

2014 Business Plan & Budget

SPP Regional Entity

Ron Ciesiel

General Manager

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2014 Budget Overview

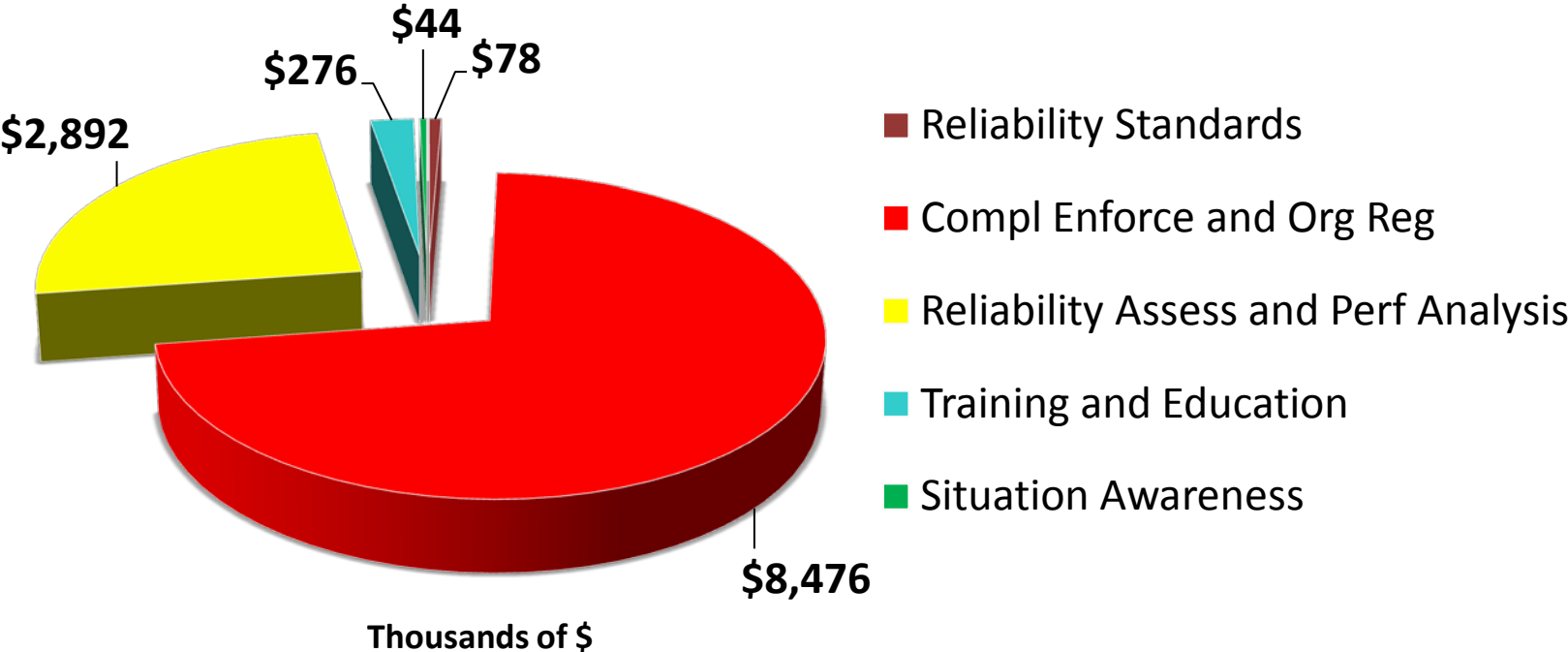
- Changes in revenues – no changes predicted at this time
- Staffing – Slight decrease to staff – down .65 FTE
- Budget assumptions
 - Merit increase -- Assumed 3% Merit Pool
 - Insurance changes – Medical & Dental – up 11%
 - SPP, Inc. Overhead Charge remains constant for 2013 and 2014

Other Key Factors/Assumptions

- SPP RTO & SPP RE moved into a single campus location in mid-2012 resulting in a jump in the SPP, Inc. overhead charge allocated to the SPP RE for:
 - 2012 True-up calculations
 - 2013 Actual Allocations
 - 2014 Budget projections

