



2018 Business Plan and Budget

Angela Erisman - Controller

2018 Statutory Budget Overview

- Budget Increase of 4.7%
- Assessments increase by 8.1%
- Staffing:
 - 1 New Staff Addition (Sr. Reliability Engineer)
 - 0.64 Increased FTE's
 - Attrition factor of 13%

2018 Assessments

	2017	2018	% Change 2018:2017	\$ Change 2018:2017
Funding:				
Total Statutory Funding Assessment	6,163,895	6,660,518	8.1%	496,623
Pass Thru Training & Education	92,000	92,000	0.0%	-
Cash Reserve Refund (Requirement)	826,959	508,448	-38.5%	(318,511)
Penalty Assessment Allocation	95,000	253,145	166.5%	158,145
Total Statutory Funding (Equals Total Expenses)	7,177,854	7,514,111	4.7%	336,257

2018 Preliminary Budget by Category

	2017 Budget	2018 Budget	Variance \$ Over(Under)	Variance % Over(Under)
Personnel Expense	\$ 5,472,437	\$ 5,878,791	\$ 406,354	7.4%
Meeting Expense	264,579	252,241	(12,338)	-4.7%
Operating Expense	1,395,569	1,368,924	(26,645)	-1.9%
Total Expense	\$ 7,132,585	\$ 7,499,956	\$ 367,371	5.2%
Inc(Dec) in Fixed Assets	45,269	14,156	(31,113)	
Total Budget	\$ 7,177,854	\$ 7,514,112	\$ 336,258	4.7%

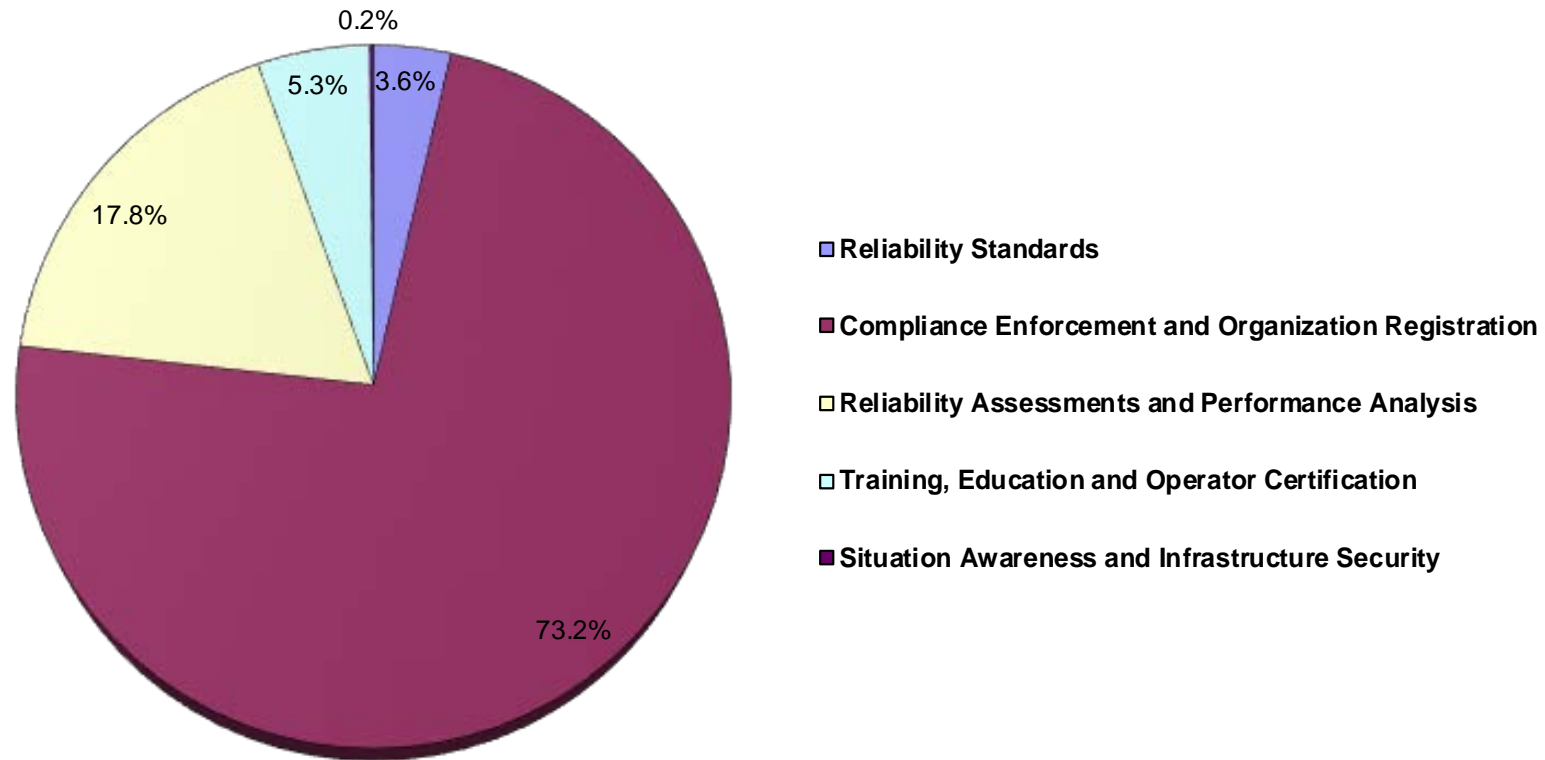
FTEs	29.99	30.63	0.64	2.1%
------	-------	-------	------	------

