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## 2014 Business Plan and Budget ~~Draft 1~~

Florida Reliability Coordinating Council, Inc.

~~Not~~ Approved

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## Table of Contents

Introduction.....	3
Organizational Overview .....	3
Membership and Governance .....	4
Statutory Functional Scope .....	5
2014 Goals and Key Deliverables (Regional Entity Division).....	5
2013 Statutory Budget and Projection and 2014 Budget Comparisons.....	13
<b>Section A – Statutory Programs .....</b>	<b>15</b>
Reliability Standards Development Program.....	17
Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program.....	21
Reliability Assessment and Performance Analysis Program.....	26
Training, Education, and Operator Certification Program.....	31
Situation Awareness and Infrastructure Security Program.....	35
General and Administrative .....	38
<b>Section B – Supplemental Financial Information .....</b>	<b>44</b>
Reserve Balance.....	45
Breakdown by Statement of Activity Sections .....	46
<b>Section C – Non-Statutory Activities.....</b>	<b>53</b>
2013 Member Services Budget and Projection and 2014 Budget Comparisons .....	61
<b>Section D – Additional Consolidated Financial Statements.....</b>	<b>64</b>

## Introduction

TOTAL RESOURCES (in whole dollars)				
	2014 Budget	U.S.	Canada	Mexico
Statutory FTEs	30.40			
Non-statutory FTEs	16.84			
<b>Total FTEs</b>	47.24			
Statutory Expenses	\$ 6,822,608			
Non-Statutory Expenses	\$ 7,454,381			
<b>Total Expenses</b>	\$ 14,276,989			
Statutory Inc(Dec) in Fixed Assets	\$ (27,676)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ 1,614			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ (26,062)			
Statutory Working Capital Requirement*	(849,875)			
Non-Statutory Working Capital Requirement**	(261,814)			
<b>Total Working Capital Requirement</b>	(1,111,689)			
Total Statutory Funding Requirement	\$ 5,945,057			
Total Non-Statutory Funding Requirement	\$ 7,194,181			
<b>Total Funding Requirement</b>	\$ 13,139,238			
<b>Statutory Funding Assessments</b>	\$ 5,488,057	\$ 5,488,057		
<b>Non-Statutory Fees</b>	\$ 6,916,762	\$ 6,916,762		
NEL	220,684,100	220,684,100		
NEL%				

\*Refer to Table B-1 on page 41 in Section B.

\*\*Refer to the Reserve Analysis on page 57 in Section C.

## Organizational Overview

The Florida Reliability Coordinating Council (FRCC) is a Florida not-for-profit corporation that was formed in 1996 and is one of the eight regions of the North American Electric Reliability Corporation (NERC). The FRCC's mission is to ensure and enhance the reliability and adequacy of the Bulk Electric System (BES) in Florida now and into the future. The FRCC's Web site is [www.frcc.com](http://www.frcc.com). The FRCC Region is comprised of all of Florida east of the Apalachicola River. Florida's unique geography and its highly integrated transmission system coupled with its single interface boundary to the rest of the Eastern Interconnection required the development of a reliability focus in the FRCC Region. Membership in the FRCC's Regional Entity Division is open to any entity, without cost, that has a material interest in the reliability of the BES in the FRCC Region. Currently there are 70 Registered Entities within the FRCC Region. The FRCC is governed by a balanced stakeholder Board of Directors, and accomplishes

its activities through qualified professional staff and standing committees which also have balanced stakeholder governance.

The FRCC provides the statutory functions and services for the FRCC Region through its Regional Entity Division. Non-statutory services for the FRCC Region are provided through its Member Services Division. This divisional structure is an efficient and effective means of clearly separating statutory and non-statutory activities and related funding for each. The revised FRCC Bylaws, creating this divisional structure, were first approved by the Federal Energy Regulatory Commission (“FERC”) on March 21, 2008.

The FRCC Regional Entity Division works to enhance the reliability of the BES in the FRCC Region pursuant to the approved Regional Delegation Agreement with NERC, as the Electric Reliability Organization (“ERO”), under the authority of the FERC. The functions performed by the FRCC Regional Entity Division include regional reliability standards development, compliance monitoring and enforcement of reliability standards, reliability assessment and performance analysis, event analysis and reliability improvement, training and education, situation awareness and infrastructure security.

~~The FRCC Member Services Division also promotes division of the FRCC provides, coordinates and administers a variety of services relating to the reliable planning and efficient operation of the BES in within the FRCC Region through establishment of regionally specific criteria, coordination of system planning, design and operations. These services are carried out by the FRCC Member Services Planning Committee (MS-PC) and monitoring adherence to such voluntary criteria: the FRCC Member Services Operating Committee (MS-OC), the FRCC Member Services Compliance Committee (MS-CC), various subcommittees, task forces and working groups, as well as FRCC Staff.~~

The FRCC standing committees actively participate in the development and approval of their committee’s budget. The budgets reflect activities of each committee’s responsibilities, such as reliability coordination, resource adequacy, stability studies, transmission studies, reliability assessments, operations tools, system operator training, telecommunication tools and infrastructure. Each year, the total FRCC budget is presented to the FRCC Board of Directors in the second quarter for informational purposes prior to final approval in June. This process gives all FRCC members advanced indication of the funding level, both statutory and non-statutory, which will be required for the coming fiscal year (January 1 – December 31). This allows for timely inclusion of each member’s funding responsibility in their individual budgeting process. The final budget is presented for approval to the FRCC Board of Directors in June of each year and is then submitted to NERC for approval by the NERC Board of Trustees and then by FERC.

## Membership and Governance

The FRCC's members (in both divisions) include investor-owned utilities, cooperative utilities, municipal utilities, power marketers, independent power producers and others. Membership is currently 30 FRCC members in the Regional Entity Division and 23 FRCC members in the Member Services Division including affiliate and adjunct members.

The FRCC has six (6) membership sectors which include the following:

- Non-Investor Owned Utility Wholesale

- Load Serving Entity
- Generating Load Serving Entity
- Investor Owned Utility
- Suppliers
- General

There are currently two (2) members in the General Sector of the Regional Entity Division and no members in the General Sector of the Member Services Division.

The activities of FRCC are governed by its Board of Directors. The Board is comprised of senior level executives from members of FRCC.

As part of its responsibilities, NERC, as the ERO, delegates its authority to Regional Entities to perform certain functions through delegation agreements. On October 21, 2010, FERC approved revised delegation agreements between NERC and the eight (8) Regional Entities that became effective January 1, 2011 and will expire at the end of 2015. These delegation agreements describe the responsibility and authority delegated to the Regional Entities. NERC and the Regional Entities revised the delegation agreements in 2010 to improve the efficiency, transparency, quality and effectiveness of the combined NERC and Regional Entity operations. The funding for Regional Entities is approved separately with each Regional Entity submitting its own business plan and budget for consideration by NERC and FERC.

## Statutory Functional Scope

The FRCC carries out its delegated functions as outlined and detailed in Exhibits A, B, C, D and E of the delegation agreement. These delegated functions as defined by the NERC Rules of Procedures include:

- Reliability Standards Development (“RSD”) - Section 300
- Compliance Monitoring and Enforcement (“CMEP”) - Section 400
- Organization Registration and Certification - Section 500 (This program budget has been combined with the Compliance Monitoring and Enforcement function budget.)
- Reliability Assessment and Performance Analysis (“RA”) - Section 800 (including necessary data gathering activities and Events Analysis)
- Training, Education and Operator Certification (“TE”) - Section 900
- Situation Awareness and Infrastructure Security (“SA”) - Section 1000

## 2014 Goals and Key Deliverables (Regional Entity Division)

- Support NERC’s goals to develop clear, reasonable and technically sound mandatory reliability standards in a timely and efficient manner. Standards developed will be clear and responsive to reliability and security risks.
- Continue to work closely with NERC and the industry to ensure all existing and new standards meet [NERC’s](#) quality and results-based criteria. Continue to work to ensure that reliability standards establish threshold requirements for ensuring the Bulk Electric

System (“BES”) is designed, planned, operated and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment or limits interruptions of bulk power supply.