2014 Preliminary Budget Overview

Proposed Budget - \$11.8 Million



2014-2013 Budget Comparison Overview

Resource Item	Approved 2013	Preliminary 2014	Increase / (Decrease)	% Increase / (Decrease)
SPP RE Direct FTEs	30.50	30.00	(0.50)	(2)%
SPP Shared FTEs	4.00	3.85	(0.15)	(4)%
Total FTEs	34.50	33.85	(0.65)	(2)%
Direct Expenses (millions)	\$ 7.1	\$ 6.9	\$ (0.2)	(2)%
SPP, Inc. Indirect Expenses (millions)	\$ 4.4	\$ 4.8	\$ 0.4	8%
Total Expenses (millions)	\$ 11.5	\$ 11.8	\$ 0.3	2.2%
Total Funding Requirement (millions)	\$ 9.5	\$ 9.6	\$ 0.1	1%
RE Assessments (millions)	\$ 8.5	\$ 9.1	\$ 0.6	7%

2014-2013 Budget Comparison FTEs

Total FTEs by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs ¹ 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
STATUTORY						
Operational Programs						
Reliability Standards	1.25	0.25	0.15	0.10	0.25	-1.00
Compliance and Organization Registration and Certification	22.25	21.85	22.10	0.00	22.10	-0.15
Training and Education	1.00	1.25	1.25	0.00	1.25	0.25
Reliability Assessment and Performance Analysis	6.50	6.38	3.38	3.75	7.13	0.63
Situation Awareness and Infrastructure Security	0.25	0.13	0.13	0.00	0.13	-0.13
Total FTEs Operational Programs	31.25	29.85	27.00	3.85	30.85	-0.40
Administrative Programs						
Technical Committees and Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	3.25	3.00	3.00	0.00	3.00	-0.25
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Finance and Accounting	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	3.25	3.00	3.00	0.00	3.00	-0.25
Total FTEs	34.50	32.85	30.00	3.85	33.85	-0.65

2014-2013 Budget Comparison Direct

Cost Item	Increase/ (Decrease)	Explanation
Personnel	\$ 53	2013 full-year merit & promotion increases
Consultant	\$ (258)	Increase in direct staff's experience level coupled with process improvement efficiencies
Meetings/Office Costs	\$ 11	RE Workshops and BOT Meetings
Travel	\$ (13)	Reduced to balance 2012 actual results with expected 2014 needs
Total Direct Expenses *	\$ (208)	N/A
SPP Inc. Indirect Expenses	\$ 460	Increase in overhead rate
Total Increase in Budgeted Expenses	\$ 253	N/A
<i>* Includes SPP RE General & Administrative Services and Legal and Regulatory program expenses</i>		

2014-2013 Budget Comparison Program Summary

Program	Budget 2013	Projection 2013	Budget 2014	Change 2014 Budget v 2013 Budget	% Change
Reliability Standards	391,641	79,189	78,011	(313,630)	-80.1%
Compl Enforce and Org Reg	8,164,097	8,116,229	8,476,417	312,320	3.8%
Reliability Assess and Perf Analysis	2,606,215	2,570,371	2,892,639	286,424	11.0%
Training and Education	217,591	270,063	276,204	58,613	26.9%
Situation Awareness	135,273	44,081	44,358	(90,915)	-67.2%
	11,514,817	11,079,933	11,767,629	252,812	2.2%
Working Capital Reserve	\$ -	\$ -	\$ -	\$ -	
Total Funding	11,514,817	11,079,933	11,767,629	252,812	2.2%

Resource Adequacy

- SPP RE has matched resources to projected workload for 2013 and 2014 and feels that with the current projection of direct staff and the selected use of contractors that all requirements will be met

Process Improvements

- SPP RE has implemented proposed audit lifecycle project
 - Expectations that no additional adjustments to manpower will be required
- Internal workgroups are discussing/implementing administrative changes to handoff processes in areas such as compliance to enforcement and event analysis to compliance to improve turnaround time in activities

Alignment of RE and ERO

- SPP RE has public goals that include efficiency, effectiveness and reliability based for 2013
 - These goals , in general, support the NERC Strategic Plans for 2013 to 2015
 - Public SPP RE Goals and Metrics can be found at www.spp.org

Efficiency & Controlling Costs

- SPP RE uses management practices generally based on the SPP, Inc.'s internal oversight practices in the areas of purchasing, personal expenses, travel, and meeting expenses.

Working Capital

- SPP RE adjusts assessments annually based on budget performance from the prior years as well as all penalty money collected through June 30th of the prior year.
- SPP RE does not maintain an active operating reserve account

Questions?

Ron Ciesiel

SPP RE General Manager

rciesiel.re@spp.org