2017 - 2018 FTE Comparison

Total FTE's by Program Area	Budget 2017	Direct FTEs 2018 Budget	Shared FTEs ¹ 2018 Budget	Total FTEs 2018 Budget	Change from 2017 Budget
STATUTORY					
Operational Programs					
Reliability Standards Development	1.48	0.94		0.94	-0.54
Compliance Monitoring & Enforcement and Org Reg	19.58	19.65		19.65	0.07
Reliability Assessment and Performance Analysis	3.60	2.00	2.31	4.31	0.71
Training, Education and Operator Certification	1.11	1.07		1.07	-0.04
Situation Awareness and Infrastructure Security	0.03	0.04		0.04	0.01
Total FTEs Operational Programs	25.80	23.70	2.31	26.01	0.21
Administrative Programs					
General & Administrative	4.19		4.62	4.62	0.43
Total FTEs Administrative Programs	4.19	0.00	4.62	4.62	0.43
Total FTEs	29.99	23.70	6.93	30.63	0.64

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

2018 Budget by Functional Area



Major Budget Impacts

- Personnel Costs and Assumptions
 - 30.63 FTEs
 - .64 FTE increase driven by additional RA position
 - Vacancy Rate 13%- same as prior year
 - 3% Merit Increase
 - Health Benefits- assumed 5% increase
 - Retirement- no changes to prior year assumptions

Major Budget Impacts, continued

- **Contracts & Consultants**
 - Compliance software maintenance needs have decreased over the past few years
- **Rent**
 - Common Area Maintenance charges continue to increase
- **Fixed Assets**
 - Fewer enhancements to the compliance software are needed

2018 Preliminary Assessments

- 8.1% assessment increase
- No separate assessment stabilization reserve
- All funds are managed in one reserve

Working Capital Reserves

- Excess reserve of \$508K to reduce 2018 assessments
- No change to reserve policy
 - Working capital and operating reserve requirement is one month of the total annual budget
 - \$1.5 million line of credit if needed
- Projecting 2017 EOY balance to be \$1.1M

2019 and 2020 Projections

2019

- Total budget increase of \$74K or 1.0%
- Total assessments of \$7,495,727
- No additional staff
- Salary increases of 3%

2020

- Total budget increase of \$335K or 4.4%
- Total assessments of \$7,830,425
- No additional staff
- Salary increases of 3%

Questions?

