



**TEXAS RE**  
Ensuring electric reliability for Texans

# 2021 Business Plan and Budget

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# 2021 Statutory Budget & Assessment Overview

**No changes since last presentation.**

- **Total 2021 budget \$14,211,538 – 2.8% increase over 2020**
  - Personnel costs for additional FTEs
  - Increased rent – extended lease for Las Cimas office building
- **Total 2021 Assessment \$13,344,128 - 0.0% increase from 2020**
  - Virtually the same as 2020
  - Approximately \$619,000 applied from assessment stabilization to reduce assessment
  - \$169,195 Penalties applied to reduce assessment
- **63 Total FTEs**
  - Increase of 3 FTEs from 2020
  - Compliance Department

**No comments were received on the final budget for Texas RE.**

# 2021 Statutory Budget & Assessment Overview

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  - 2.8% increase from 2020
- **Total 2021 Assessment \$13,344,128**
  - Virtually the same as 2020
  - Approximately \$619,000 applied from assessment stabilization to reduce assessment
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- **63 Total FTEs**
  - Increase of 3 FTEs from 2020
- **All statutory activity in the 2021 Business Plan and Budget aligns with the ERO Enterprise Long-Term Strategy.**
- **Statutory funds are not used for State (Non-Statutory) activities.**

# 2021 Budget Development Process

- **April 15**                      **Board of Directors Conference Call to Review Budget**
- **April 21**                      **MRC Conference Call to Review Budget**
  - » The MRC voted to recommend that the Texas RE Board approve the proposed 2021 Business Plan and Budget.
- **April 2 – May 4**              **2021 Business Plan and Budget posted for member comments**
  - » There were no comments submitted from the members
- **May 27**                        **Texas RE Board of Directors vote to approve the 2021 Business Plan and Budget**

# 2021 Budget Drivers and Assumptions

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- Increasing the FTE count from 60 to 63
- The average available salary adjustment is 3.0%
- Health plan expense is projected to increase 14%
- The lease for Texas RE office space was extended beginning October 2020, causing an escalation in rent and utilities for 2021
- Most categories are remaining consistent with 2020

# 2021 Budget by Category

## **Personnel \$10,944,474 -- 1.9% increase over 2020**

- The average available salary adjustment is 3.0%.
- Total Benefits expense is *decreasing* 5.9%. Health plan expense did not increase as projected in 2020; however, health plan expense is projected to increase 14% for 2021 over actual 2020 cost, which is lower than the 2020 budgeted cost.

