



NPCC 2014 Draft 1

Business Plan & Budget

Presentation to NERC FAC
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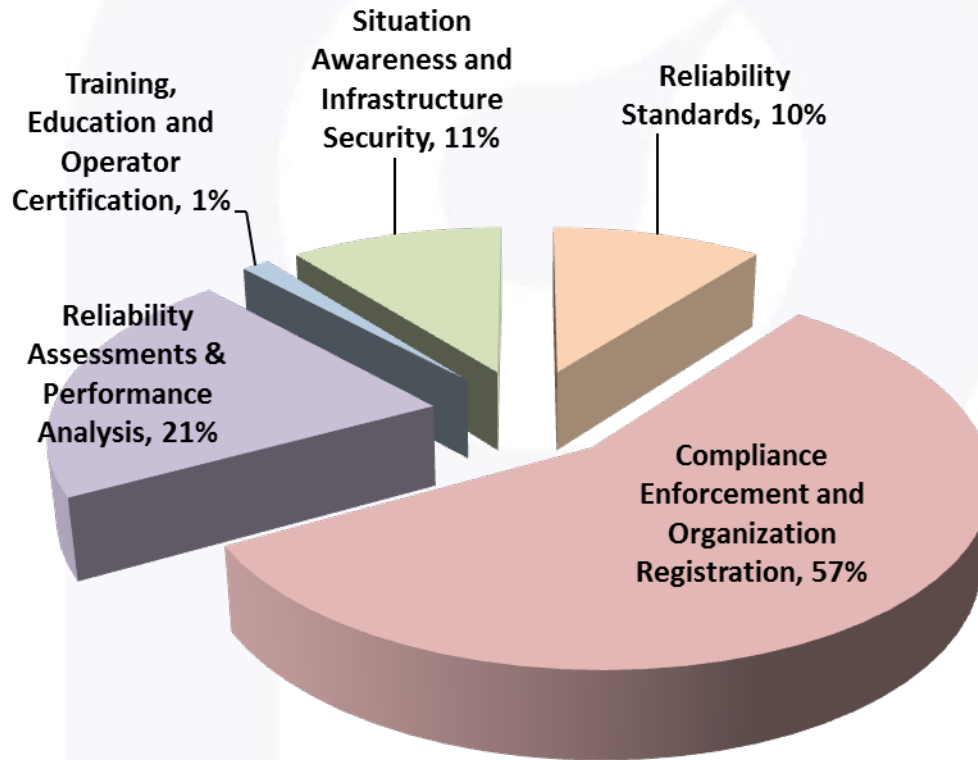


2014 Budget Overview

- Staffing Flat
 - Currently 36 FTEs plus two open positions in 2013 for a total of 38 FTEs (RE 35.86, CS 2.14)
- Decrease in Total Reserves requirement from 20% to 16.66% and break out of Total Reserves into separate Working Capital and Operating Reserve
- Total expense budget increase of approximately 3%
 - Salaries: Average merit increase of 3%
 - Benefits: Medical Insurance premium increase of 16%



