



FRCC 2015 Business Plan & Budget

(As Submitted to NERC and Posted for Comments on 5/16/2014)

(Not Approved by the FRCC Board of Directors)

NERC and Regional Entity Meeting with the NERC FAC

May 21, 2014

Reva R. Maskewitz - Controller

2015 Regional Entity Division Personnel Comparison

| Total FTE's by Program Area | Budget 2014 | Projection 2014 | Direct FTEs 2015 Budget | Shared FTEs ¹ 2015 Budget | Total FTEs 2015 Budget | Change from 2014 Budget |
|---|----------------|--------------------|-------------------------------|--|------------------------------|-------------------------------|
| STATUTORY | | | | | | |
| Operational Programs | | | | | | |
| Reliability Standards Development | 1.74 | 1.33 | 1.71 | | 1.71 | -0.03 |
| Compliance Monitoring & Enforcement and Org Reg | 19.26 | 18.25 | 19.77 | | 19.77 | 0.51 |
| Reliability Assessment and Performance Analysis | 5.29 | 4.26 | | 4.40 | 4.40 | -0.89 |
| Training, Education and Operator Certification | 0.67 | 0.50 | | 0.90 | 0.90 | 0.23 |
| Situation Awareness and Infrastructure Security | 0.08 | 0.06 | | 0.09 | 0.09 | 0.01 |
| Total FTEs Operational Programs | 27.04 | 24.40 | 21.48 | 5.39 | 26.87 | -0.17 |
| Administrative Programs | | | | | | |
| General & Administrative | 3.36 | 3.57 | | 4.04 | 4.04 | 0.68 |
| Total FTEs Administrative Programs | 3.36 | 3.57 | 0.00 | 4.04 | 4.04 | 0.68 |
| Total FTEs | 30.40 | 27.97 | 21.48 | 9.43 | 30.91 | 0.51 |

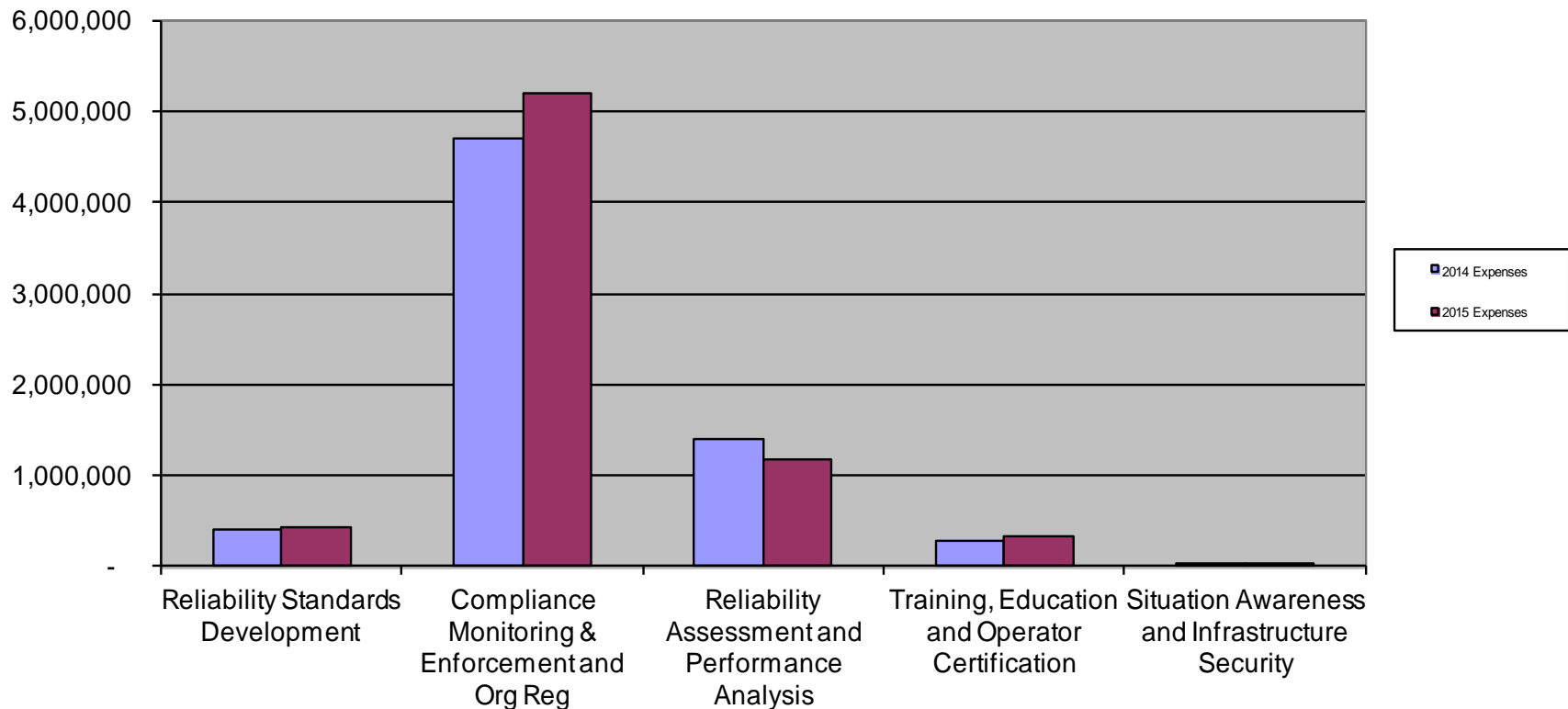
¹A shared FTE is defined by NERC as an employee who performs both Statutory and Non-Statutory functions.

