSES	8,535,155	8,850,363	(315,210)	-3.6%	33,642,577	34,059,654	(417,077)	-1.2%
MEETINGS, TRAVEL and CONFERENCE CALLS	857,031	950,632	(93,601)	-9.8%	3,551,995	3,789,526	(237,531)	-6.3%
CONSULTANTS and CONTRACTS	1,399,286	1,926,665	(527,380)	-27.4%	6,851,046	6,828,973	22,073	0.3%
RENT	660,658	654,325	6,333	1.0%	2,617,300	2,617,300	-	0.0%
OFFICE COSTS, PROFESSIONAL SERVICES and MISCELLANEOUS	1,367,413	1,460,974	(93,561)	-6.4%	5,590,908	5,832,854	(241,946)	-4.1%
Other Non-Operating Expenses	2,863	36,000	(33,137)	-92.0%	79,367	144,000	(64,633)	-44.9%
FIXED ASSET PURCHASES (excludes the credit for depreciation)	345,216	779,448	(434,232)	-55.7%	3,117,789	3,117,789	-	0.0%
<b>TOTAL BUDGET</b>	<b>13,167,621</b>	<b>14,658,406</b>	<b>(1,490,788)</b>	<b>-10.2%</b>	<b>55,450,983</b>	<b>56,390,096</b>	<b>(939,113)</b>	<b>-1.7%</b>
FTEs	177.09	188.78	(11.69)	-6.2%	186.76	189.53	(2.77)	-1.5%

Following is a brief summary of variances by major categories:

- Personnel expenses were under budget \$315.2k, 3.6%, and are projected to be \$417.1k, 1.2% under budget at year end due primarily to timing of hiring open positions. There were 11.7, 6.2%, fewer FTEs on staff than budgeted through March 31, 2014. The 2014 budget for personnel expenses and total FTEs reflects a 4% adjustment to account for attrition and timing of hiring open positions.
  - Salaries expense, which consists of salaries, incentive compensation, employment agency fees and temporary office services, was \$214.6k, 3.3%, under budget through March 31<sup>st</sup>,

- and is projected to be under budget \$200.5k, 0.8%, at year end due primarily to having fewer FTEs on staff than budgeted.
- Payroll taxes were over budget \$91.8k, 14%, through March 31<sup>st</sup>, and are projected to be over budget \$137.0k, 8.7%, at year end due to a higher maximum salary subject to taxes in 2014 than was budgeted. Higher than budgeted expense through March 31<sup>st</sup> was also due to timing related to payroll taxes paid in February in connection with the payout of incentive compensation.
  - Employee Benefits were \$106.6k, 12.6%, under budget due to having fewer FTEs on staff than budgeted and due to lower employee relocation costs than budgeted. Benefits are projected to be under budget \$185.0k, 5.5%, at year end due to having fewer FTEs on staff and lower than budgeted renewal costs.
  - Retirement costs were \$85.8k, 10.8%, under budget due to having fewer FTEs on staff. Retirement costs are projected to be \$168.6k, 5.8%, under budget at year end due to timing of hiring open positions which delays eligibility in the savings and investment plan.
- Meeting, travel and conferencing expenses were collectively under budget \$93.6k, 9.8%, through March 31<sup>st</sup>, and are projected to be \$237.5k, 6.3%, under budget at year end. Travel expenses were under budget \$51.8k through March, 2014, and are projected to be \$198.2k under budget at year end after taking into consideration 2013 actual costs. Total travel expense in 2013 was \$2.0M, approximately \$400k less than the amount budgeted for 2014.
  - Consultant and Contract expenses were \$527.4k, 27.4%, under budget primarily due to timing of the budget versus actual payments for numerous projects throughout the organization. Total year end expenses are projected to be close to budget. The following table summarizes existing and projected over budget variances by department.
    - Regional Oversight for Compliance – The over budget projection is for additional consulting support in connection with regional RAI pilot program oversight.
    - RAPA - The over budget projection is related to: (i) contract support for data modeling and analysis needed due to staff vacancies, and which is offset by lower than budgeted personnel expenses and, (ii) change orders related to generation databases that were approved in 2013, but were not completed and fully invoiced until 2014.
    - Human Resources – The over budget projection is related to higher than budgeted consulting costs for executive and staff training and development.

