



MRO Copyright 2007

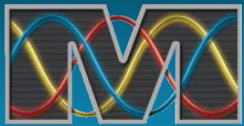
**MIDWEST
RELIABILITY
ORGANIZATION**

CLARITY ■ ASSURANCE ■ RESULTS

Midwest Reliability Organization Draft 2019 Business Plan and Budget

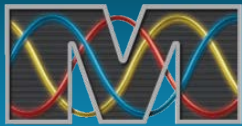
**Sue Clarke, VP of Finance and
Administration**

**Improving RELIABILITY and
mitigating RISKS to the Bulk
Power System**



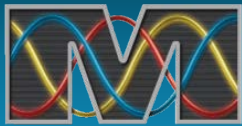
2019 Statutory Budget Overview

- Total budget increase is \$4.3M (36%)
- Assessments
 - 44% increase
 - Budget process “resets” the working capital at the current level of 30 days for the start of the budget year
 - Adjustment to achieve targeted operating and working capital reserves in 2019 will be a decrease of \$449K
- Headcount
 - Increase by a net of 14 (59 FTEs)



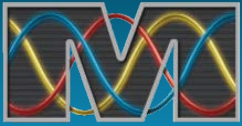
2019 Preliminary Budget by Category

	2018	2019	Variance \$	Variance %
	Budget	Budget	Over(Under)	Over(Under)
Expenses				
Total Personnel Expenses	\$ 8,564,796	\$ 11,569,667	\$ 3,004,871	35%
Total Meeting Expenses	\$ 749,380	\$ 1,051,164	\$ 301,784	40%
Total Operating Expenses	\$ 2,704,390	\$ 3,740,523	\$ 1,036,133	38%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ 12,018,566	\$ 16,361,354	\$ 4,342,788	36%
Inc(Dec) in Fixed Assets (C)	(291,830)	(381,000)	(89,170)	31%
TOTAL BUDGET (=B + C)	\$ 11,726,736	\$ 15,980,354	\$ 4,253,618	36%
FTEs	45.00	59.00	14.00	31%

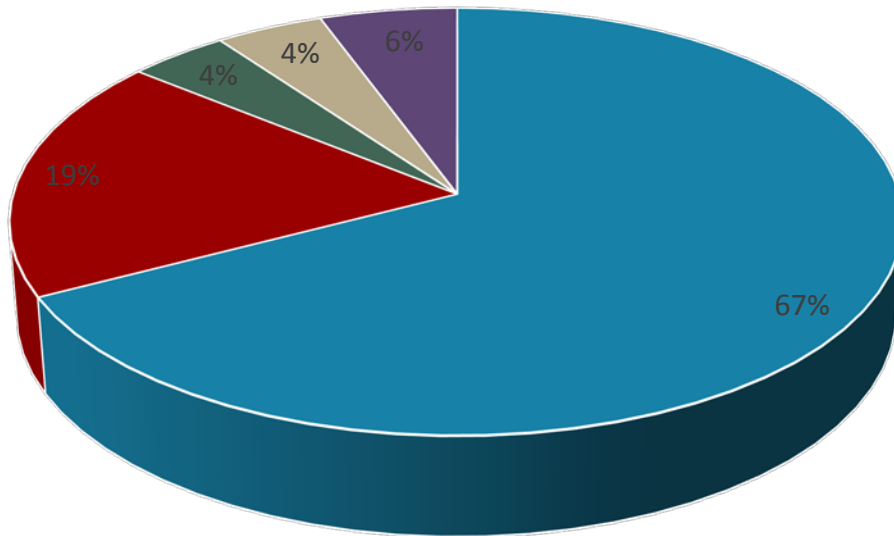


2018–2019 FTE Comparison

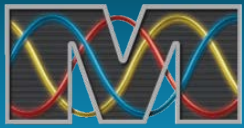
Total FTEs by Program Area	2018 Budget	Direct FTEs 2019 Budget	Variance from 2018 Budget
STATUTORY			
Operational Programs			
Reliability Standards and Organization and Certification	2.01	1.88	(0.13)
Compliance	10.06	16.72	6.66
Compliance Risk Assessment and Mitigation	9.97	12.62	2.65
Compliance Enforcement	2.99	3.01	0.02
Training and Education	2.10	2.58	0.48
Reliability Assessment and Performance Analysis	6.13	8.33	2.20
Situation Awareness and Infrastructure Security	0.33	2.64	2.31
Total FTEs Operational Programs	33.59	47.78	14.19
Administrative Programs			
Technical Committees and Member Forums	-	-	-
General and Administrative	2.85	2.84	(0.01)
Legal and Regulatory	0.92	0.86	(0.06)
Information Technology	4.02	3.97	(0.05)
Human Resources	-	-	-
Finance and Accounting	3.62	3.55	(0.07)
Total FTEs Administrative Programs	11.41	11.22	(0.19)
Total FTEs	45.00	59.00	14.00



Budget by Program Area



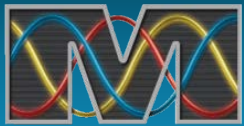
- Compliance
- Reliability Assessments and Performance Analysis
- Reliability Standards, Organization Registration and Certification
- Situation Awareness and Infrastructure Security
- Training and Education



Major Budget Impacts

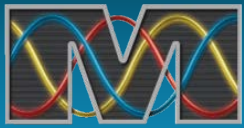
Personnel costs and assumptions

- 59 headcount / 59 FTEs
 - 14 FTE increase largely driven by expanded footprint
- 3% average salary increase (merit, promotion, and market adjustments)
- 6% benefit increase
 - No increase in cost for retiree medical



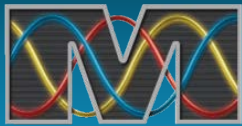
Major Budget Impacts, continued

- Meetings and Travel with increased outreach
 - We are planning one off-site workshop in the expanded MRO footprint
- Contract help may be needed in the short-term as we determine whether the additional 14 FTEs is sufficient for staffing



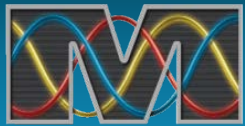
2019 Preliminary Assessments

- 44% assessment increase
- The 2019 MRO NEL assessment rate is \$0.031689754/GWh based on a total MRO load of 488,223,072 for registered LSEs
 - Net NEL savings of 14.6% for entities registered in MRO in 2018
 - Net NEL savings of 22.8% for entities registered in SPP RE in 2018



Projected Reserve Balance

- Policy and Procedure 13: Operating and Working Capital Reserves
 - MRO's Operating and Working Capital Reserves are identified and quantified each year in the Business Plan and Budget
 - MRO's Business plan and Budget is submitted first to the MRO FAC for review and then to the board
- FAC and board approved 30-day reserve
 - More of an art than a science
 - An analysis is performed that establishes the targeted operating and working capital reserves amount
- Budget process “resets” the working capital at the current level of 30 days for the start of the budget year
 - Adjustment to achieve targeted operating and working capital reserves in 2019 will decrease by \$449K



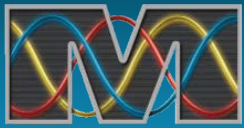
Preliminary 2020 and 2021 Projections

2020

- Total budget increase of \$.5M or 3%
- Headcount increase of 0
- Salary increases of 3%

2021

- Total budget increase of \$.5M or 3%
- Headcount increase of 0
- Salary increases of 3%



Questions and Answers

