

WECC

2016 Business Plan and Budget

Presentation to NERC FAC

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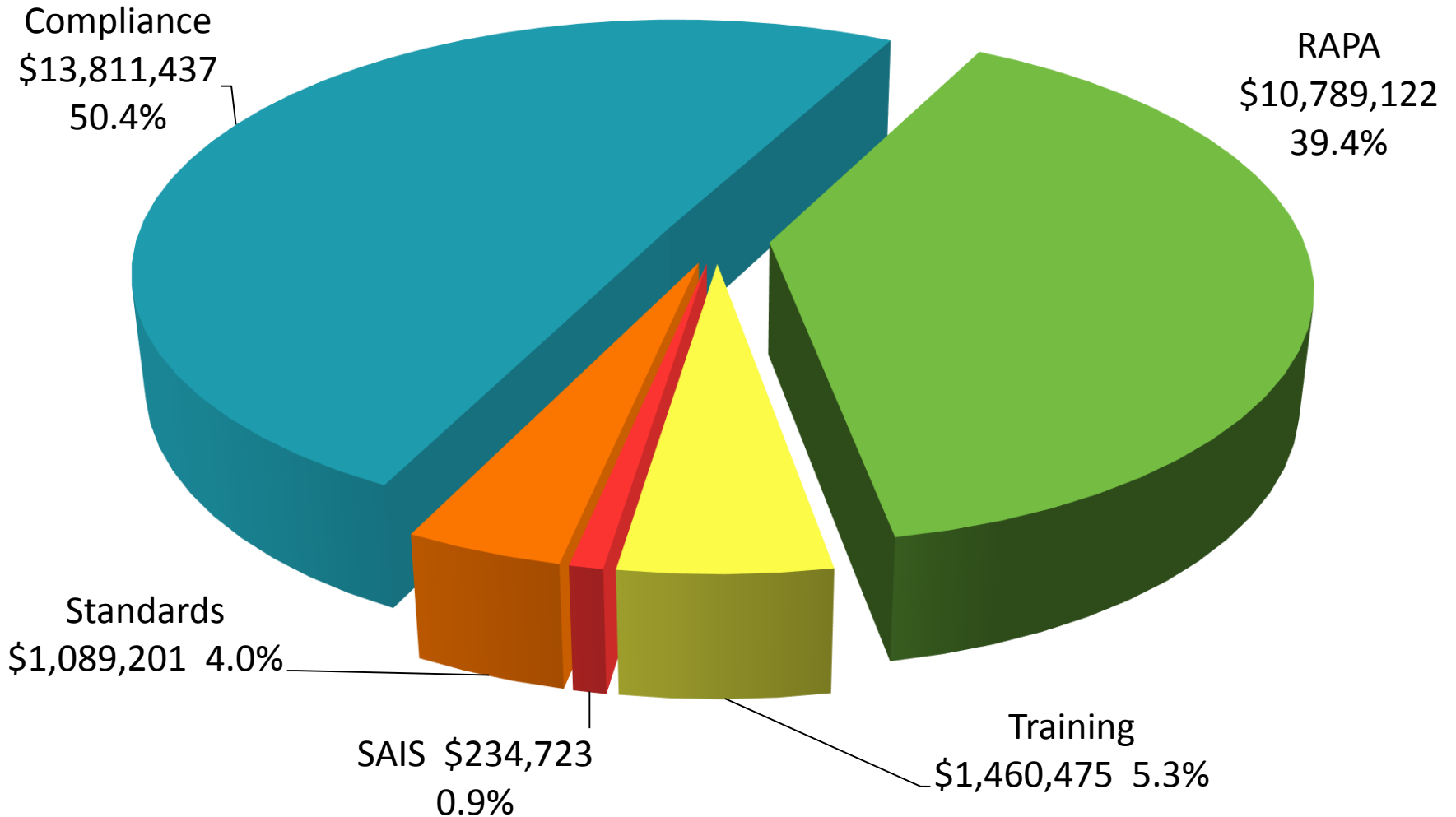
2016 Statutory Budget Overview

- Total budget increases \$1.08 million (4.13%)
- Assessments
 - No increase from 2015 to 2016
 - Adding to reserves for future assessment stabilization
- Headcount
 - Increases by a net of 3 (3.0 FTE)

