



NPCC 2020 Draft Business Plan & Budget

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2020 Budget Overview

- NPCC total budget and assessments increase 2.1%
 - Regional Entity total budget increase of 2.2% (\$353k);
assessment increase of 2.2% (\$335k)
 - Criteria Services total budget increase of 0.6% (\$7K);
assessment increase of 0.6% (\$6k)
 - Succession implementation costs are excluded from above and funded through existing Business Continuity Reserves; no impact on assessments.
- Headcount
 - Increase by 2.25 FTEs for a total of 43.25 FTEs (Regional Entity Division 41.09, Criteria Services Division 2.16)



2020 Preliminary RE Budget by Category

| | 2019 Budget | 2020 Budget | Variance \$ Over (Under) | Variance % Over (Under) |
|---|----------------------|----------------------|-----------------------------|----------------------------|
| Personnel Expenses | \$ 10,248,862 | \$ 11,009,617 | \$ 760,754 | 7.4% |
| Meeting Expenses | 1,252,650 | 1,243,650 | (9,000) | -0.7% |
| Operating Expenses | 4,548,197 | 4,587,831 | 39,634 | 0.9% |
| Indirect Expenses | (415,818) | (409,450) | 6,368 | -1.5% |
| Total Expenses | \$ 15,633,891 | \$ 16,431,647 | \$ 797,756 | 5.1% |
| (Inc) Dec in Fixed Assets | 170,000 | 170,000 | - | |
| Total Budget | \$ 15,803,891 | \$ 16,601,647 | \$ 797,756 | 5.0% |
| Less: Succession Costs funded thru BCR | - | (444,540) | (444,540) | |
| Total Budget net of Succession Costs | \$ 15,803,891 | \$ 16,157,107 | \$ 353,216 | 2.2% |
| | | | | |
| FTEs | 38.86 | 41.09 | 2.23 | 5.7% |



