



FRCC 2016 Business Plan & Budget

Presentation to NERC FAC

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2016 BP&B Summary

- **Regional Entity**
 - Budget increase of 1.4%
 - Assessments increase 9.3%
 - Attrition factor of 3.7%
 - No new staff

Regional Entity – 2016 Assumptions

2016 Budget includes anticipated expenses for:

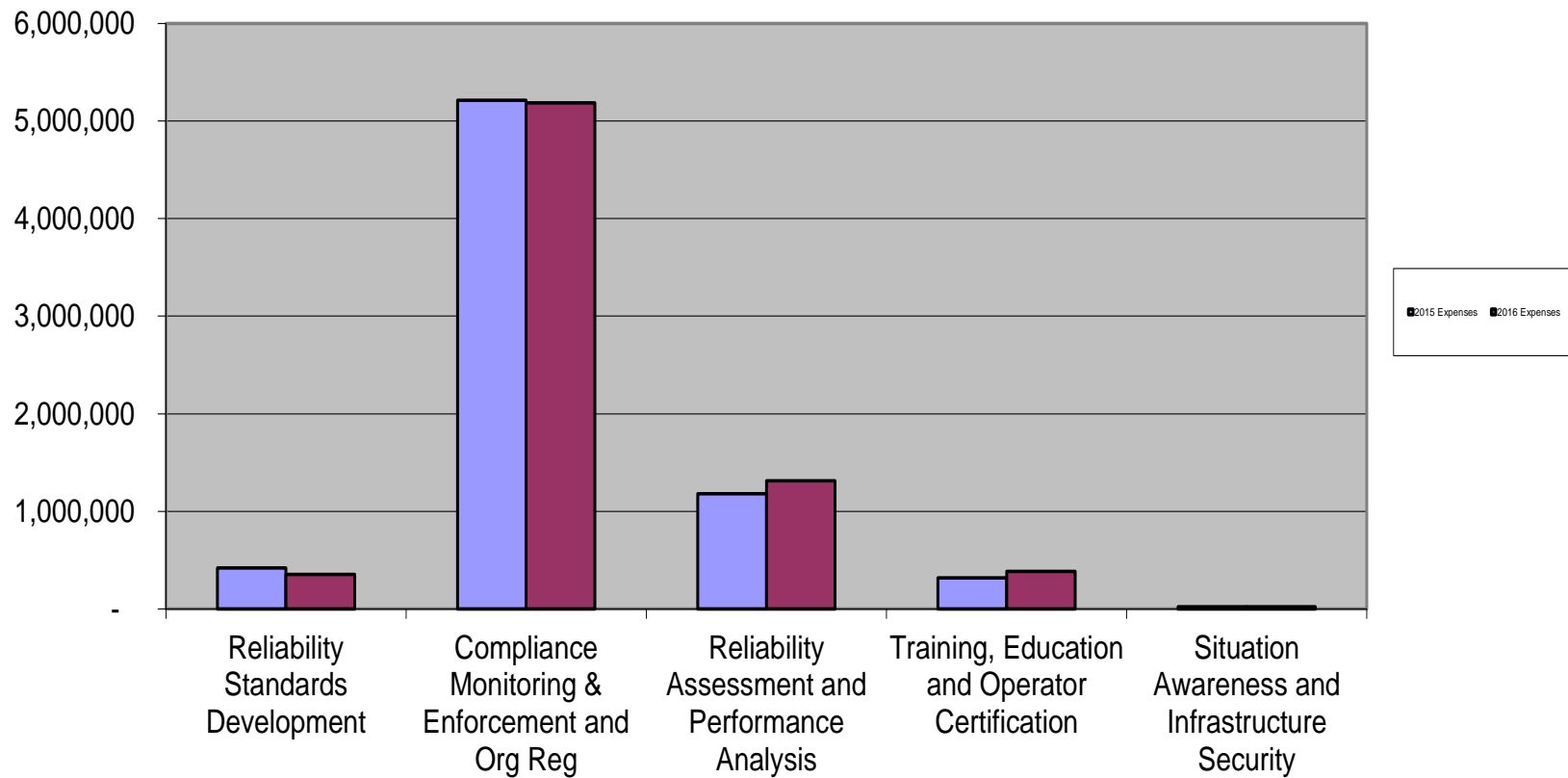
- Expected decrease in Compliance software costs
- 3% Salary increases, 3.7% Attrition factor and an open position replaced by a contract auditor
- Increased time in Reliability Assessments to support ERO improvement in assessment and performance capabilities
- Increased time in Training and Education (TE) for Registered Entities on CIP V5, risk-based CMEP, etc.

