

2014 SPP RE Business Plan and Budget Overview

NERC FAC Meeting

July 19, 2013

Ron Ciesiel

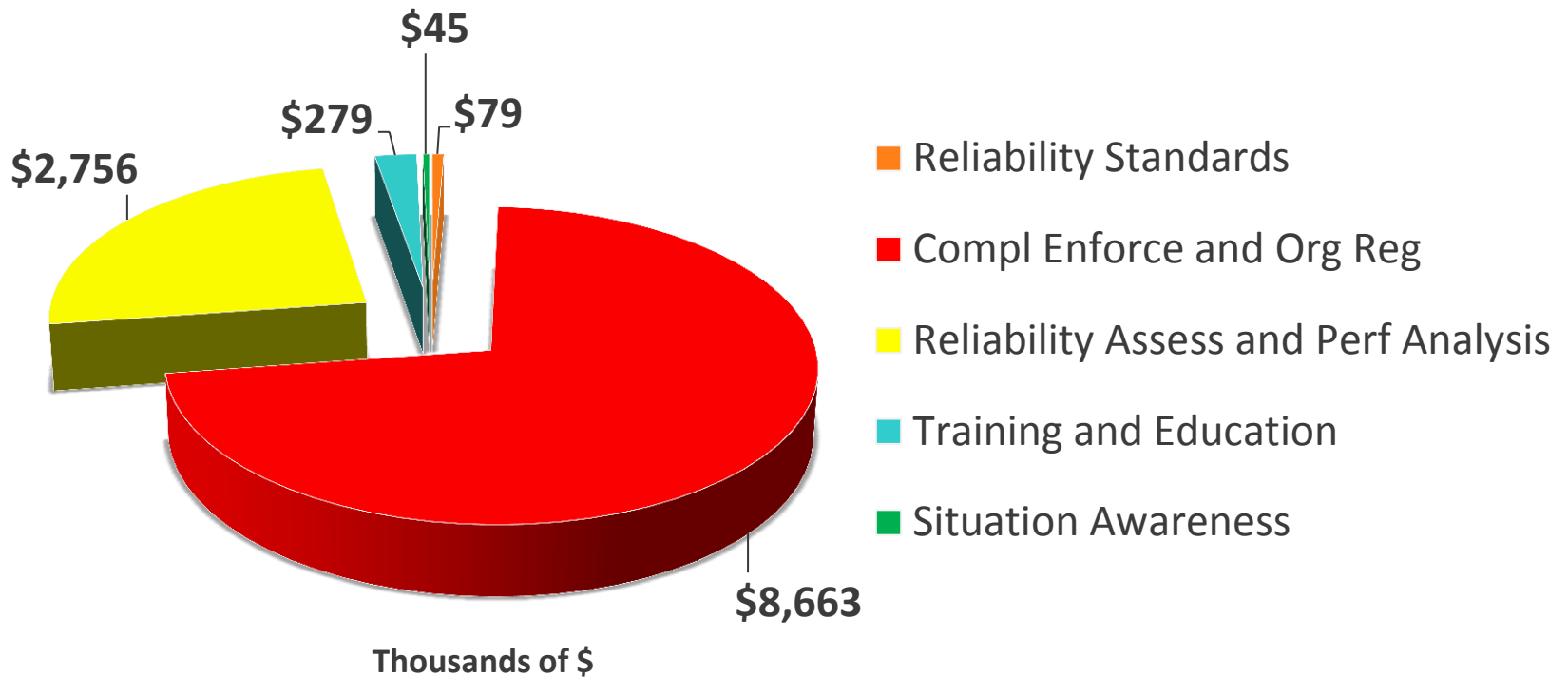
SPP RE General Manager

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2014 Budget Overview

Budget - \$11.8 Million



2014-2013 Budget Comparison Overview

Resource Item	Approved 2013	Approved 2014	Increase / (Decrease)	% Increase / (Decrease)
SPP RE Direct FTEs	30.50	30.00	(0.50)	(2)%
SPP Shared FTEs	4.00	3.85	(0.15)	(4)%
Total FTEs	34.50	33.85	(0.65)	(2)%
Direct Expenses (millions)	\$ 7.1	\$ 6.9	\$ (0.2)	(2)%
SPP, Inc. Indirect Expenses (millions)	\$ 4.4	\$ 4.8	\$ 0.4	8%
Total Expenses (millions)	\$ 11.5	\$ 11.8	\$ 0.3	2.7%
Total Funding Requirement (millions)	\$ 9.5	\$ 9.7	\$ 0.2	2%
RE Assessments (millions)	\$ 8.5	\$ 9.2	\$ 0.7	8%