## **Meeting and Travel Expense \$407,085 -- 3.2% increase over 2020**

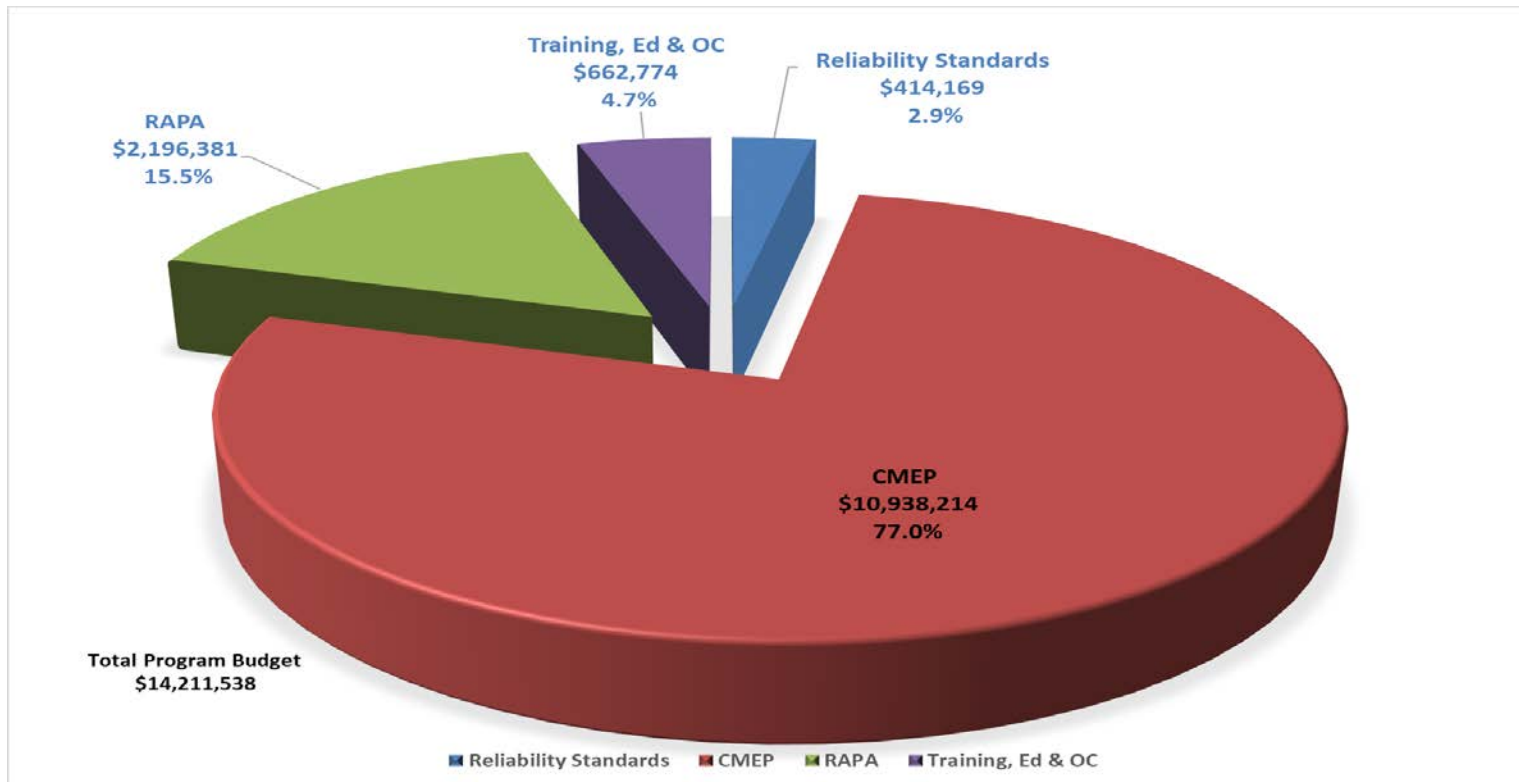
- For increased CIP activity, ERO Enterprise projects, and travel required for the additional FTEs.

## **Operating Expenses \$2,809,979 -- 6.3% increase over 2020**

- Contract and Consultants expense is decreasing due to board and executive search fees not being budgeted in 2021.
- Rent cost is increasing 19.5%. The lease for Texas RE office space was extended beginning October 2020, causing an escalation in rent and utilities for 2021.
- All other areas are remaining consistent with 2020.

## **Fixed Assets remaining consistent with 2020**

# 2021 Budget by Program Area



# Texas RE 2021 Assessments

- **Total 2021 Assessments \$13,343,400**
  - 0.0% change from 2020
- **Factors impacting assessment change:**
  - Increase in 2021 expense budget 2.8%
  - \$169,195 penalty revenue to reduce 2021 assessments
  - \$619,000 used from Assessment Stabilization funds



# Operating Reserve and Working Capital

- **The purpose of the Board-approved Working Capital and Operating Reserve policy for Texas RE is to ensure the stability of the ongoing operations of the organization.**
- **The \$2,000,000 Working Capital and Operating Reserve is a contingency reserve intended to provide funds for contested Enforcement matters or sudden unanticipated expenses.**
- **No change projected in Working Capital and Operating Reserve balance at year end 2020 and 2021.**
- **\$2,087,000 Projected Assessment Stabilization funds at year end 2020**
- **\$1,468,000 Projected Assessment Stabilization funds at year end 2021**  
*Assessment Stabilization funds are NOT part of the Operating Reserve*

# Preliminary 2022 and 2023 Projections

- **2022 Projections**
  - Budget 5.1% increase over 2021
    - Includes 18.% increase for Rent and Utilities
    - All other categories 4.0% increase
  - Assessments 4.0% increase over 2021
- **2023 Projections**
  - Budget 4.2% increase over 2022
    - Includes 6.7% increase in Rent and Utilities
    - All other categories 4.0% increase
  - Assessments 4.0% increase over 2022

**Will be determined if Assessment Stabilization will be needed**

# Questions?