- Work with NERC to develop ~~a~~NERC’s bulk power system risk profile and assess standards compared to the profile and address the most important risk gaps.
- Work with NERC and the other ~~seven (7)~~ Regional Entities, to continue refinement, improvement and prioritization of risk based compliance monitoring efforts. NERC and the Regional Entities will retain and refine their ability to use standards enforcement when warranted and impose penalties and sanctions commensurate with risk.
- Work with NERC and the other ~~seven (7)~~ Regional Entities to register entities commensurate with risk to the Bulk Power System (BPS) and ensure that all key reliability entities are certified to have essential capabilities. This will include the development and implementation of a BES exception process, framework and criteria for registration based on risk to the BPS, and the development of a common and consistent registration process among the regions.
- Work with NERC and the other ~~seven (7)~~ Regional Entities to hold the industry accountable for violations that create serious risk to the BPS. This will include the development and implementation of an ERO Reliability Assurance Initiative (RAI), development and implementation of new RAI enforcement strategies and tools for monitoring caseload and mitigation aging and performance.
- Support an ERO culture of reliability excellence. Work with NERC and the other ~~seven (7)~~ Regional Entities to facilitate a learning environment throughout the industry. Work to improve event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices. Continue to improve consistency, quality, timeliness and cost effectiveness of NERC and Regional Entity data collection, analysis systems and capabilities through process improvements and more effective coordination and collaboration.
- Support NERC’s efforts to move toward and implement an outcome based approach in Reliability Assessments to achieve measureable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.
- Work closely with the other Regional Entities and NERC to ensure that the delegated functions are implemented consistently and rationally and to promote the success of the ERO as a collaborative enterprise. Perform delegated functions with independence, without conflict of interest, with objectivity and fairness and with increased transparency.
- Support the ERO in addressing and mitigating reliability risks. Work with NERC, and the other ~~seven (7)~~ Regional Entities and the industry to effectively address security vulnerabilities and threats. During crisis situations, support ERO sharing of information among industry, Regions, and government.

## 2014 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions (see Exhibit A of the 2014 NERC Business Plan and Budget) developed jointly by NERC and

the Regional Entities as part of the annual business plan and budget process. The significant assumptions underlying FRCC's 2014 business plan include:

1. NERC and the Regional Entities are expected to continue to work under the existing regulatory framework governing the establishment and enforcement of reliability standards for the BPS established in the United States and Canada, as well as the authorizations contained in FERC's order approving NERC as the ERO.
2. The framework for delegation to Regional Entities is expected to remain relatively constant over the next three (3) years and the terms of the existing delegation agreements will continue to apply over the planning period. The Regional Entities are expected to have the primary responsibility for interactions with Registered Entities. NERC and the Regional Entities will work to refine and revise procedures and processes to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency and to achieve measurable reliability outcomes.
3. Cost pressures may affect stakeholder resources available to participate in NERC and Regional Entity activities. However, the assumption of continued industry participation in support of key program areas such as event analysis, reliability assessments and standards development is included in this business plan and budget.
4. For planning purposes, NERC and the Regional Entities assume an implementation date of CIP V5 of January 2016. The need for a smooth transition between V3 to V4 to V5 may require additional resources to provide industry guidance. However these resources are expected to be largely off-set with increased efficiencies and effectiveness from execution of the standards development process.
5. Implementation of a BES exception process will increase resource requirements, but the long-term impact cannot be fully assessed at this time as the resource requirements will be based on the number and type of exception requests received.
6. Implementation of the BES definition is not expected to place large resource demands in the Registration area for the FRCC region but there may be significant resource demands in the Reliability Assessment area processing exception requests depending upon the number of requests. If a high number of BES exceptions are requested, the potential for a backlog situation in the first years of implementation is possible.
7. NERC will continue to budget and incur costs to operate and maintain the situation awareness tool for FERC, NERC, Regional Entities ("SAFNR") and stakeholder needs. However, NERC will continue to review the appropriateness of continued funding of existing reliability tools, with any proposed changes thereto subject to review and input from the Regional Entities, appropriate NERC Committees and working groups, and other affected parties.
8. NERC and the eight (8) Regional Entities (using an executive management group known as the ERO EMG) will continue to concentrate on developing information technology enterprise-wide applications to improve efficiency and consistency. These will be managed by a single Project Management Office (PMO) at NERC.
- 8.9. The number of "qualified system events" as defined in the NERC Events Analysis Process, is expected to remain steady (approximately 10 per month across North America). Greater collaboration with the region and the registered entity is leading to



more detailed analysis and supporting the identification of reliability issues and challenges.

- 9.10. The number of non-CIP violations discovered is expected to decrease as most registered entities have now been audited at least once and the standards and their application has matured.
- 10.11. The number of CIP violations is not expected to decrease and may increase over the planning period until a measure of stability in the standards is reached.
- 11.12. Maintaining budgeted qualified compliance and enforcement staff will continue to be a challenge driven by a limited pool of qualified people and an aging work force. Investments in training less experienced personnel are likely to increase.
- 12.13. Improvements in consistency among the Regional Entities will increase workload as consistent procedures are developed but are expected to facilitate more efficient resource allocation within the compliance and enforcement areas, as well as potentially reduce compliance costs for some registered entities.
- 13.14. As risk-based monitoring activities increase, strong consideration will be given to modifying the current three and six year audit cycles for registered entities. Changes to the audit cycle requirements will require a change to the Rules of Procedure. The rigor, scope, depth and recurrence of audits and spot checks will be driven by reliability risk and not on a predetermined schedule. These changes will be developed during the planning period, however implementation will likely occur after the planning period.
- 14.15. Integration of the assessment of registered entity internal controls programs as part of the compliance monitoring program will allow NERC and the Regional Entities to further prioritize risk based compliance monitoring activities. Greater emphasis on internal controls provide positive incentives for industry to demonstrate effective management of compliance programs that are focused on reliability, as well as place downward pressure on compliance resource requirements for industry, NERC and the Regional Entities.
- 15.16. While additional or different resources will be required for certain training initiatives, it is not clear at this time whether these needs will translate into a significant increase in NERC's or any of the Regional Entities' budgets. The general sense at this point is that improvement with minimal budgetary impact can be achieved through better coordination, planning and management of training programs with the possible exception in the area of additional resources needed to support auditor training as mentioned above.
- 16.17. Improved disaster recovery mechanisms and improved IT security procedures will increase capital and operating costs at the Regional Entities.

## 2014 Overview of Cost Impacts

The FRCC's proposed 2014 Statutory Expense Budget (see page 3) is \$6,823,850,794,931, which is a \$227,814,263,149 or 3.54.0% increase over the 2013 budget. The major drivers of this increase are the net effect of:

- Addition of one (1) position for a Manager of CIP Audits in the Compliance Monitoring and Enforcement program.
- ~~Addition of a shared Meetings Coordinator for better utilization of current technical staff.~~



- ~~Increased software~~Software maintenance for needed portal efficiencies and program intervention.
- Decrease in legal fees due to in house legal support.

