



FRCC 2014 Business Plan & Budget

(As Submitted to NERC and Posted for Comments on 5/3/2013)

(Not Approved by the FRCC Board of Directors)

NERC and Regional Entity Meeting with FERC

May 15, 2012

Reva R. Maskewitz - Controller

2014 Regional Entity Division Personnel Comparison

Total FTE's by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs ¹ 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
STATUTORY						
Operational Programs						
Reliability Standards Development	1.65	1.15	1.57	0.44	2.01	-1.21
Compliance Monitoring & Enforcement and Org Reg	17.93	16.96	19.49		19.49	1.56
Reliability Assessment and Performance Analysis	5.43	5.26		5.30	5.30	-0.13
Training, Education and Operator Certification	1.11	0.69		0.87	0.87	-0.24
Situation Awareness and Infrastructure Security	0.25	0.24		0.11	0.11	-0.14
Total FTEs Operational Programs	26.37	24.30	21.06	6.72	27.78	-0.16
Administrative Programs						
General & Administrative	3.75	3.02		3.68	3.68	-0.07
Total FTEs Administrative Programs	3.75	3.02	0.00	3.68	3.68	-0.07
Total FTEs	30.12	27.32	21.06	10.40	31.46	-0.23

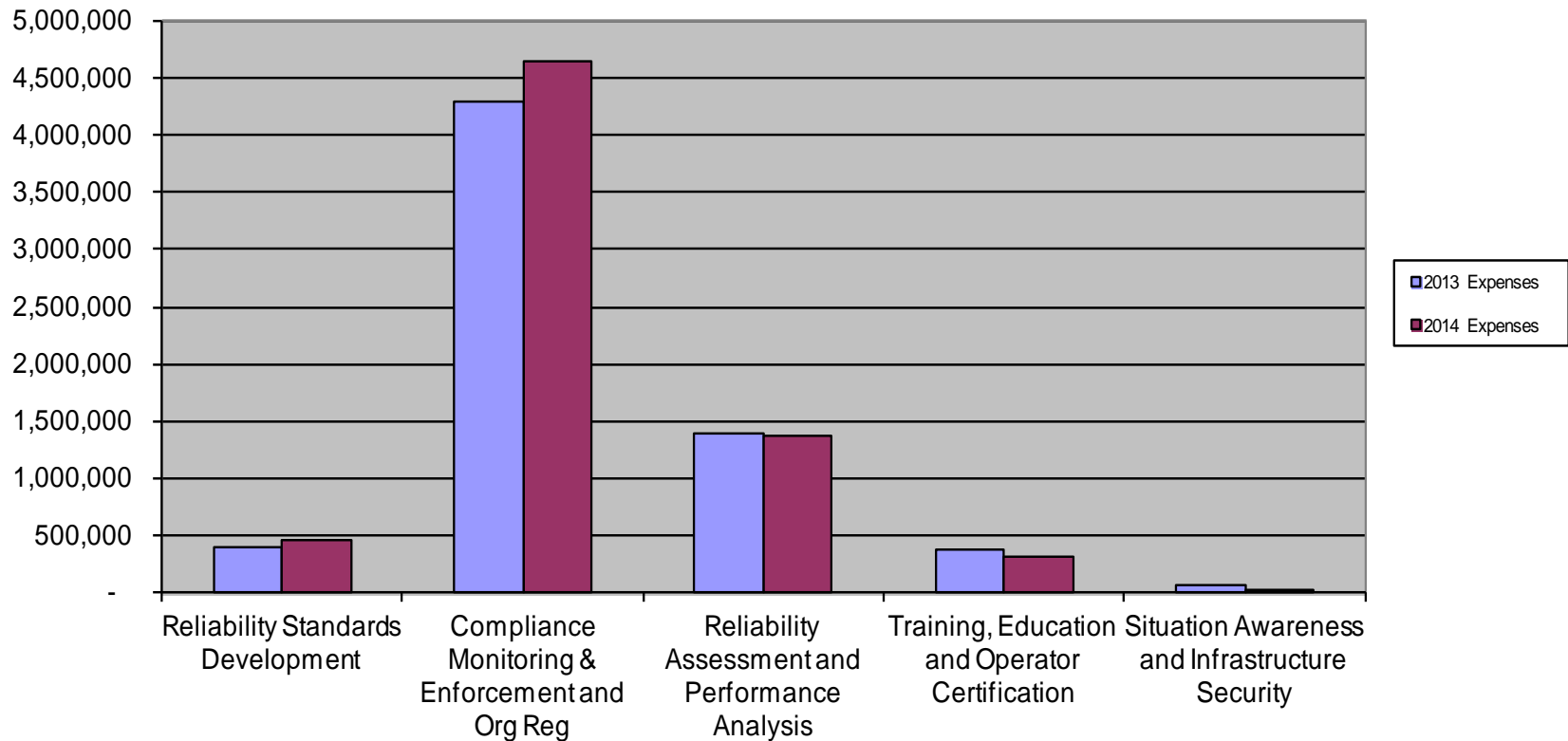
¹A shared FTE is defined by NERC as an employee who performs both Statutory and Non-Statutory functions.