2014-2013 Budget Comparison Direct Expenses

Cost Item	Increase/ (Decrease)	Explanation
Personnel	\$ 53	2013 full-year merit & promotion increases
Consultant/Professional Services	\$ (202)	Increase in direct staff's experience level, process improvement efficiencies, delay in new BES definition effective date and increased litigation costs
Meetings/Office Costs	\$ 11	RE Workshops and BOT Meetings
Travel	\$ (13)	Reduced to balance 2012 actual results with expected 2014 needs
Total Direct Expenses *	\$ (152)	N/A
SPP Inc. Indirect Expenses	\$ 460	Increase in overhead rate
Total Increase in Budgeted Expenses	\$ 309	N/A

** Includes SPP RE General & Administrative Services and Legal and Regulatory program expenses*

2014-2013 Budget Comparison FTEs

Total FTEs 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	1.25	0.25	0.15	0.10	0.25	-1.00
Compliance and Organization Registration and Certification	22.25	21.85	22.10	0.00	22.10	-0.15
Training and Education	1.00	1.25	1.25	0.00	1.25	0.25
Reliability Assessment and Performance Analysis	6.50	6.38	3.38	3.75	7.13	0.63
Situation Awareness and Infrastructure Security	0.25	0.13	0.13	0.00	0.13	-0.13
Total FTEs Operational Programs	31.25	29.85	27.00	3.85	30.85	-0.40
Administrative Programs						
Technical Committees and Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	3.25	3.00	3.00	0.00	3.00	-0.25
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Finance and Accounting	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	3.25	3.00	3.00	0.00	3.00	-0.25
Total FTEs	34.50	32.85	30.00	3.85	33.85	-0.65

2014-2013 Budget Comparison Program Summary

Program	Budget 2013	Projection 2013	Budget 2014	Change 2014 Budget v 2013 Budget	% Change
Reliability Standards	391,641	79,036	79,330	(312,311)	-79.7%
Compliance Enforcement and Registration	8,164,097	8,217,634	8,662,902	498,805	6.1%
Reliability Assess and Perf Analysis	2,606,215	2,564,534	2,756,961	150,746	5.8%
Training and Education	217,591	269,740	279,252	61,661	28.3%
Situation Awareness	135,273	43,989	45,184	(90,089)	-66.6%
	11,514,817	11,174,933	11,823,629	308,812	2.7%
Working Capital Reserve	\$ -	\$ -	\$ -	\$ -	
Total Funding	11,514,817	11,174,933	11,823,629	308,812	2.7%

2014 Proposed Budget Summary

- **Proposed 2014 budget** **\$11.8 million**
- **Increase in expenses** **\$.31 million / 2.7%**
- **Decrease in FTEs** **.65**
- **Reallocation of resources among programs**
- **Budget Change Drivers**
 - **Overall reduction in Direct Expenses**
 - **Increase in SPP, Inc. overhead cost**

Management Expenditure Authority

- Approval Level for Regional Entity Expenditures
- The table below represents approval levels for *budgeted* expenditures only related to the Regional Entity.

<u>Tier</u>	<u>Budgeted Expense</u>	<u>Approval Required</u>
A	\$0 - \$50,000	Director or above
B	\$50,001 - within budget limits	RE General Manager

- The table below represents approval levels for *unbudgeted expenditures* related to the Regional Entity.

<u>Tier</u>	<u>Budgeted Expense</u>	<u>Primary Approval</u>	<u>Required Secondary Approval</u>
A	\$0 - \$10,000	Director or above	N/A
B	\$10,001 - \$100,000	RE General Manager	N/A
C	\$100,001 - \$250,000	RE General Manager	RE Trustees (majority)
D	\$250,001 - \$500,000	RE General Manager	RE Trustees (unanimous)

- Unbudgeted expenses that exceed \$500,000 will require the RE to seek Federal Energy Regulatory Commission approval for a change in its budget.

Working Capital Statement

- **SPP RE does not maintain a working capital reserve. The expenses incurred by SPP RE are paid by SPP, Inc. from its operating cash balances and then reimbursed from SPP RE statutory funding on a monthly basis. If at any time SPP RE does not have sufficient statutory funds to finance its expenses, the statutory funding will be increased by the amount of the deficiency in the following year. When the funding is received from NERC, the SPP RE General Manager will authorize a reimbursement to SPP, Inc. for the amount of the shortfall. If needed, a line of credit is also available to SPP, Inc. to fund any shortfalls. SPP, Inc. would not charge any interest or penalties to SPP RE in the case of a shortfall.**