## Statutory Accounting Methodology

The FRCC, in order to be consistent with all the regions, has modified its accounting reporting as follows:

- ERO assessments needed to fund working capital are reflected in the General and Administrative Program within Administrative Services.
- The majority of the Operating Expenses are accounted for within their related department's budget. If an expense cannot be specifically linked to a department, it is included in the General and Administrative Program, within Administrative Services.
- All expenses for the Administrative Services Programs, referred to as indirect expenses for 2014, are allocated to the delegated program areas by their respective FTEs and are shown on one line of each delegated program area Statement of Activities as "Indirect Expenses".
- Capital expenditures are broken out as fixed assets at the end of each statement of activities rather than being included in their related lines in the operating expenses section.
- Expenses include depreciation, but since funding is not being requested for depreciation expense, it has been deducted from the funding requirement for capital expenditures.

## 2014 Key Deliverables by Program

In 2014, FRCC will achieve the following key deliverables:

- **Reliability Standards Development** — Continue support of NERC in its efforts to complete standards development governance and process reforms utilizing a NERC Board of Trustee endorsed process with consideration of FERC directives to address those projects with the most positive impact for reliability of the BES. Support NERC in its efforts to evaluate significant BPS events (Category 3 and above) to identify gaps in standards and address any gaps identified. Ensure all existing and new standards meet quality and results based criteria within five years with subsequent review every five years thereafter. Develop regional reliability standards as needed to support NERC's prioritized work plan and provide increased coordination of standards development activities.
- **Compliance Monitoring and Enforcement** — Continue to monitor Registered Entities for compliance with mandatory reliability standards, in accordance with the established periodicity identified in the CMEP and NERC Rules of Procedure ("ROP") for the near term while working with NERC and the other Regional Entities to further refine the risk-based approach to compliance monitoring and enforcement. Continue to support the ERO as it develops and implements the Reliability Assurance Initiative. Continue to be a strong enforcement authority that is independent, without conflict of interest, objective and fair, using standards enforcement when warranted and imposing penalties and sanctions that are commensurate with risk. Ensure timely and thorough mitigation of all

violations of mandatory reliability standards with the most focus on those violations that create serious risk to the Bulk Electric System. Promote a strong culture of compliance excellence, reliability improvement, and risk-based methods among all registered entities in the FRCC Region.

- **Event Analysis** — Continue to support improved reliability through reporting and categorizing of system events and security incidents. Consistently analyze events and system performance for sequence, cause, and remediation to identify reliability risks and trend, and to inform standards, compliance, and other programs. Work to ensure that the industry is well informed of system events, emerging trends, risk analysis, lessons learned and expected actions. Provide timely written lessons learned and recommendations from events and provide all BPS system event reports to the industry through a secure portal.
- **Critical Infrastructure Protection and Cyber Security** — Facilitate, educate and support Registered Entities in complying with CIP reliability standards and responding to cyber security alerts. Facilitate a proactive action plan by industry that demonstrates effective identification and mitigation of security risks, including safeguarding of assets, developing mitigation alternatives, and preparing and testing recovery plans. Assist Registered Entities with the transition from CIP V3 to V4 to V5.
- **Reliability Assessments** — Provide annual, seasonal, post-seasonal, probabilistic, scenario and special reliability assessments of the reliability of the FRCC BES in accordance with definitions and requirements. Work with NERC and the other Regional Entities to develop and demonstrate BES performance metrics for the purpose of analyzing and trending reliability improvements and benefits, as well as risk/severity based methods. Work with NERC and the other Regional Entities to support the exception process for the evaluation of Exception Requests as permitted by the revised definition of the BES.
- **Situation Awareness** — Continue to support NERC in maintaining and enhancing the current and future situation awareness capabilities that include near real-time information and communications protocols that meet the needs of FERC, NERC, and applicable Registered Entities. Issue and track security recommendation to protect the Bulk Power System. Share information learned in Situation Awareness with the Events Analysis program to develop relevant lessons learned.
- **Effective Financial Controls** — Continue to provide rigorous cost controls and efficient management of resources to remain an efficient provider of ERO delegated functions.

## Long Term Business Planning

NERC and the Regional Entities continue to work together to improve the overall ERO business planning and budgeting process, including long-term resource and financial planning. The 2014 Business Plan and Budget process builds upon the improvements made over the past several years including face-to-face meetings, conference calls and exchanges of documentation among senior management and staff of NERC and Regional Entities regarding budget assumptions, resource requirements, and opportunities to improve operational efficiency and effectiveness. As an important first step in the development of a long-term business plan and budgeting process, the Common Business Plan and Budget Assumptions (attachment Exhibit A of the 2014 NERC Business Plan and Budget) incorporate assumptions affecting resource demands through the 2017 planning horizon. NERC and the Regional Entities continue to work together to develop,

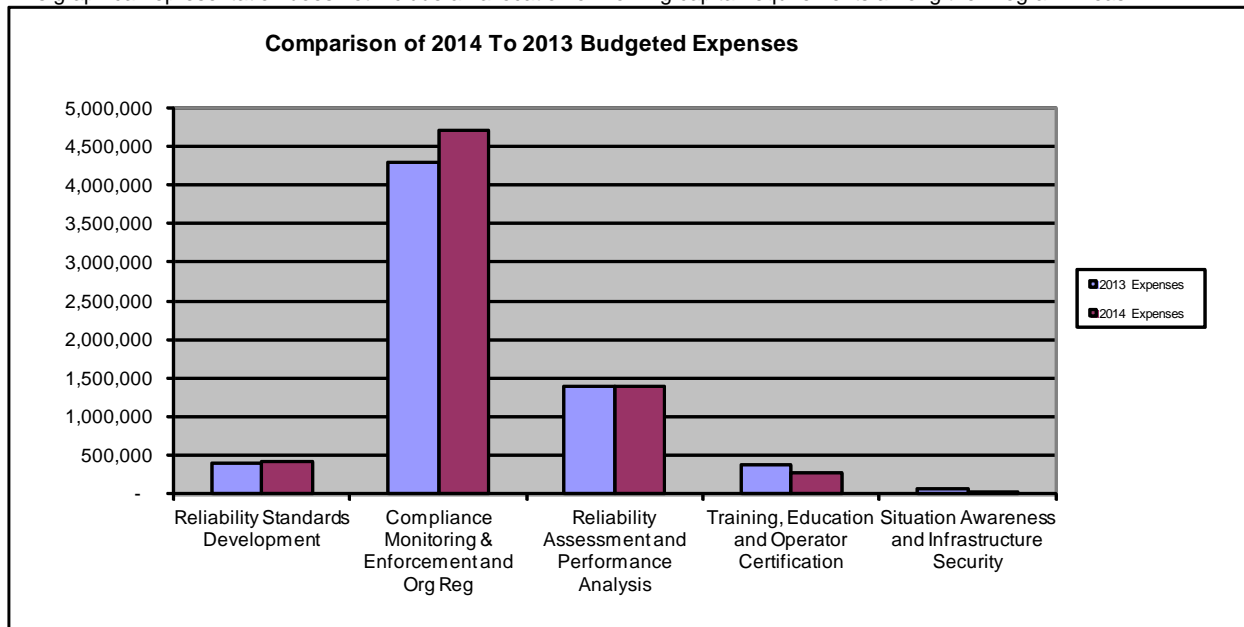
strengthen and improve an integrated long term ERO business plan and budget that leverages and builds on the combined strengths and resources of NERC and the Regional Entities to improve the overall effectiveness and efficiency of ERO operations and improve the reliability of the BES of North America.