2014 RE Division Total Funding by Program Area

	2013	2014	% Change 2014:2013	\$ Change 2014:2013
Statutory				
Reliability Standards Development	400,675	458,769	14.5%	58,094
Compliance Monitoring and Enforcement	4,289,553	4,640,901	8.2%	351,348
Reliability Assessment & Performance Analysis	1,399,000	1,367,480	-2.3%	(31,520)
Training, Education and Operator Certification	378,953	311,402	-17.8%	(67,551)
Situational Awareness & Infrastructure Security	63,601	25,389	-60.1%	(38,212)
Total Statutory Expenses & Net Fixed Assets	<u>6,531,782</u>	<u>6,803,941</u>	<u>4.2%</u>	<u>272,159</u>
Funding:				
Total Statutory Funding Assessment	5,957,970	5,658,880	-5.0%	(299,090)
Pass Thru Training & Education	90,000	90,000	0.0%	-
Pass Thru Software Maintenance	22,000	24,000	9.1%	2,000
Cash Reserve Refund	157,312	688,061	337.4%	530,749
Penalty Assessment Allocation	304,500	343,000	12.6%	38,500
Total Statutory Funding (Equals Total Expenses)	<u>6,531,782</u>	<u>6,803,941</u>	<u>4.2%</u>	<u>272,159</u>

2014 to 2013 RE Division Comparative Budgeted Funding

Comparison of 2014 To 2013 Budgeted Expenses



2014 RE Division Overview

- The FRCC will continue to evaluate the adequacy of its resources and to evaluate efficiencies in its processes in order to continue to carry out its delegated responsibilities.
- The FRCC will continue to align itself and support the ERO Strategic Plan for goals, activities and major activities which include:
 - NERC ROP for the BES Exception Process
 - Assist the FRCC Members and Registered Entities in following and understanding NERC Standards Development activities
 - Continue to evaluate the CMEP program to improve consistency, quality, timeliness and to utilize more enforcement discretion for minimal impact violations
 - Provide Education and Training to its entities concerning Standards, System Operator Training, Compliance changes and provide education and training to its employees
 - Review, investigate and/or analyze significant events that impact the FRCC BES and work with NERC to identify the root causes of events that may be precursors of potentially more serious events.
 - Strengthen data collection and the validation process

2014 Proposed RE Division Working Capital Policy

- Working Capital and operating reserve requirements shall be one (1) month of the total annual budget
- A 1.5 million line of credit will be secured to be used for short term and other risks that may be needed to bridge budget cycles and approved assessments.
- Working Capital shall be utilized to satisfy projected annual cash flow and cash balance requirements.
- Operating reserves shall be utilized to satisfy known contingencies where the specific timing and amount is uncertain.

