

June 29, 2016

**VIA OVERNIGHT MAIL**

Sheri Young, Secretary of the Board  
National Energy Board  
517 – 10<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2R 0A8

Re: *North American Electric Reliability Corporation*

Dear Ms. Young:

The North American Electric Reliability Corporation hereby submits North American Electric Reliability Corporation's Revised Report of Comparisons of NERC's Budgeted to Actual Costs for 2015.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Holly A. Hawkins

Holly A. Hawkins  
*Associate General Counsel for the North  
American Electric Reliability Corporation*

Enclosure

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The North American Electric Reliability Corporation (“NERC”) respectfully submits a *revised* report comparing NERC’s actual costs to budgeted costs for the year 2015. The revised report is provided as **Attachment 1-A** to this filing, and replaces Attachment 1 to NERC’s original filing submitted on June 8, 2016.

Only NERC’s comparison of actual costs to budgeted costs for 2015 is affected by this filing. None of the eight Regional Entity comparisons of actual costs to budgeted costs for 2015, or the actual cost to budgeted cost comparison for Peak Reliability, Inc. for 2015, that were submitted with the June 8, 2016 filing, are being revised.

This filing includes the following two attachments:

**Attachment 1-A:** Revised 2015 Actual Cost-to-Budget Comparison and Audited Financial Statements for NERC. **Attachment 1-A** replaces Attachment 1 to NERC’s June 8, 2016 filing in this docket.<sup>1</sup>

**Attachment 1-B:** Corrected tables and text in NERC’s Revised 2015 Actual Cost-to-Budget Comparison. **Attachment 1-B** shows, in redline or through other means, the revisions to NERC’s originally-filed report that have been made in **Attachment 1-A**.

NERC is submitting a revised comparison of actual costs-to-budgeted costs for 2015 because NERC recently discovered, after submitting the June 8, 2016 filing, that incorrect budgeted 2015 full-time equivalent (“FTE”) staffing numbers for several NERC programs and departments were used in preparing Attachment 1 to the June 8, 2016 filing. Specifically, incorrect budgeted 2015 FTE staffing numbers were used for the Reliability Standards, Compliance Enforcement, General and Administrative, Legal and Regulatory, and Finance and Accounting programs or departments. The overall budgeted 2015 FTE number used in the originally-filed report is not affected (*i.e.* is correctly stated in Attachment 1 to the June 8, 2016

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<sup>1</sup> NERC’s Audited Financial Report for 2015, included in **Attachment 1-A**, is the same set of audited financial statements included in Attachment 1 to the June 8, 2016 filing – no changes have been made to NERC’s audited 2015 financial statements.

filing), and the overall NERC Statement of Activities and Fixed Assets Budget comparing total NERC budgeted costs to actual costs for 2015 is not affected.

The principal impact of the use of incorrect 2015 budgeted FTE numbers for the Reliability Standards, Compliance Enforcement, General and Administrative, Legal and Regulatory, and Finance and Accounting programs or departments in the originally-filed report (in addition to the incorrect representation of those numbers) is that the budgeted Indirect Expenses, and the variances of actual to budgeted Indirect Expenses, for all the statutory programs were incorrect in the original report. This is because Indirect Expenses are allocated to the statutory programs based on the ratio of the FTEs in each statutory program to the total FTEs in all statutory programs. In addition to the budgeted 2015 FTE for two statutory programs being incorrectly stated, the corrected 2015 budgeted FTE numbers reflect 0.94 more budgeted FTE in the statutory programs and 0.94 fewer budgeted FTE in the administrative (indirect) departments than was shown in the originally-filed report. As a result, the allocation of budgeted Indirect Expenses to each statutory program in **Attachment 1-A**, and the corresponding actual cost to budget variance, are different from the allocation of budgeted Indirect Expenses to each statutory program, and the actual cost to budget variance, shown in the originally-filed report.

In **Attachment 1-B**, the changes to the Statements of Activities and Fixed Assets Budget for the various programs and departments impacted appear in the lines that have numbers shown in the “Change in Variance” column (far right-hand column).

The increase in total budgeted 2015 statutory program FTEs from the originally filed report also slightly decreased the budgeted Indirect Expenses per statutory program FTE and the budgeted allocated Fixed Assets net of Depreciation, as shown on page 2 of **Attachment 1-B**.

In addition, the change in budgeted FTEs, and consequently in the variance from

budgeted to actual FTEs, for several programs and departments, necessitated revisions to the explanations of variance for Personnel Expenses (as well as for Indirect Expenses), for these programs and departments. The changes to the explanations are shown in redlined format in **Attachment 1-B**.

The Revised 2015 Actual Cost-to-Budget Comparison for NERC in **Attachment 1-A** replaces Attachment 1 to NERC's June 8, 2016 filing as NERC's report of comparisons of its actual costs to budgeted costs for 2015.

Respectfully submitted,

/s/ Charles A. Berardesco

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## **ATTACHMENT 1-A and 1-B**

(Available on the NERC Website at

[http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/RevAttach1\\_NERC\\_2015\\_TrueUp\\_Report.pdf](http://www.nerc.com/FilingsOrders/ca/Canadian%20Filings%20and%20Orders%20DL/RevAttach1_NERC_2015_TrueUp_Report.pdf))