**SUMMARY OF CONSULTANT AND CONTRACT EXPENSES BY DEPARTMENT**

	As of March 31, 2014					
	Actual	Budget	Over(Under)	2014 Projection	2014 Annual Budget	Variance from Budget Over(Under)
<b>CONSULTANTS and CONTRACTS</b>						
STANDARDS	-	-	-	-	-	-
COMPLIANCE ANALYSIS and CERTIFICATION	-	-	-	-	-	-
REGIONAL OVERSIGHT for COMPLIANCE	76,419	57,740	18,679	480,240	400,000	80,240
COMPLIANCE ENFORCEMENT	-	-	-	-	-	-
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS	89,770	229,521	(139,751)	692,652	638,085	54,567
RELIABILITY RISK MANAGEMENT	557,914	533,203	24,711	1,277,583	1,289,108	(11,525)
CRITICAL INFRASTRUCTURE DEPARTMENT	27,514	47,503	(19,989)	190,000	190,000	-
ES-ISAC	169,380	265,800	(96,420)	753,750	786,450	(32,700)
TRAINING, EDUCATION and OPERATOR CERTIFICATION	40,600	186,333	(145,733)	787,330	848,830	(61,500)
GENERAL and ADMINISTRATIVE and EXECUTIVE	-	-	-	-	-	-
POLICY and EXTERNAL AFFAIRS	-	18,750	(18,750)	75,000	75,000	-
LEGAL and REGULATORY	-	-	-	-	-	-
INFORMATION TECHNOLOGY	310,268	488,066	(177,798)	1,932,491	1,944,000	(11,509)
HUMAN RESOURCES	74,971	44,750	30,221	262,000	257,500	4,500
FINANCE and ACCOUNTING	52,449	55,000	(2,551)	400,000	400,000	-
<b>TOTAL CONTRACTS and CONSULTANTS</b>	<b>1,399,286</b>	<b>1,926,665</b>	<b>(527,380)</b>	<b>6,851,046</b>	<b>6,828,973</b>	<b>22,073</b>

- Office Costs, Professional Services and Miscellaneous expenses were \$93.6k, 6.4%, under budget due to: (i) lower than budgeted costs for maintenance and service agreements; and (ii) lower than budgeted costs for attorney fees. These lower than budgeted costs were offset by slightly higher than budgeted costs related to closing the capital financing loan. Office costs are projected to be \$238.4k, 6.8%, under budget due to lower than budgeted costs for maintenance and service agreements.
- Other Non-Operating Expenses were \$33.1k, 92.0%, under budget through March 31<sup>st</sup>, and are projected to be \$64.6k, 44.9%, under budget at year end due to a lower than budgeted interest expense and a delay in closing the capital financing program loan. The actual interest rate on the loan, which closed in January, 2014 instead of fourth quarter, 2013, is 2.9%. The 2014 budget was developed using an interest rate of 3.5%.
- Fixed Asset Purchases, which excludes the credit for depreciation, were \$434.2k, 55.7%, under budget due to timing of expenses.

The following table summarizes contract and consulting cost incurred through March 31, 2014 related to the development of various enterprise software applications, including use of reserves.

**Total project spending as of 3/31/2014**

Project	2013			2014			Total		
	Actual	Budget	Use of Reserves	Actual	Budget	Use of Reserves	Actual	Budget	Use of Reserves
BES	822,327	644,736	177,591	153,595	200,000	-	975,922	844,736	177,591
SBS	250,131	245,000	5,131	216,735	215,000	-	466,866	460,000	5,131
EIDS	638,755	432,500	206,255	23,461	325,000	-	662,216	757,500	206,255
<b>TOTAL</b>	<b>1,711,213</b>	<b>1,322,236</b>	<b>388,977</b>	<b>393,791</b>	<b>740,000</b>	<b>-</b>	<b>2,054,854</b>	<b>2,062,236</b>	<b>388,977</b>

The development of the EIDS application is on hold. A technical audit of the vendor’s code revealed significant architecture issues. The company is re-evaluating and will be consulting with the Regional Entities regarding the future approach to development of this application. The costs incurred through March 31, 2014 in the development of this application expensed, rather than capitalized after a technical review of the code developed by the vendor revealed that (1) the software is not useable in its current form, (2) significant changes and costs would need to be incurred to attempt to make the application useable and even assuming that could be done, operation and maintenance of the software would be unduly expensive and cumbersome, (3) costs to complete or modify the software to attempt to make it useable will significantly exceed budget and (4) the likely path forward for the development this application will be to use a completely different architecture and starting platform. A more detailed discussion of the results of the company’s technical audit of the vendor’s code, as well as steps to strengthen the management and oversight of the development of this and other enterprise applications is included in the background materials for the May 6, 2015 Standards Oversight and Technology Committee meeting. Management is undertaking a review of capital spending needs and priorities for the balance of the year. The plan is to work within the confines of the overall 2014 fixed asset budget.