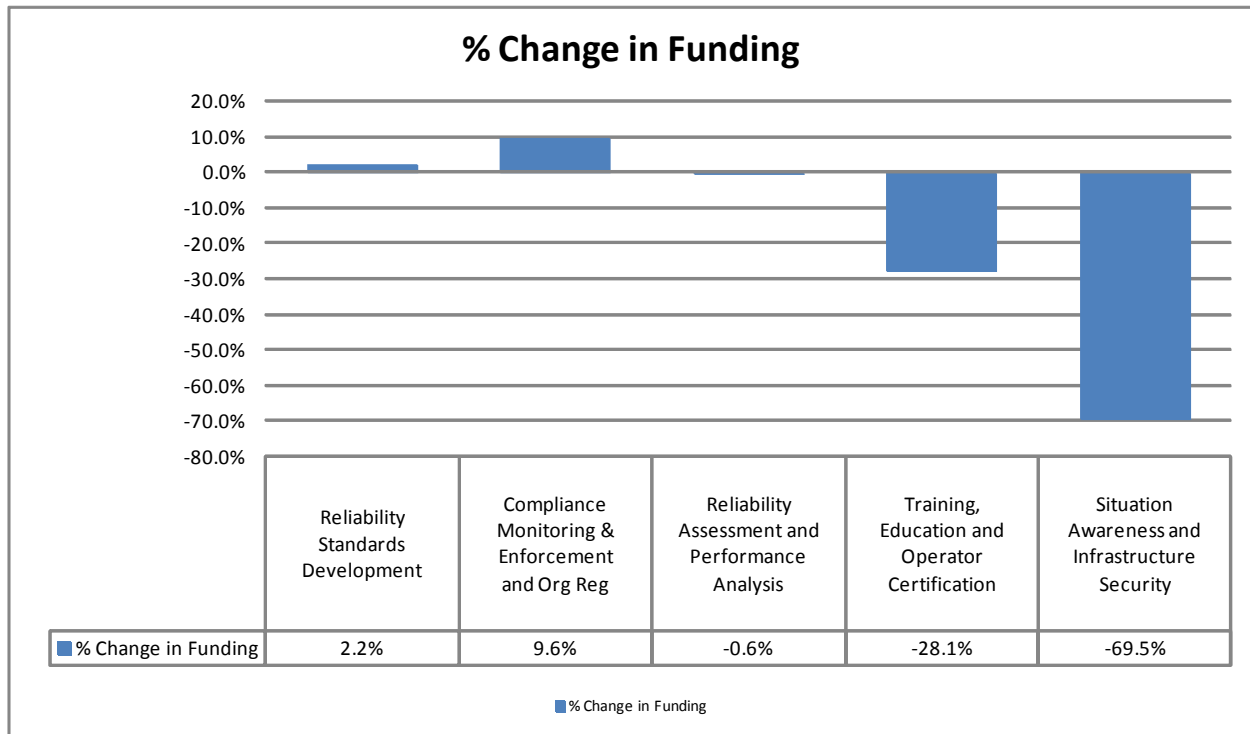
### Detailed Business Plans and Budgets by Program

Details of the planning, operation, review, and adjustment for each program area are included in Section A. The corresponding budget details are shown in Section B. Below is an overall summary of the changes by program area.

Funding by Program	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Reliability Standards Development	400,675	400,675	409,591	8,916	2.2%
Compliance Monitoring & Enforcement and Org Reg	4,289,553	4,289,553	4,702,351	412,798	9.6%
Reliability Assessment and Performance Analysis	1,398,999	1,399,649	1,391,299	(7,700)	-0.6%
Training, Education and Operator Certification	378,953	378,953	272,310	(106,643)	-28.1%
Situation Awareness and Infrastructure Security	63,601	63,601	19,380	(44,221)	-69.5%
<b>Total Funding All Sources</b>	<b>6,531,781</b>	<b>6,532,431</b>	<b>6,794,932</b>	<b>263,151</b>	<b>4.0%</b>

This graphical representation does not include an allocation of working capital requirements among the Program Areas.





Total FTE's by Program Area	Budget	Projection	Direct	Shared	Total FTEs	Change
	2013	2013	FTEs 2014 Budget	FTEs <sup>1</sup> 2014 Budget	2014 Budget	from 2013 Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards Development	1.65	1.15	1.57	0.44	2.01	-1.21
Compliance Monitoring & Enforcement and Org Reg	17.93	16.96	19.49		19.49	1.56
Reliability Assessment and Performance Analysis	5.43	5.26		5.30	5.30	-0.13
Training, Education and Operator Certification	1.11	0.69		0.87	0.87	-0.24
Situation Awareness and Infrastructure Security	0.25	0.24		0.11	0.11	-0.14
<b>Total FTEs Operational Programs</b>	<b>26.37</b>	<b>24.30</b>	<b>21.06</b>	<b>6.72</b>	<b>27.78</b>	<b>-0.16</b>
<b>Administrative Programs</b>						
General & Administrative	3.75	3.02		3.68	3.68	-0.07
<b>Total FTEs Administrative Programs</b>	<b>3.75</b>	<b>3.02</b>	<b>0.00</b>	<b>3.68</b>	<b>3.68</b>	<b>-0.07</b>
<b>Total FTEs</b>	<b>30.12</b>	<b>27.32</b>	<b>21.06</b>	<b>10.40</b>	<b>31.46</b>	<b>-0.23</b>

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

Total FTE's by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs <sup>1</sup> 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards Development	1.65	1.09	1.33	0.41	1.74	0.09
Compliance Monitoring & Enforcement and Org Reg	17.93	16.88	19.26		19.26	1.33
Reliability Assessment and Performance Analysis	5.43	4.89		5.29	5.29	-0.14
Training, Education and Operator Certification	1.11	0.60		0.67	0.67	-0.44
Situation Awareness and Infrastructure Security	0.25	0.04		0.08	0.08	-0.17
<b>Total FTEs Operational Programs</b>	<b>26.37</b>	<b>23.50</b>	<b>20.59</b>	<b>6.45</b>	<b>27.04</b>	<b>0.67</b>
<b>Administrative Programs</b>						
General & Administrative	3.75	3.21		3.36	3.36	-0.39
<b>Total FTEs Administrative Programs</b>	<b>3.75</b>	<b>3.21</b>	<b>0.00</b>	<b>3.36</b>	<b>3.36</b>	<b>-0.39</b>
<b>Total FTEs</b>	<b>30.12</b>	<b>26.71</b>	<b>20.59</b>	<b>9.81</b>	<b>30.40</b>	<b>0.28</b>