Key Factors/Budget Assumptions

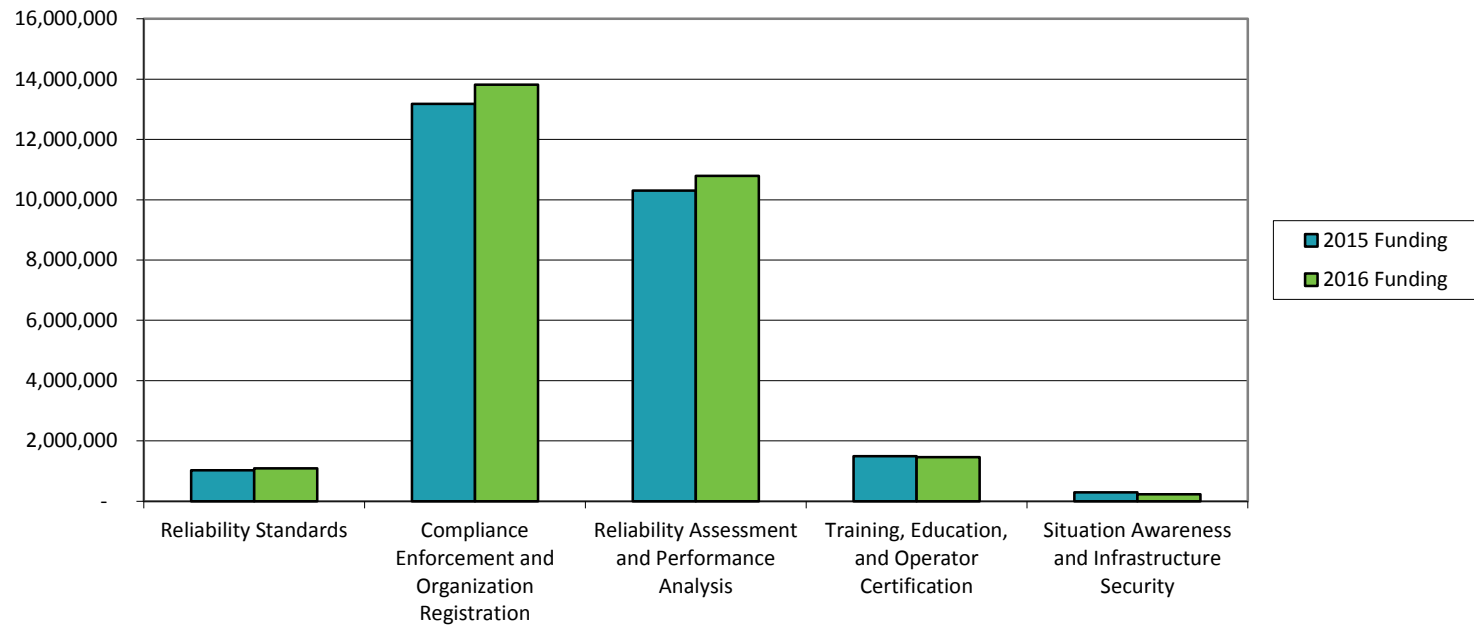
- **Program Areas**
 - RAS Modeling
 - Board Director search fees
- **Personnel**
 - Labor float refinement
 - Net addition of 3 positions
 - Merit increase of 3.0%
 - Compensation program adjustments

2016 Budget by Functional Area



Funding Requirements by Program

Comparison of 2016 to 2015 Budgeted Funding Requirements



2015-2016 Budget Comparison

	2016	2015	Variance	% Variance	Explanation
Funding					
Assessments	25,032,135	25,032,135	(0)	0.00%	
Penalties	1,983,700	143,000	1,840,700	1287.20%	Penalty funds availability
Other Income	1,213,500	1,124,900	88,600	7.88%	
Total Funding	<u>28,229,335</u>	<u>26,300,035</u>	<u>1,929,300</u>		
Expenses					
Personnel	18,933,597	17,278,551	1,655,046	9.58%	Labor float, FTE increase, merit and comp adj
Meeting	2,064,394	2,311,610	(247,216)	-10.69%	Risk-based CMEP and standardized assumptions
Operating Expenses ¹	6,915,557	5,726,317	1,189,240	20.77%	RAS modeling and Board Director search fees
Indirect	(613,591)	(483,442)	(130,149)	26.92%	Increase in Non-statutory FTEs and allocable exp
Total Expenses	<u>27,299,957</u>	<u>24,833,035</u>	<u>2,466,922</u>		
Fixed Assets ¹	<u>85,000</u>	<u>1,467,000</u>	<u>(1,382,000)</u>	-94.21%	RAS modeling moved to Operating Expenses
Total Budget	<u>27,384,957</u>	<u>26,300,035</u>	<u>1,084,922</u>	4.13%	
Change in Working Capital	<u>844,378</u>	<u>-</u>	<u>844,378</u>		

¹Depreciation excluded from these values



FTE Comparison

Total FTEs by Program Area	Budget 2015	Direct FTEs 2016 Budget	Shared FTEs* 2016 Budget	Total FTEs 2016 Budget	Change from 2015 Budget
STATUTORY					
Operational Programs					
Reliability Standards	4.0	4.0	0.0	4.0	-
Compliance and Organization Registration and Certification	53.5	54.0	0.0	54.0	0.5
Training and Education	3.1	2.6	0.0	2.6	(0.5)
Reliability Assessment and Performance Analysis	30.8	32.5	0.0	32.5	1.7
Situation Awareness and Infrastructure Security	1.2	1.0	0.0	1.0	(0.2)
Total FTEs Operational Programs	92.6	94.1	0.0	94.1	1.5
Corporate Services					
Technical Committees and Member Forums	0.0	0.0	0.0	0.0	-
General & Administrative	20.9	21.4	0.0	21.4	0.5
Information Technology	10.0	10.0	0.0	10.0	-
Legal and Regulatory	6.0	6.0	0.0	6.0	-
Human Resources	3.0	4.0	0.0	4.0	1.0
Finance and Accounting	5.0	5.0	0.0	5.0	-
Total FTEs Corporate Services	44.9	46.4	0.0	46.4	1.5
Total FTEs	137.5	140.5	0.0	140.5	3.0

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



WECC Alignment with ERO

- Review high level objectives in ERO Strategic Plan
- Ensure goals are in alignment and support ERO objectives
- Allocate resources as appropriate
- Work collaboratively

Statutory Working Capital Reserves

- Increasing reserves by \$844,000 in 2016
- Updating reserve policy in 2015
 - Current target balance is one month of OpEx
 - New target balance is a range of one to two months
 - In response to assessment stabilization initiative
- Projecting 2016 EOY balance of \$3.6 million

2017 and 2018 Budget Projections

- No changes in personnel
- 3% escalation rate applied to most expense categories
- Total budget decrease of \$193,000 in 2017
 - RAS modeling completion in 2016
- Total budget increase of \$716,000 in 2018
 - 3% escalation in Personnel Expenses
- Assessments remain relatively flat
 - Zero penalties budgeted – penalty collections will impact assessments and working capital reserves
 - Currently working on assessment stabilization methodology for 2016-2020