## OPERATING RESERVE ANALYSIS

The December 31, 2013 working capital and operating reserve balance was \$6.3M, inclusive of the adjustment for future liabilities. The 2013 ending balance was approximately \$2.0M less than budgeted as a result of: (i) an error in the calculation of the projected year-end 2013 balance that occurred during development of the 2014 business plan and<sup>1</sup>; and (ii) the delay in closing the capital financing loan until January, 2014. The beginning year shortfall was partially offset by \$808.2k, which is the non-current portion of the proceeds from the initial capital financing draw which took place on January 31<sup>st</sup>. Management has revised its internal control procedures to prevent reoccurrence of this error in the future.

As of March 31, 2014, the balance in available working capital and operating reserves was approximately equal to budget. Through March 31<sup>st</sup>, management approved the use of \$139.7k of Unknown Contingency Reserves for contract and consulting support related to: (1) \$80.2k for review of the regional entity RAI pilot programs; (2) \$55.0k for data modeling and change orders related to generation databases; and (3) \$4.5k for executive and staff training and development. The current balances in the Known Contingency Reserve, Unknown Contingency Reserve and the System Operator Reserves as of March 31, 2014 were \$1.0M, \$942.6k, and \$1.5M, respectively.

The current year-end projected reserve balance is \$2.1M, \$635.9k less than budget and which is primarily due to the lower than budgeted actual starting reserve balance described above. The projected year-end balances in Known Contingency Reserves, Unknown Contingency Reserves and the System Operator Reserves is \$1.0M, \$74.8k, and 1.1M, respectively.

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<sup>1</sup> In the preparation of the projected working capital and operating reserves as part of the 2014 budget development process, an incorrect assumption was made that the release of the penalty funding from restriction per applicable accounting policy increased the available operating reserve balance. However, when the restriction expires, the penalty funds are transferred from restricted cash to unrestricted cash to fund current year operations and only represent an increase in working capital or operating reserves when assessments are not reduced by an equivalent amount. This was not the case in the 2013 budget where penalty funds were used to reduce assessments as required by NERC's current penalty fund policy.

OPERATING RESERVE ANALYSIS - March 31, 2014

	2014 Actual	2014 Budget*	Variance - Actual to Budget	2014 Projection as of 3/31/2014	2014 Budget*	Variance - Projection to Budget	2014 Current Reserve Balances		
							Known Contingency Reserves	Unknown Contingency Reserves	System Operator Reserves
<b>WORKING CAPITAL and OPERATING RESERVES</b>									
Balance as of 12/31/13	6,264,672	8,217,862	(1,953,190)	6,264,672	8,217,862	(1,953,190)			
Less: Adjustment for future liabilities	(3,817,478)	(3,788,645)	(28,833)	(3,817,478)	(3,788,645)	(28,833)			
<b>Beginning Available Operating Reserves</b>	<b>2,447,194</b>	<b>4,429,217</b>	<b>(1,982,023)</b>	<b>2,447,194</b>	<b>4,429,217</b>	<b>(1,982,023)</b>	<b>1,000,000</b>	<b>(69,672)</b>	<b>1,516,866</b>
Proceeds from Financing Activities (non-current portion only)	808,194		808,194	1,752,187	943,993	808,194		808,194	
Change in Reserves from Current Year Operations	445,297	(1,004,811)	1,450,111	(1,715,602)	(2,654,715)	939,113	-	480,762	(35,465)
Other adjustments to reserves**	(276,673)		(276,673)	(351,209)	49,999	(401,208)		(276,673)	
<b>Available Reserve Balance 3/31/14</b>	<b>3,424,012</b>	<b>3,424,406</b>	<b>(391)</b>	<b>2,132,571</b>	<b>2,768,494</b>	<b>(635,924)</b>	<b>1,000,000</b>	<b>942,611</b>	<b>1,481,401</b>

\*The 2014 budget includes a \$1.2M reduction in Known and Unknown reserves and a \$438.3k planned reduction in the System Operator Reserves, for a total budgeted reduction in reserves of \$1,660,724.