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

## 2013 Statutory Budget and Projection and 2014 Budget Comparisons

**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital  
2013 Budget & Projection, and 2014 Budget**

STATUTORY					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ 5,957,970	\$ 5,957,970	\$ -	5,488,057	\$ (469,913)
Penalty Sanctions	304,500	304,500	-	343,000	38,500
<b>Total ERO Funding</b>	<b>\$ 6,262,470</b>	<b>\$ 6,262,470</b>	<b>\$ -</b>	<b>\$ 5,831,057</b>	<b>\$ (431,413)</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	22,000	22,650	650	24,000	2,000
Workshops	90,000	90,000	-	90,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 6,374,470</b>	<b>\$ 6,375,120</b>	<b>\$ 650</b>	<b>\$ 5,945,057</b>	<b>\$ (429,413)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 3,741,113	3,359,296	\$ (381,817)	\$ 3,806,631	\$ 65,518
Payroll Taxes	240,656	213,062	(27,594)	239,599	(1,057)
Benefits	533,629	515,922	(17,707)	657,255	123,626
Retirement Costs	526,863	478,511	(48,352)	602,881	76,018
<b>Total Personnel Expenses</b>	<b>\$ 5,042,261</b>	<b>\$ 4,566,791</b>	<b>\$ (475,470)</b>	<b>\$ 5,306,366</b>	<b>\$ 264,105</b>
<b>Meeting Expenses</b>					
Meetings	\$ 83,259	\$ 118,089	\$ 34,830	\$ 80,930	\$ (2,329)
Travel	232,363	177,195	(55,168)	167,209	(65,154)
Conference Calls	19,347	19,322	(25)	18,771	(576)
<b>Total Meeting Expenses</b>	<b>\$ 334,969</b>	<b>\$ 314,606</b>	<b>\$ (20,363)</b>	<b>\$ 266,910</b>	<b>\$ (68,059)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 176,977	\$ 304,160	\$ 127,183	\$ 348,768	\$ 171,791
Office Rent	572,285	539,797	(32,488)	555,089	(17,196)
Office Costs	199,513	99,738	(99,775)	118,343	(81,170)
Professional Services	176,538	26,221	(150,317)	116,642	(59,896)
Miscellaneous	-	-	-	-	-
Depreciation	93,493	106,680	13,187	110,490	16,997
<b>Total Operating Expenses</b>	<b>\$ 1,218,806</b>	<b>\$ 1,076,596</b>	<b>\$ (142,210)</b>	<b>\$ 1,249,332</b>	<b>\$ 30,526</b>
<b>Total Direct Expenses</b>	<b>\$ 6,596,036</b>	<b>\$ 5,957,993</b>	<b>\$ (638,043)</b>	<b>\$ 6,822,608</b>	<b>\$ 226,572</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ (0)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 6,596,036</b>	<b>\$ 5,957,993</b>	<b>\$ (638,043)</b>	<b>\$ 6,822,608</b>	<b>\$ 226,572</b>
<b>Change in Assets</b>	<b>\$ (221,566)</b>	<b>\$ 417,127</b>	<b>\$ 638,693</b>	<b>\$ (877,551)</b>	<b>\$ (655,985)</b>
<b>Fixed Assets</b>					
Depreciation	\$ (93,493)	\$ (106,680)	\$ (13,187)	\$ (110,490)	\$ (16,997)
Total Fixed Asset Purchases	29,239	132,391	103,152	82,814	53,575
<b>Change in Fixed Assets</b>	<b>64,254</b>	<b>(25,711)</b>	<b>(89,965)</b>	<b>27,676</b>	<b>(36,578)</b>
<b>TOTAL BUDGET</b>	<b>\$ 6,531,782</b>	<b>\$ 5,983,704</b>	<b>\$ (548,078)</b>	<b>\$ 6,794,932</b>	<b>\$ 263,150</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (157,312)</b>	<b>\$ 391,416</b>	<b>\$ 548,728</b>	<b>\$ (849,875)</b>	<b>\$ (692,563)</b>
FTEs	30.12	26.71	(3.41)	30.40	0.28

**Section A – Statutory Programs**  
**2014 Business Plan and Budget**



|

## Reliability Standards Development Program

<b>Reliability Standards Development Program</b> (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.65	1.74	0.09
Direct Expenses	\$ 359,836	\$ 369,582	\$ 9,746
Indirect Expenses	\$ 41,958	\$ 40,021	\$ (1,937)
Inc(Dec) in Fixed Assets	\$ (1,119)	\$ (12)	\$ 1,107
Total Funding Requirement	\$ 400,675	\$ 409,591	\$ 8,916

### Program Scope and Functional Description

The FRCC may develop, through the FRCC Regional Reliability Standards Development Process, separate Regional Reliability Standards that are specific to the FRCC Region and go beyond, add detail to, or implement NERC Reliability Standards. FRCC Regional Reliability Standards will not be inconsistent with or less stringent than NERC Reliability Standards.

The FRCC Regional Reliability Standards Development Process is an open, balanced and fair process that ensures all interested and affected parties have an opportunity to participate in the development of FRCC Regional Reliability Standards for the FRCC Region.

FRCC Regional Reliability Standards uphold NERC's Reliability Principles and Market Interface Principles. Each FRCC Regional Reliability Standard shall enable or support one or more of NERC's Reliability Principles and must accommodate competitive electricity markets by being consistent with NERC's Market Interface Principles.

FRCC staff follows and participates in NERC's Standards Development Process. This includes FRCC standards staff participation in the NERC Standards Committee, the NERC Standards Committee Process Subcommittee, the NERC Standards Committee Communication and Planning Subcommittee and NERC standards drafting teams as appropriate.

### 2014 Key Assumptions

The key assumptions included in the Common Business Plan and Budget Assumptions, Exhibit A, affecting the Reliability Standards Program include:

1. NERC will continue to complete standards development governance and process reforms including the continued implementation of the Results-Based Standards initiative. NERC will work to increase a project management discipline which it believes is necessary to satisfy standards development goals and priorities, including the assurance of a requisite level of quality.

2. The number of projects contained in NERC's Reliability Standards Development Plan is expected to increase over the planning period reflecting the transformation of standards to a steady-state. However, the scope of these projects is expected to be somewhat narrower than would otherwise exist in the absence of the results-based standards initiative.
3. The number of interpretation and guidance requests is expected to decrease over time, reflecting the initiative to transform the current standards to a body of high quality, results-based standards and improved execution of the standards development process.
4. For planning purposes, NERC and the Regional Entities assume an implementation date of CIP V5 of January 2016. The need for a smooth transition between V3 to V4 to V5 may require additional resources to provide industry guidance. However these resources are expected to be largely off-set with increased efficiencies and effectiveness from execution of the standards development process.
5. FRCC will continue to keep several regional standards development projects on hold while NERC development, on standards addressing the same reliability issues, proceeds to a conclusion. However, with NERC's improved execution and focus on results-based standards, the need for activity associated with regional standards development is expected to decrease. Increased engagement by the regions with the ERO is expected to support the development of continent-wide standards.
6. NERC and the Regional Entities will continue communication and outreach opportunities with stakeholders, will continue project level communications and will continue education and training for new or revised standards.
7. The FRCC standards staff will lead the implementation of the NERC ROP BES Exception Process. This will include coordination with other FRCC departments and committees (Compliance, Reliability Assessment, Planning and Operations Committees).

## 2014 Goals and Key Deliverables

The Standards Program objectives for 2014 are outlined below:

- Continue to follow and participate in NERC's Standards Development Process. This includes FRCC standards staff participation in the NERC Standards Committee, the NERC Standards Committee Process Subcommittee, the NERC Standards Committee Communication and Planning Subcommittee and NERC standards drafting teams as appropriate.
- Continue to monitor the need for development of Regional Reliability Standards that are required by NERC Reliability Standards or are needed for reliability within the FRCC region.
- Implement the NERC ROP for the BES Exception Process. This will include coordinating with other FRCC departments and committees (Compliance, Reliability Assessment, Planning and Operations Committees for example).
- Participate in the development and approval of NERC Reliability Standards.