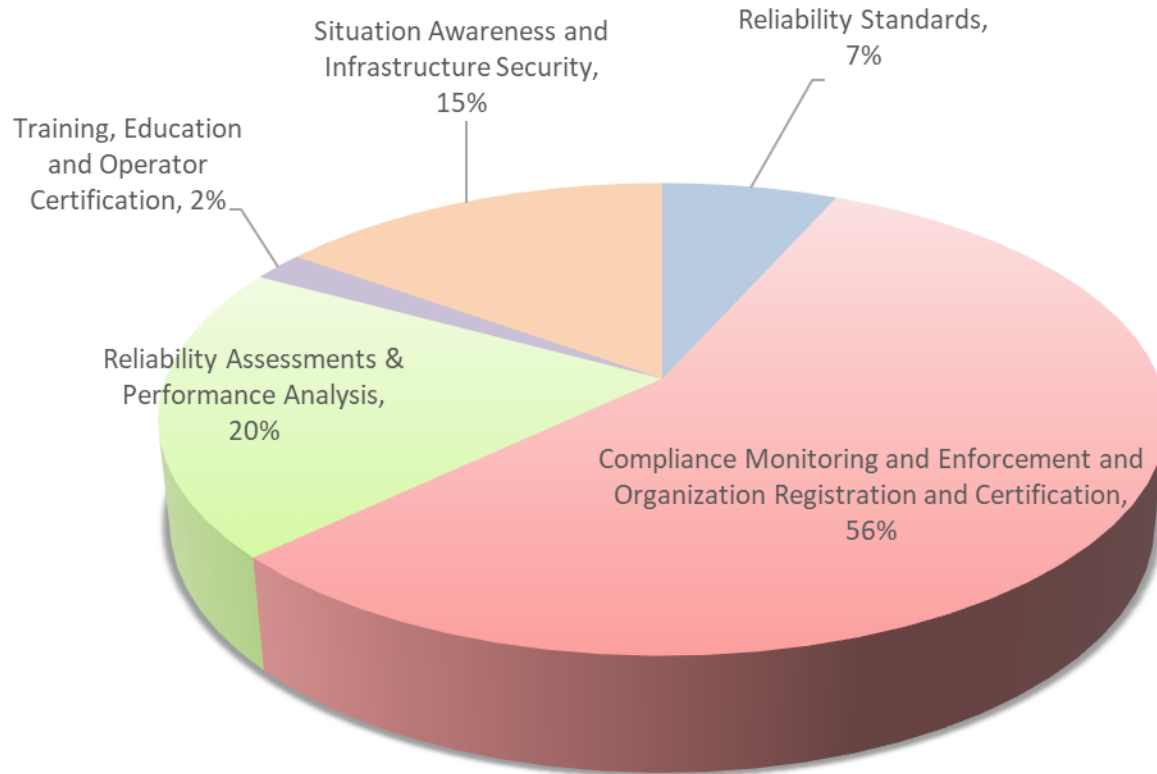
FTE Comparison

| Total FTE's by Program Area | Budget 2019 | Projection 2019 | Direct FTEs 2020 Budget | Shared FTEs ¹ 2020 Budget | Total FTEs 2020 Budget | Change from 2019 Budget |
|---|----------------|--------------------|----------------------------|---|---------------------------|----------------------------|
| REGIONAL ENTITY DIVISION | | | | | | |
| Operational Programs | | | | | | |
| Reliability Standards | 1.93 | 1.93 | 1.00 | 0.93 | 1.93 | 0.00 |
| Compliance Monitoring and Enforcement and Organization Registration and Certification | 17.00 | 17.00 | 18.00 | 0.00 | 18.00 | 1.00 |
| Training, Education, and Operator Certification | 0.10 | 0.10 | 0.10 | 0.00 | 0.10 | 0.00 |
| Reliability Assessment and Performance Analysis | 5.83 | 5.83 | 4.50 | 0.93 | 5.43 | -0.40 |
| Situation Awareness and Infrastructure Security | 5.00 | 5.00 | 5.40 | 0.00 | 5.40 | 0.40 |
| Total FTEs Operational Programs | 29.86 | 29.86 | 29.00 | 1.86 | 30.86 | 1.00 |
| Administrative Programs | | | | | | |
| Technical Committees and Member Forums | 0.50 | 0.50 | 0.50 | 0.00 | 0.50 | 0.00 |
| General and Administrative | 2.50 | 2.50 | 2.50 | 0.23 | 2.73 | 0.23 |
| Information Technology | 2.00 | 2.00 | 2.00 | 0.00 | 2.00 | 0.00 |
| Legal and Regulatory | 1.00 | 1.00 | 2.00 | 0.00 | 2.00 | 1.00 |
| Human Resources | 1.00 | 1.00 | 1.00 | 0.00 | 1.00 | 0.00 |
| Accounting and Finance | 2.00 | 2.00 | 2.00 | 0.00 | 2.00 | 0.00 |
| Total FTEs Administrative Programs | 9.00 | 9.00 | 10.00 | 0.23 | 10.23 | 1.23 |
| Total FTEs | 38.86 | 38.86 | 39.00 | 2.09 | 41.09 | 2.23 |

¹A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.



2020 Total Resources by Program Area Regional Entity Division





Major Budget Impacts

- Personnel Expenses
 - 3% average wage package increase; 0% vacancy rate
 - 2.00 FTE increase driven by ongoing need in CORC and Legal (offset by decreases in contracts and legal fees)
 - 0.23 FTE increase represents Senior Executive to be retained 11/1/2020 (expected succession to CEO effective 1/1/2021 with related 2020 expenses funded from Business Continuity Reserves)
- CS Division continues to support international, interconnected BPS reliability through maintenance of and compliance monitoring with more-stringent, regionally-specific reliability criteria



2019 Preliminary Assessments

- NPCC total assessments increase 2.1%
 - Regional Entity assessment increase of 2.2%
 - Criteria Services assessment increase of 0.6%
- CORC 2018 actual vs budget variance assigned directly to the CORC program to allocate CORC underage in the same manner and percentage as CORC assessments were collected in order to respect the specific compliance responsibilities and funding methodologies within each of the Canadian provinces within NPCC.



Working Capital and Operating Reserves

- No change in Working Capital and Operating Reserves requirement.
 - Working Capital requirement targets 8.33% (30 days) of the annual budget
 - Operating Reserves Range between 8.33% and 25.00% (90 days) provides more stability in annual funding assessments than a fixed target
- Business Continuity Reserve (BCR) in the amount of \$1MM (allocated between RE and CS divisions)
- Projected RE Total Reserve balance at year end 2020:
\$3,402,353 (20.49% of total budget)



Preliminary 2021-2022 RE Projections

2021

- Total budget increase of \$455k or 2.8%
- Total assessments of \$15.8 million
- No additional staff
- 3% average wage package

2022

- Total budget increase of \$475k or 2.8%
- Total assessments of \$16.2 million
- No additional staff
- 3% average wage package



Questions?

NPCC, Inc.