\*\*Represents transactions recorded only on the Statement of Financial Position (balance sheet) and do not impact the Statement of Activities (income statement), including debt services and true-up of current versus non-current deferred rent obligation

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**  
**Statement of Activities and Fixed Assets Budget**  
**(Unaudited)**  
**For the period ended 03/31/2014**

	2014 Actual	2014 Budget	2014 Variance Over(Under)	%	2014 Projection	2014 Annual Budget	2014 Projected Variance from Budget Over(Under)	%
<b>Funding</b>								
Assessments	12,850,346	12,850,345	0		51,401,382	51,401,382	-	
Penalties	290,000	290,000	(0)		290,000	290,000	-	
Testing	382,918	405,000	(22,083)		1,620,000	1,620,000	-	
Services & Software	7,000	12,500	(5,500)		50,000	50,000	-	
Workshop Fees	82,000	90,750	(8,750)		354,000	354,000	-	
Interest	598	5,000	(4,402)		20,000	20,000	-	
Miscellaneous	58	-	58		-	-	-	
<b>Total Funding</b>	<b>13,612,918</b>	<b>13,653,595</b>	<b>(40,677)</b>	<b>-0.3%</b>	<b>53,735,382</b>	<b>53,735,382</b>	<b>-</b>	<b>0.0%</b>
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	6,340,058	6,554,645	(214,587)		26,018,122	26,218,572	(200,450)	-0.8%
Payroll Taxes	746,619	654,855	91,764		1,707,968	1,570,954	137,014	8.7%
Employee Benefits	739,879	846,477	(106,598)		3,200,898	3,385,917	(185,019)	-5.5%
Savings & Retirement	708,599	794,388	(85,789)		2,715,589	2,884,211	(168,622)	-5.8%
<b>Total Personnel Expenses</b>	<b>8,535,155</b>	<b>8,850,363</b>	<b>(315,210)</b>	<b>-3.6%</b>	<b>33,642,577</b>	<b>34,059,654</b>	<b>(417,077)</b>	<b>-1.2%</b>
<b>Meeting Expenses</b>								
Meetings	233,439	266,288	(32,849)		1,050,980	1,052,150	(1,170)	-0.1%
Travel	553,065	604,881	(51,816)		2,221,330	2,419,525	(198,195)	-8.2%
Conference Calls	70,527	79,463	(8,936)		279,685	317,851	(38,166)	-12.0%
<b>Total Meeting Expenses</b>	<b>857,031</b>	<b>950,632</b>	<b>(93,601)</b>	<b>-9.8%</b>	<b>3,551,995</b>	<b>3,789,526</b>	<b>(237,531)</b>	<b>-6.3%</b>
<b>Operating Expenses</b>								
Consultants and Contracts	1,399,286	1,926,665	(527,380)	-27.4%	6,851,046	6,828,973	22,073	0.3%
Rent & Improvements	660,658	654,325	6,333	1.0%	2,617,300	2,617,300	-	0.0%
Office Costs	851,969	880,484	(28,515)	-3.2%	3,267,628	3,506,074	(238,446)	-6.8%
Professional Services	513,599	571,365	(57,766)	-10.1%	2,290,280	2,290,280	-	0.0%
Miscellaneous	1,846	9,125	(7,279)	-79.8%	33,000	36,500	(3,500)	-9.6%
Depreciation	496,637	583,252	(86,615)	-14.9%	2,137,192	2,333,006	(195,814)	-8.4%
<b>Total Operating Expenses</b>	<b>3,923,994</b>	<b>4,625,216</b>	<b>(701,222)</b>	<b>-15.2%</b>	<b>17,196,446</b>	<b>17,612,133</b>	<b>(415,687)</b>	<b>-2.4%</b>
<b>Other Non-Operating Expenses</b>	<b>2,863</b>	<b>36,000</b>	<b>(33,137)</b>	<b>-92.0%</b>	<b>79,367</b>	<b>144,000</b>	<b>(64,633)</b>	<b>-44.9%</b>
<b>Total Expenses</b>	<b>13,319,042</b>	<b>14,462,211</b>	<b>(1,143,171)</b>	<b>-7.9%</b>	<b>54,470,386</b>	<b>55,605,313</b>	<b>(1,134,927)</b>	<b>-2.0%</b>
<b>Net Change in Assets</b>	<b>293,876</b>	<b>(808,615)</b>	<b>1,102,493</b>	<b>-136.3%</b>	<b>(735,004)</b>	<b>(1,869,931)</b>	<b>1,134,927</b>	<b>-60.7%</b>
<b>Fixed Assets</b>								
Depreciation	(496,637)	(583,252)	86,615		(2,137,192)	(2,333,006)	195,814	
Computer & Software CapEx	293,061	726,198	(433,136)		2,904,790	2,904,790	-	
Furniture & Fixtures CapEx	-	-	-		-	-	-	
Equipment CapEx	52,154	53,250	(1,096)		213,000	213,000	-	
Leasehold Improvements	-	-	-		-	-	-	
<b>Incr(Dec) in Fixed Assets</b>	<b>(151,421)</b>	<b>196,196</b>	<b>(347,617)</b>	<b>-177.2%</b>	<b>980,597</b>	<b>784,783</b>	<b>195,814</b>	<b>25.0%</b>
<b>Total Budget (Expenses plus Incr(Dec) in Fixed Assets)</b>	<b>13,167,621</b>	<b>14,658,406</b>	<b>(1,490,788)</b>	<b>-10.2%</b>	<b>55,450,983</b>	<b>56,390,094</b>	<b>(939,113)</b>	<b>-1.7%</b>
FTE's	177.09	188.78	(11.69)	-6.2%	186.76	189.53	(2.77)	-1.5%