2014 Total Resources by Program Area Regional Entity (RE) Division

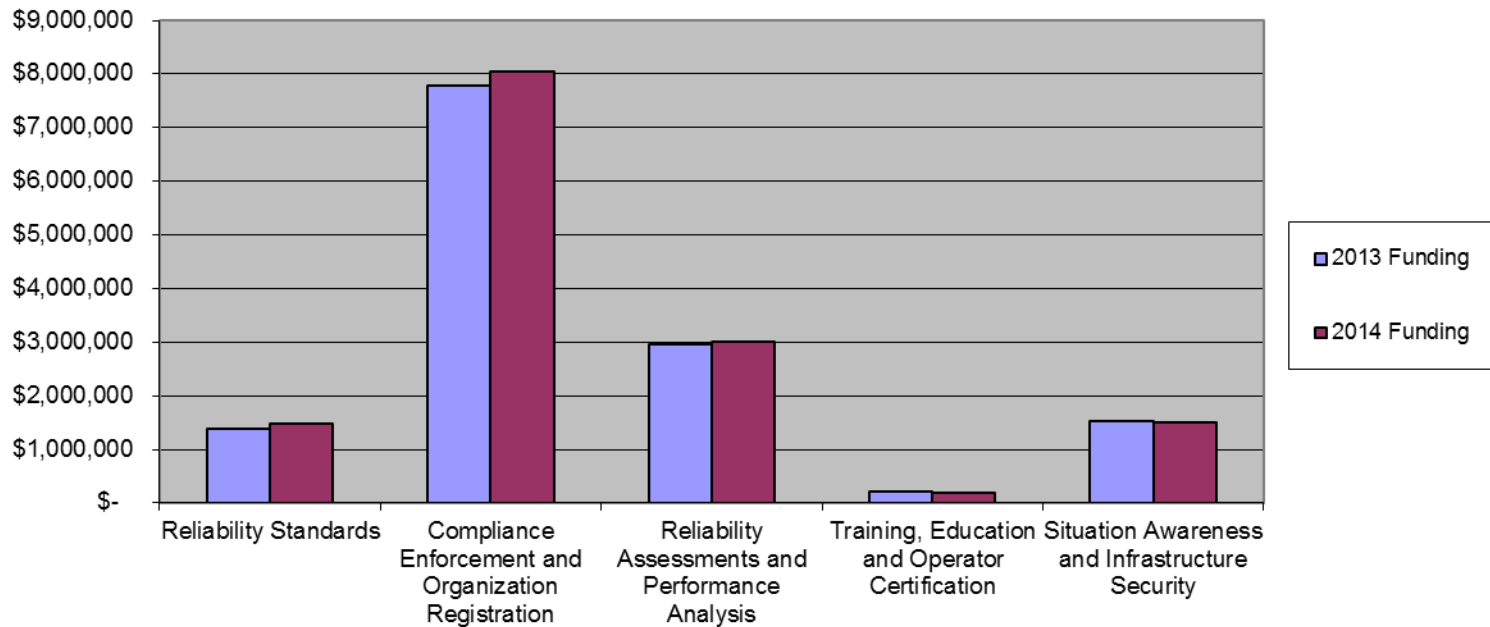




Summary Comparison by Program

Regional Entity (RE) Division

Comparison of 2014 to 2013 Budgeted Funding Requirements





2013-2014 RE Budget Comparison

	2014	2013	Variance	% Variance	Explanation
Funding					
Assessments	13,725,313	12,352,264	1,373,049	11.12%	
Penalties	118,000	297,300	(179,300)	-60.31%	
Other Income	99,500	114,500	(15,000)	-13.10%	Workshop fees and WECC CEA revenue
Total Funding	13,942,813	12,764,064	1,178,749		
Expenses					
Personnel Expenses	8,908,433	8,478,697	429,736	5.07%	
Meetings	365,000	377,000	(12,000)	-3.18%	
Travel	890,000	855,000	35,000	4.09%	
Conference Calls	77,000	87,000	(10,000)	-11.49%	
Consultants and Contracts	2,128,000	2,113,000	15,000	0.71%	
Rent & Improvements	755,500	706,500	49,000	6.94%	
Office Costs	517,500	468,500	49,000	10.46%	
Professional Services	925,000	1,120,000	(195,000)	-17.41%	
Miscellaneous	80,000	80,000	-	0.00%	
Depreciation	223,200	192,510	30,690	15.94%	
Indirect Expenses	(419,770)	(406,471)	(13,299)	3.27%	
Other Non-Operating Expenses	-	-	-		
Total Expenses	14,449,863	14,071,736	378,127	2.69%	
Increase(Decrease) in Fixed Assets	(223,200)	(192,510)	(30,690)		
Total Budget	14,226,663	13,879,226	347,437	2.50%	
Change in Working Capital	(283,850)	(1,115,163)	831,312		



FTE Comparison

Total FTE's by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs ¹ 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	2.93	2.93	2.00	0.93	2.93	0.00
Compliance Monitoring and Enforcement and Organization Registration and Certification	15.00	15.00	15.00	0.00	15.00	0.00
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	4.90	0.93	5.83	0.00
Situation Awareness and Infrastructure Security	3.00	3.00	3.00	0.00	3.00	0.00
Total FTEs Operational Programs	26.86	26.86	25.00	1.86	26.86	0.00
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	0.00	2.50	0.00
Information Technology	3.00	3.00	3.00	0.00	3.00	0.00
Legal and Regulatory	1.00	1.00	1.00	0.00	1.00	0.00
Human Resources	1.00	1.00	1.00	0.00	1.00	0.00
Accounting and Finance	1.00	1.00	1.00	0.00	1.00	0.00
Total FTEs Administrative Programs	9.00	9.00	9.00	0.00	9.00	0.00
Total FTEs	35.86	35.86	34.00	1.86	35.86	0.00

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





Resource Adequacy

- Resource assessment and reprioritization from the 2013 Business Plan and Budget has been conducted and will continue through 2014.
- Full impact of BES definition implementation is currently unknown
 - RAPA staffing is expected to be adequate to address BES identification/exception requests - based on anticipated number of exceptions



Process Improvements

- Implementation of CEAP in NERC Standards Development Process
- Utilization of audit checklist with audits informed by evaluation of entity risk profile
- Enhanced FFT and introduction of FFR principles
- Expedited processing of self-reports
- Increased scheduling rigor in settlement processing
- Implementation of efficient BES Notification and Exception Processing
- Improved integration of EA processing across ERO



Alignment of RE and ERO

- Fully aligned with ERO Enterprise Strategic Plan
- Functional initiatives/activities within program areas referenced to applicable ERO goals
- CS Division continues to support international, interconnected BPS reliability through compliance monitoring with more-stringent, regionally-specific reliability criteria



Efficiency and Controlling Costs

- Ongoing efforts to hold more meetings on site and via conference call or webinar.
- Continued streamlining of audit process implemented in 2011 to contain the time required of an audit team to be on-site in order to complete an audit and, therefore, to complete audits more cost-efficiently.



Working Capital and Operating Reserves

- New Working Capital and Operating Reserves Policy calls for a reduction in the required level of total reserves from 20% to 16.66% (representing two months of the annual budget).
- Segregation of funds into separate Working Capital and Operating Reserves, each with a targeted level of 8.33% (one month) of the annual budget.



Questions?

NPCC, Inc.