2016 Regional Entity Summary by Program Area

Program	Budget		Variance	
	2015	2016	2016 Budget v 2015 Budget	Variance %
Reliability Standards Development	\$ 423,143	\$ 353,799	\$ (69,345)	-16.4%
Compliance Monitoring & Enforcement and Org Reg	5,211,874	5,186,867	(25,007)	-0.5%
Reliability Assessment and Performance Analysis	1,182,409	1,312,392	129,983	11.0%
Training, Education and Operator Certification	321,525	386,376	64,851	20.2%
Situation Awareness and Infrastructure Security	23,281	22,093	(1,188)	-5.1%
Total Budget	\$ 7,162,233	\$ 7,261,527	\$ 99,294	1.4%

2016 to 2015 RE Division Comparative Budgeted Funding

Comparison of 2016 To 2015 Budgeted Expenses



2016 Regional Entity Division Personnel Comparison

Total FTE's by Program Area	Budget 2015	Projection 2015	Direct FTEs 2016 Budget	Shared FTEs ¹ 2016 Budget	Total FTEs 2016 Budget	Change from 2015 Budget
STATUTORY						
Operational Programs						
Reliability Standards Development	1.71	1.33	1.41		1.41	-0.30
Compliance Monitoring & Enforcement and Org Reg	19.77	18.31	18.83		18.83	-0.94
Reliability Assessment and Performance Analysis	4.39	4.37	1.00	3.71	4.71	0.32
Training, Education and Operator Certification	0.91	1.35		1.09	1.09	0.18
Situation Awareness and Infrastructure Security	0.09	0.08		0.08	0.08	-0.01
Total FTEs Operational Programs	26.87	25.44	21.24	4.88	26.12	-0.75
Administrative Programs						
General & Administrative	4.04	3.71		4.47	4.47	0.43
Total FTEs Administrative Programs	4.04	3.71	0.00	4.47	4.47	0.43
Total FTEs	30.91	29.15	21.24	9.35	30.59	-0.32

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

2016 RE Division Working Capital Policy

FRCC's Reserve and Working Capital Policy is as follows:

- 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.

RE 2016 Funding

2016 FRCC Budget Summary Comparison

	2015	2016	% Change 2016:2015	\$ Change 2016:2015
Regional Services				
Reliability Standards Development	423,143	353,799	-16.4%	(69,344)
Compliance Monitoring and Enforcement	5,211,874	5,186,867	-0.5%	(25,007)
Reliability Assessment & Performance Analysis	1,182,409	1,312,392	11.0%	129,983
Training, Education and Operator Certification	321,525	386,376	20.2%	64,851
Situational Awareness & Infrastructure Security	23,281	22,093	-5.1%	(1,188)
Total Statutory Expenses & Net Fixed Assets	<u>7,162,232</u>	<u>7,261,527</u>	1.4%	<u>99,295</u>
Funding:				
Total Statutory Funding Assessment	6,062,837	6,628,457	9.3%	565,620
Pass Thru Training & Education	90,000	92,000	2.2%	2,000
Pass Thru Software Maintenance	24,000	24,000	0.0%	-
Cash Reserve Refund (Requirement)	810,395	436,070	-46.2%	(374,325)
Penalty Assessment Allocation	175,000	81,000	-53.7%	(94,000)
Total Statutory Funding (Equals Total Expenses)	<u>7,162,232</u>	<u>7,261,527</u>	1.4%	<u>99,295</u>

2016 RE Division Overview

- The FRCC will continue to evaluate the adequacy and skills of its resources and to evaluate efficiency, consistency, quality and timeliness of its procedures, processes and data collection in order 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 the ERO activities to identify risks and appropriate risk control projects designed to enhance reliability or mitigate risks
 - Support NERC's goals that will continue to improve the quality and content of Reliability Standards
 - In collaboration with NERC and the other RE's, support on going CIP V5 transition plans, related training and outreach to registered entities
 - Work with NERC and the other RE's to facilitate a learning environment throughout the industry
 - Support the ERO efforts to expand the assessment and performance analysis capabilities in RA to achieve measureable improvements in the BES reliability

2017 & 2018 Projections

- Budget increase of 4.5% in 2017
- Budget increase of 2.4% in 2018
- Assessments increase 12.7% in 2017
- Assessments increase 2.4% in 2018
- Attrition factor of 3%
- 1 new staff in 2018

FRCC

QUESTIONS?