- Assist the FRCC members and registered entities in following and understanding NERC standards development activities by increasing education and outreach programs to include:
  - Development and presentation at Standards Workshops, Webinars and committee meetings to address continent-wide and regional reliability issues.
  - Develop and deliver project level communications, education and training for new or revised reliability standards.
  - Review, analyze and identify potential Regional concerns associated with NERC Reliability Standards under development.
  - Establish a stronger relationship with the FRCC standing committees to fully vet the concerns and assist in articulating the concern to support regional communication efforts between functional entities within the region.

### Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – Primarily the result of ~~staff being budgeted for a full year (an increase of 0.36 FTE)~~ and training and education expenses being reclassified to personnel expenses from being budgeted in travel. An increase in retirement costs is attributed to the implementation of a Plan 457(b) to reduce the impact of qualified plan IRS limits on executives, increases in salaries and additional FTEs.
- **Operating Expenses** – Less travel required partially offset by increased office rent for a full year versus a partial year.

## Reliability Standards Development Program

Funding sources and related expenses for the reliability standards section of the 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
Reliability Standards Development					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ 381,622	\$ 381,622	\$ -	\$ 387,520	\$ 5,898
Penalty Sanctions	\$ 19,053	\$ 19,053		22,072	3,019
<b>Total ERO Funding</b>	<b>\$ 400,675</b>	<b>\$ 400,675</b>	<b>\$ -</b>	<b>\$ 409,591</b>	<b>\$ 8,916</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 400,675</b>	<b>\$ 400,675</b>	<b>\$ -</b>	<b>\$ 409,591</b>	<b>\$ 8,916</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 204,940	\$ 138,345	\$ (66,595)	\$ 217,880	\$ 12,940
Payroll Taxes	13,183	8,775	(4,408)	13,714	531
Benefits	34,059	23,074	(10,985)	33,809	(250)
Retirement Costs	28,862	19,759	(9,103)	34,595	5,733
<b>Total Personnel Expenses</b>	<b>\$ 281,044</b>	<b>\$ 189,953</b>	<b>\$ (91,091)</b>	<b>\$ 299,998</b>	<b>\$ 18,954</b>
<b>Meeting Expenses</b>					
Meetings	\$ 1,002	\$ 917	\$ (85)	\$ 2,080	\$ 1,078
Travel	35,721	22,808	(12,913)	24,913	(10,808)
Conference Calls	767	754	(13)	174	(593)
<b>Total Meeting Expenses</b>	<b>\$ 37,490</b>	<b>\$ 24,479</b>	<b>\$ (13,011)</b>	<b>\$ 27,167</b>	<b>\$ (10,323)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ -	\$ 1,512	\$ 1,512	\$ 4,529	\$ 4,529
Office Rent	18,690	15,739	(2,951)	23,230	4,540
Office Costs	9,136	4,869	(4,267)	6,324	(2,812)
Professional Services	12,134	1,227	(10,907)	7,482	(4,652)
Miscellaneous	-	-	-	-	-
Depreciation	1,342	1,264	(78)	852	(490)
<b>Total Operating Expenses</b>	<b>\$ 41,302</b>	<b>\$ 24,611</b>	<b>\$ (16,691)</b>	<b>\$ 42,417</b>	<b>\$ 1,115</b>
<b>Total Direct Expenses</b>	<b>\$ 359,836</b>	<b>\$ 239,043</b>	<b>\$ (120,793)</b>	<b>\$ 369,582</b>	<b>\$ 9,746</b>
<b>Indirect Expenses</b>	<b>\$ 41,958</b>	<b>\$ 27,529</b>	<b>\$ (14,429)</b>	<b>\$ 40,021</b>	<b>\$ (1,937)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 401,794</b>	<b>\$ 266,572</b>	<b>\$ (135,222)</b>	<b>\$ 409,603</b>	<b>\$ 7,809</b>
<b>Change in Assets</b>	<b>\$ (1,119)</b>	<b>\$ 134,103</b>	<b>\$ 135,222</b>	<b>\$ (12)</b>	<b>\$ 1,107</b>
<b>Fixed Assets</b>					
Depreciation	\$ (1,342)	\$ (1,264)	\$ 78	\$ (852)	\$ 490
Total Fixed Asset Purchases	223	6,569	6,346	840	617
<b>Change in Fixed Assets</b>	<b>\$ 1,119</b>	<b>\$ (5,305)</b>	<b>\$ (6,424)</b>	<b>\$ 12</b>	<b>\$ (1,107)</b>
<b>TOTAL BUDGET</b>	<b>\$ 400,675</b>	<b>\$ 271,877</b>	<b>\$ (128,798)</b>	<b>\$ 409,591</b>	<b>\$ 8,916</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ 0</b>	<b>\$ 128,798</b>	<b>\$ 128,798</b>	<b>\$ -</b>	<b>\$ (0)</b>
FTEs	1.65	1.09	(0.56)	1.74	0.09

## Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	17.93	19.26	1.33
Direct Expenses	\$ 3,887,367	\$ 4,281,909	\$ 394,542
Indirect Expenses	\$ 455,943	\$ 442,994	\$ (12,949)
Inc(Dec) in Fixed Assets	\$ (53,757)	\$ (22,552)	\$ 31,205
Total Funding Requirement	\$ 4,289,553	\$ 4,702,351	\$ 412,798

### Program Scope and Functional Description

Monitoring, evaluating, investigating and enforcing compliance with Reliability Standards by owners, operators and users of the BES, as well as the development and adoption of the reliability standards themselves, are at the core of FRCC's mission. Compliance and Enforcement activities are carried out by the FRCC compliance staff and are independent of all users, owners and operators of the BES. Compliance activities are governed by the delegation agreement between the North American Electric Reliability Corporation (NERC) and the FRCC. Portions of NERC's authority as the Electric Reliability Organization (ERO) have been delegated under Section 215 of the Federal Power Act, to FRCC (the "FRCC/NERC Delegation Agreement").

Through a rigorous program of monitoring, evaluating and enforcing, and if necessary, the imposition of penalties and sanctions for noncompliance with Reliability Standards, FRCC will strive to increase the level of reliable operation of the BES in the FRCC Region. Reliable operation of the BES is in the public interest, because it will benefit all owners, operators and users of the BES, and, ultimately, all users and consumers of electric power in the FRCC Region.

The NERC Compliance Monitoring and Enforcement Program (CMEP) is the program used by the FRCC to monitor, assess, and enforce compliance with Reliability Standards within the FRCC Region. The FRCC compliance staff works with the compliance staff of the other Regional Entities and with NERC to achieve as much consistency and transparency as possible in the implementation of the CMEP.

### 2014 Highlights Compliance Monitoring and Enforcement Processes

In 2014 the FRCC will monitor, assess and enforce compliance with Reliability Standards using seven (7) monitoring processes (Compliance Audits, Self-Certifications, Spot Checking, Compliance Investigations, Self-Reporting, Periodic Data Submittals, and Complaints) to collect information in order to make assessments of compliance to Reliability Standards. However as risk based monitoring activities increase, strong consideration will be given by NERC and the Regions to modifying the current three (3) and six (6) year audit cycles for registered entities.

The rigor, scope, depth and recurrence of audits and spot checks will be assessed by the reliability risk and not a predetermined schedule.

### Registration and Certification

The FRCC has registered the organizations responsible for complying with Reliability Standards in accordance with Section 500 of the NERC Rules of Procedure. Currently there are 70 Registered Entities with a total of 244 registered functions. In addition, there are three (3) Joint Registration Organization (JRO) registrations covering TO, DP and GO functions. Maintaining a complete and accurate database will be an ongoing activity. The FRCC will develop, maintain and provide to NERC accurate information on entity registration within the FRCC Region with updates as changes occur. While expectations of increased activity are associated with the implementation of the BES Exception Process, we do not expect significant increases in activity associated with registration and certification of registered entities.