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
STATEMENT OF FINANCIAL POSITION  
(Unaudited)**

	3/31/2014	12/31/2013	Available Working Capital	
			3/31/2014	12/31/2013
<b>ASSETS</b>				
Cash	31,288,523	26,182,060	31,288,523	26,182,060
Trade Accounts receivable, net of allowance for uncollectible accounts of 0 and 62,573 in 2013 and 2012	18,424,462	3,353,895	18,424,462	3,353,895
Prepaid expenses and other current assets	711,362	869,876	711,362	869,876
Security deposit	99,136	99,136		
Cash value of insurance policies	-	-		
Employee Fiduciary - 457b	320,660	320,660		
Property and equipment	5,493,695	5,645,116		
<b>Total Assets</b>	<b>56,337,838</b>	<b>36,470,743</b>		
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
<b>Current Portion</b>				
Accounts payable and accrued expenses (includes vacation accrual)	3,547,498	2,917,303	(3,547,498)	(2,917,303)
Accrued incentive compensation	990,140	4,025,979	(990,140)	(4,025,979)
Deferred rent-current	193,572	182,421	(193,572)	(182,421)
Deferred compensation - current	14,257	20,386	(14,257)	(20,386)
Capital lease obligations - current	47,108	47,108	(47,108)	(47,108)
Accrued retirement liabilities	835,776	1,788,624	(835,776)	(1,788,624)
Debt service - current portion	421,667		(421,667)	-
Deferred income	17,908,399	5,287,044	(17,908,399)	(5,287,044)
Deferred revenue - penalties	0	-	(0)	-
Deferred revenue - other	5,000		(5,000)	-
Regional assessments	19,115,052	9,427,293	(19,115,052)	(9,427,293)
<b>Total Current Portion</b>	<b>43,078,469</b>	<b>23,696,159</b>		
<b>Long-Term Portion</b>				
Deferred compensation <sup>1</sup>	320,660	597,514		
Long-Term Debt	808,194			
Deferred Rent-non-current	3,767,047	3,817,478	(3,767,047)	(3,817,478)
Capital lease obligations - non-current	-	-		
<b>Total Long-Term Portion</b>	<b>4,895,901</b>	<b>4,414,992</b>		
<b>Total Liabilities</b>	<b>47,974,370</b>	<b>28,111,151</b>		
Net Assets - unrestricted	8,208,469	7,914,592		
Net Assets - restricted	155,000	445,000	(155,000)	(445,000)
<b>Total Liabilities and Net Assets</b>	<b>56,337,838</b>	<b>36,470,743</b>	<b>3,423,832</b>	<b>2,447,194</b>
<sup>1</sup> Includes 457b liability, life insurance for former executive, and retiree medical				
<b>Working Capital</b>	<b>7,190,878</b>	<b>6,264,672</b>		
Less: Restriction for future liabilities	(3,767,047)	(3,817,478)		
<b>Available Working Capital</b>	<b>3,423,832</b>	<b>2,447,194</b>		

**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 15<sup>th</sup> day of May, 2014.

*/s/ Meredith M. Jolivert*

Meredith M. Jolivert  
*Counsel for North American  
Electric Reliability Corporation*