2015 RE Division Total Funding by Program Area

| | 2014 | 2015 | % Change 2015:2014 | \$ Change 2015:2014 |
|--|------------------|------------------|-----------------------|------------------------|
| Reliability Standards Development | 409,591 | 423,143 | 3.3% | 13,552 |
| Compliance Monitoring and Enforcement | 4,700,708 | 5,211,874 | 10.9% | 511,166 |
| Reliability Assessment & Performance Analysis | 1,391,299 | 1,182,409 | -15.0% | (208,890) |
| Training, Education and Operator Certification | 272,310 | 321,525 | 18.1% | 49,215 |
| Situational Awareness & Infrastructure Security | 19,380 | 23,281 | 20.1% | 3,901 |
| Total Statutory Expenses & Net Fixed Assets | 6,793,288 | 7,162,232 | 5.4% | 368,944 |
| Funding: | | | | |
| Total Statutory Funding Assessment | 5,488,056 | 6,237,837 | 13.7% | 749,781 |
| Pass Thru Training & Education | 90,000 | 90,000 | 0.0% | - |
| Pass Thru Software Maintenance | 24,000 | 24,000 | 0.0% | - |
| Cash Reserve Refund (Requirement) | 848,232 | 657,395 | -22.5% | (190,837) |
| Penalty Assessment Allocation | 343,000 | 153,000 | -55.4% | (190,000) |
| Total Statutory Funding (Equals Total Expenses) | 6,793,288 | 7,162,232 | 5.4% | 368,944 |

2015 to 2014 RE Division Comparative Budgeted Funding

Comparison of 2015 To 2014 Budgeted Expenses



2015 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:
 - Support of the RAI with training and implementation for compliance and enforcement staff.
 - Support NERC’s plan to develop RSAW’s concurrent with Reliability Standards.
 - Work with NERC and the other RE’s to provide guidance to registered entities on CIP V5.
 - Work to refine and revise procedures and processes to eliminate duplication, increase operating efficiencies, enhance ERO-wide consistency and to achieve measurable reliability outcomes.

2015 RE Division Risks

- Roll out of RAI may require significantly more staff time than budgeted
- Compliance Software costs may be higher than budgeted due to RAI or unplanned NERC projects
- Additional costs may be incurred to implement recommendations from the FRCC Security Assessment Initiative
- As always, there could be a Compliance Hearing

2015 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 is available 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.

FRCC Proposed 2015 Total Budget Compared to 2014

| | 2015 Budget | 2014 Budget | \$ Change | % Change |
|--|------------------|------------------|----------------|----------|
| Regional Entity Division Expenses W/Fixed Assets | \$ 7,162,233 | \$ 6,793,289 | \$368,944 | 5.4% |
| Member Services Division Expenses W/Fixed Assets | <u>8,391,982</u> | <u>7,455,995</u> | <u>935,987</u> | 12.6% |
| Total Expenses | \$15,554,214 | \$14,249,283 | \$1,304,931 | 9.2% |
| Other Funding – Workshops & Fees | 388,459 | 391,419 | 2,960 | (0.8%) |
| Cash Reserve (Requirement)/(Surplus) | 534,812 | 1,110,046 | 575,234 | (51.8%) |
| Penalty Sanctions | <u>153,000</u> | <u>343,000</u> | <u>190,000</u> | (55.4%) |
| Total FRCC Funding Assessment | \$14,477,943 | \$12,404,818 | \$2,073,125 | 16.7% |

2015 BP&B Summary

- **Regional Entity**
 - Budget increase of 5.4%
 - 0 new Staff
 - 0.5 increased FTEs

- **Member Services**
 - Budget increase of 12.6%
 - 1 new Staff
 - 1.5 increased FTEs

FRCC

QUESTIONS?