### Enforcement and Mitigation

Enforcement actions taken by FRCC through the CMEP may include the imposition of remedial action directives, sanctions and penalties, when applicable, which shall be based on the schedule of penalties and sanctions approved for implementation by FERC. Mitigation of violations of the approved Reliability Standards remains central to the FRCC's CMEP. Registered Entities found in violation of a Reliability Standard will be required to fully mitigate the violation regardless of any enforcement actions taken. The year 2013 continued to bring significant advances in enforcement discretion of violations with minimal impact to the reliability of the BES. This additional discretion will continue in 2014 through the development and implementation of the NERC Reliability Assurance Initiative allowing for more focus being placed on those violations that pose more of a risk to the reliability of the BES.

### 2014 Key Assumptions

- Audits will continue under the schedule to complete BA, TOP, and RC audits every three years and other entities at least every six years in the planning period as NERC and the Regional Entities transition to a more risk-based approach to compliance monitoring. Reliability risk profiles for all registered entities will be developed and audit scopes will be tailored to the risk profiles which may increase the depth and complexity of some audits and require an increased number of unscheduled audits or spot checks. Entities with a higher risk profile will be audited more often while an entity with a lower one will be audited less often.
- The approval of CIP V5 is anticipated to significantly increase the compliance monitoring activities. For planning purposes, NERC and the Regional Entities assume an implementation date of CIP V5 of January 2016. The need for a smooth transition between V3 to ~~V4~~V4 to V5 may require additional resources to provide industry guidance.
- Results of the implementation of the Find Fix and Track (FFT) process over the planning period will lead to continued refinement, improvement and prioritization of risk-based compliance monitoring efforts. However, resources required may increase slightly in support of the Reliability Assurance Initiative.
- The number of CIP violations is not expected to decrease and may increase over the planning period until a measure of stability in the standards is reached.



- The Technical Feasibility Exception (TFE) program will continue to require significant staffing resources at NERC and across the industry as the Regional Entities perform reviews and gauge compensating measures. NERC and the Regional Entities have proposed changes in the TFE processing to improve efficiency and are awaiting response from FERC. Until such time, the level of resource needed will continue.
- Improvements in consistency among the Regional Entities, and registered entities is expected from an improved centralized compliance, registration, analysis and tracking system planned to be operational after the planning period. A significant multiyear investment will be required to develop and implement the system.
- The current trend of alleged violations is expected to continue during the planning period. The number of non-CIP violations is expected to decrease while an increase in CIP violations is expected to continue until the CIP standards reach a level of stability.
- NERC will continue to provide increased training for auditors to increase understanding and promote consistency of audit practices and procedures. NERC and the Regional Entities will coordinate and expand registered entity training in the application of Reliability Standards in order to better prepare registered entities and improve compliance.
- Integration of the assessment of registered entity internal controls programs as part of the compliance monitoring program will allow NERC and the Regional Entities to further prioritize risk based compliance monitoring activities. Greater emphasis on internal controls ~~provide~~provides positive incentives for industry to demonstrate effective management of compliance programs that are focused on reliability, as well as place downward pressure on compliance resource requirements for industry, NERC and the Regional Entities.

## 2014 Goals and Key Deliverables

The Compliance Monitoring and Enforcement Program objectives for 2014 are outlined below:

- Continue to assess and update entity registration and certification. The FRCC will maintain an accurate registration of all owners, operators, and users of the BES in the FRCC Region for compliance monitoring purposes.
- Enforce compliance with mandatory reliability standards in accordance with the CMEP and ROP while improving consistency, quality, timeliness and utilizing more enforcement discretion for those violations that have minimal impact to the reliability of the BES. Support development and implementation of NERC's Reliability Assurance Initiative.
- Develop and maintain reliability risk profiles of all registered entities in the FRCC Region for use in the continued transition to a more risk-based compliance monitoring.
- Work with NERC Compliance staff and other Regional Entity Compliance staff to modify compliance procedures to increase consistency in the determination of violations and penalties.
- Conduct periodic audits, spot checks, self-certifications, and compliance investigations as required by the NERC Compliance Monitoring and Enforcement Program.
- Ensure timely and thorough mitigation of all violations of mandatory reliability standards.

- Promote a culture of compliance excellence through education, transparency, information sharing and incentives.

### Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – The result of an additional 1.56 FTE and ~~additional training is planned for staff.~~ 33 FTE for a Manager of CIP Audit. An increase in retirement costs is attributed to the implementation of a Plan 457(b) to reduce the impact of qualified plan IRS limits on executives, increases in salaries and additional FTEs. Additionally certain Seminar training for staff has in the past been budgeted as travel. However, when incurred the actual dollars associated with any courses have been charged as a personnel expense rather than travel. Thus in 2014, in order to track budget to actual, the budget for these seminars are being budgeted as Personnel costs. Additionally, in order to fill the additions to staff, moving and relocation expenses are being budgeted.
- **Operating Expenses** – Training and education of staff has been ~~reclassified~~ moved from ~~Travel~~ travel to personnel expenses between the two budget years, actual expenses have been charged to Other Personnel, so in 2014 it is being moved in order to better track actual to budget. No Portal software maintenance was budgeted for 2013 (but is being expended) and is being budgeted for 2014. Additionally, Public Key Infrastructure (PKI) encryption software will be implemented for CIP sensitive data submission to CMEP.

## Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2014 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
Compliance Monitoring & Enforcement and Organization Registration & Certification					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ 4,082,511	\$ 4,082,511	\$ -	\$ 4,458,040	\$ 375,529
Penalty Sanctions	207,042	207,042		244,311	37,269
<b>Total ERO Funding</b>	<b>\$ 4,289,553</b>	<b>\$ 4,289,553</b>	<b>\$ -</b>	<b>\$ 4,702,351</b>	<b>\$ 412,798</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 4,289,553</b>	<b>\$ 4,289,553</b>	<b>\$ -</b>	<b>\$ 4,702,351</b>	<b>\$ 412,798</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 2,227,031	\$ 2,122,985	\$ (104,046)	\$ 2,411,701	\$ 184,670
Payroll Taxes	143,260	134,649	(8,611)	151,798	8,538
Benefits	321,490	346,631	25,141	452,812	131,322
Retirement Costs	313,634	303,215	(10,419)	382,958	69,324
<b>Total Personnel Expenses</b>	<b>\$ 3,005,415</b>	<b>\$ 2,907,480</b>	<b>\$ (97,935)</b>	<b>\$ 3,399,269</b>	<b>\$ 393,854</b>
<b>Meeting Expenses</b>					
Meetings	\$ 6,501	\$ 6,558	\$ 57	\$ 4,915	\$ (1,586)
Travel	131,336	99,607	(31,729)	92,966	(38,370)
Conference Calls	3,285	3,294	9	4,565	1,280
<b>Total Meeting Expenses</b>	<b>\$ 141,122</b>	<b>\$ 109,459</b>	<b>\$ (31,663)</b>	<b>\$ 102,446</b>	<b>\$ (38,676)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 16,800	\$ 191,177	\$ 174,377	\$ 119,235	\$ 102,435
Office Rent	434,212	399,148	(35,064)	406,366	(27,846)
Office Costs	91,091	72,082	(19,009)	69,926	(21,165)
Professional Services	117,809	18,829	(98,980)	83,069	(34,740)
Miscellaneous	-	-	-	-	-
Depreciation	80,918	96,112	15,194	101,598	20,680
<b>Total Operating Expenses</b>	<b>\$ 740,830</b>	<b>\$ 777,348</b>	<b>\$ 36,518</b>	<b>\$ 780,194</b>	<b>\$ 39,364</b>
<b>Total Direct Expenses</b>	<b>\$ 3,887,367</b>	<b>\$ 3,794,287</b>	<b>\$ (93,080)</b>	<b>\$ 4,281,909</b>	<b>\$ 394,542</b>
<b>Indirect Expenses</b>	<b>\$ 455,943</b>	<b>\$ 422,418</b>	<b>\$ (33,525)</b>	<b>\$ 442,994</b>	<b>\$ (12,949)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 4,343,310</b>	<b>\$ 4,216,705</b>	<b>\$ (126,605)</b>	<b>\$ 4,724,903</b>	<b>\$ 381,593</b>
<b>Change in Assets</b>	<b>\$ (53,757)</b>	<b>\$ 72,848</b>	<b>\$ 126,605</b>	<b>\$ (22,552)</b>	<b>\$ 31,205</b>
<b>Fixed Assets</b>					
Depreciation	\$ (80,918)	\$ (96,112)	\$ (15,194)	\$ (101,598)	\$ (20,680)
Total Fixed Asset Purchases	27,161	107,950	80,789	79,046	51,885
<b>Change in Fixed Assets</b>	<b>\$ 53,757</b>	<b>\$ (11,838)</b>	<b>\$ (65,595)</b>	<b>\$ 22,552</b>	<b>\$ (31,205)</b>
<b>TOTAL BUDGET</b>	<b>\$ 4,289,553</b>	<b>\$ 4,228,543</b>	<b>\$ (61,010)</b>	<b>\$ 4,702,351</b>	<b>\$ 412,798</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ 0</b>	<b>\$ 61,010</b>	<b>\$ 61,010</b>	<b>\$ -</b>	<b>\$ (0)</b>
FTEs	17.93	16.88	(1.05)	19.26	1.33