RE Guidelines and Authorities Applicable to Expenditures

The following guidelines, limitations and authorities shall apply to expenditures of working capital and operating reserves:

- The Controller shall have the authority to draw on working capital reserves to the extent necessary to satisfy daily cash flow requirements consistent with the approved aggregate annual budgeted expenses. Any such draws of working capital reserves shall to the extent possible be promptly replenished from future available cash flow.
- For expenditures of reserves in excess of, or projected to be in excess of the RE's approved aggregate annual budgeted expenses, the RE's President and Chief Executive Officer is authorized to expend such reserves up to \$250,000.
- Any expenditure of funds from reserves in excess of, or projected to be in excess of the RE's approved aggregate annual budgeted expenses of an amount exceeding \$250,000 requires the prior approval of the Board of Directors.
- All expenditures of reserves are subject to other applicable RE policies and procedures, including currently effective procurement policies and delegations of authority, and shall be separately reported in the budget variance reports prepared by management and included in the quarterly Board of Director agenda materials, which are posted on the RE's member website.

RE Guidelines (Continued)

- The procedures set forth in Section 1108 of the Rules of Procedure, including Board of Trustees and FERC approval, shall continue to apply in circumstances where the RE requires funding between normal annual budget cycles in excess of amounts available through approved assessments and reserve resources.

Guidelines and Authorities Required to Reallocate Budgeted Expenditures on an Intra-year Basis

During the course of the year events may unfold such that some approved budget areas may run below budget, making funds available to satisfy other resource needs based on changing priorities. In the event such under-runs occur, the funds shall be added to the reserve and the President and Chief Executive Officer shall have the authority to expend such funds.

Addition of Unbudgeted FTE or Headcount Additions

Any FTE or headcount additions, which are in excess of the total FTEs or total headcount set forth in the RE's approved business plan and budget for the applicable budget year shall require approval of the Board of Directors.

2014 Member Services Division Personnel Comparison

Total FTE's by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs ¹ 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
NON-STATUTORY						
Operational Programs						
Operations Committee	8.38	8.58		10.41	10.41	2.03
Planning Committee	3.00	3.28		3.11	3.11	0.11
Total FTEs Operational Programs	11.38	11.86	0.00	13.52	13.52	2.14
Administrative Programs						
General & Administrative	3.34	2.76		4.20	4.20	0.86
Total FTEs Administrative Programs	3.34	2.76	0.00	4.20	4.20	0.86
Total FTEs	14.72	14.62	0.00	17.72	17.72	3.00

¹A shared FTE is defined by NERC as an employee who performs both Statutory and Non-Statutory functions.

2014 Member Services Division Budget Compared to 2013

Committee	2014 Budget	2013 Budget	\$ Change	% Change
Operating Committee	\$6,690,983	\$5,755,045	\$935,938	16.3%
Planning Committee	<u>844,927</u>	<u>806,930</u>	<u>37,997</u>	4.7%
Total Committee Expenses Including Fixed Assets	\$7,535,910	\$6,561,975	\$973,935	14.8%
Other Funding – Telecommunications & Workshops	277,419	311,000	(33,581)	(10.8)%
Cash Reserve Requirement-Surplus (Deficit)	<u>297,432</u>	<u>0</u>	<u>297,432</u>	100.0%
Total Member Services Funding Assessment	\$6,961,059	\$6,250,975	\$710,084	11.4%

FRCC Proposed 2014 Total Budget Compared to 2013

	2014 Budget	2013 Budget	\$ Change	% Change
Regional Entity Division Expenses W/Fixed Assets	\$ 6,803,941	\$ 6,531,782	\$272,159	4.2%
Member Services Division Expenses W/Fixed Assets	<u>7,535,910</u>	<u>6,561,975</u>	<u>973,935</u>	14.8%
Total Expenses	\$14,339,851	\$13,093,757	\$1,246,094	9.5%
Other Funding – Workshops & Fees	391,419	423,000	31,581	7.5%
Cash Reserve (Requirement)/(Surplus)	985,493	157,312	(828,181)	(100.0)%
Penalty Sanctions	<u>343,000</u>	<u>304,500</u>	<u>(38,500)</u>	(12.6%)
Total FRCC Funding Assessment	\$12,619,939	\$12,208,945	\$410,994	3.4%

FRCC

QUESTIONS?