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	5.43	5.29	(0.14)
Direct Expenses	\$ 1,265,546	\$ 1,270,439	\$ 4,893
Indirect Expenses	\$ 138,080	\$ 121,674	\$ (16,406)
Inc(Dec) in Fixed Assets	\$ (4,626)	\$ (814)	\$ 3,812
Total Funding Requirement	\$ 1,399,000	\$ 1,391,299	\$ (7,701)

### Program Scope and Functional Description

The FRCC will assess the reliability of the BES in the FRCC region and will continue to ensure that the planned system is robust, reliable and stable. The FRCC will participate in Event Analysis Teams to analyze any disturbances that may occur within the FRCC region and lead the Event Analysis Teams when disturbances occur within the FRCC region and are a category 3 or greater as defined in the Event Analysis Procedure.

The FRCC performs transmission reliability studies in order to provide an assessment to NERC for ~~their~~its periodic NERC Reliability Assessments. These studies evaluate regional and inter-regional facilities. The FRCC prepares a minimum of six reliability assessments each year in support of NERC Reliability Assessments:

- A long-term reliability assessment report
- A summer assessment report
- A winter assessment report
- Two (2) post seasonal assessment overviews
- A probabilistic long-term reliability assessment

These reports evaluate electricity demand, the adequacy of supply and its deliverability, fuel reliability and the adequacy of the transmission system within the FRCC. The FRCC will prepare special reliability assessment reports as conditions warrant.

The FRCC Reliability Assessment and Performance Analysis Program (RA) will support NERC's efforts to move toward and implement an outcome based approach in Reliability Assessments to achieve measurable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues. The FRCC will support NERC's efforts for collection and analysis of data, as well as support any of NERC's special reliability assessments and the efforts related to the collection of data via the Generation Availability Data System (GADS), Transmission Availability Data System (TADS) and Demand Response Availability Data

System (DADS). In addition, the FRCC will work with NERC to gather data and/or complete analysis in support of U.S. Federal initiatives, including high impact/low frequency events such as geomagnetic disturbances, system frequency response analysis, climate change and other environmental regulations.

The FRCC actively participates in the Eastern Interconnection Reliability Assessment Group (ERAG) which is responsible for the Eastern Interconnection transmission models and inter-regional studies. The FRCC will support NERC's and ERAG's efforts to improve the data quality of the Eastern Interconnection (EI) transmission models and validate the performance of these models compared to system events. The FRCC is an active participant on the NERC Reliability Assessment Subcommittee which is responsible for performing an independent review of reliability assessments.

The FRCC Events Analysis Program will analyze or support the analysis of significant events that impact the BES within the FRCC Region. The FRCC will facilitate the identification of root causes of such events and any identified lessons learned as well as assess past reliability performance to identify trends and disseminate the findings of such analyses.

The FRCC will support NERC to improve event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices. The FRCC will support NERC to continue to improve consistency, quality, timeliness and cost effectiveness of NERC and Regional Entity data collection, analysis systems and capabilities through process improvements and more effective coordination and collaboration.

### 2014 Key Assumptions

- NERC will continue to incrementally improve the definitions, refine data reporting requirements from Registered Entities and review adequate level of reliability related metrics used in reliability assessments.
- NERC and Regional Entities will be requested to gather data or perform analysis in support of federal initiatives related to critical infrastructure protection including high impact/low frequency, climate change, environmental regulations, and/or renewable energy initiatives. Generation Availability Data System (GADS), Spare Equipment Database (SED) and Demand Response Data System (DADS) collection will continue to be mandatory in 2014.
- NERC and the Regional Entities are expected to provide independent reviews of assessments to assure a high level of technical rigor.
- Implementation of a BES exception process is expected to have a minimal impact on resource requirements, since we do not expect many requests and -resource requirements will be driven by the number of exception requests received.
- To meet NERC's 3-year assessment commitments:
  - NERC will continue to vet metric development, collection and analysis with industry stakeholders through the Performance and Analysis Subcommittee (PAS).
  - NERC will provide quarterly updates of metric analysis results through NERC's website, NERC News, and via Webinars, and an annual report of the state-of-reliability in North America based on metric trends and technical analysis.

- NERC will develop a centralized automated data collection, reporting and validation process and calculation tools to support reliability metrics.
- NERC will issue reliability assessment reports:
  - One 10-year long-term reliability assessment
  - Two seasonal assessments: summer and winter
  - Two post-seasonal assessments overviews: winter and summer
  - Up to two additional special assessments or scenario analysis addressing key reliability issues
  - Additional reports addressing industry reliability concepts and emerging issues
- NERC will sustain a Reliability Assessment and Performance Analysis team with representatives from the Regional Entities to review regional reliability assessment processes, criteria and methods improving consistency and leveraging existing practices.
- NERC will continue to support the Spare Equipment Database (“SED”) to enumerate the availability of equipment during emergencies, such as Geomagnetic Disturbance (GMD), and support NERC’s situation awareness activities.

## 2014 Goals and Key Deliverables

The Reliability Assessment and Performance Analysis Objectives for 2014 are outlined below:

- Conduct comprehensive transmission planning studies of the BES within the FRCC Region to ensure that the planned system meets the existing and future needs of all users of the transmission system (e.g., utility generation, network generation, network loads, merchant generation, Independent Power Producers (IPPs) and Load Serving Entities (LSEs).
- Conduct inter-regional studies with the southeastern sub-region of SERC to ensure that ‘seams’ issues are properly coordinated in order to maintain system reliability.
- Support NERC in preparing its reliability assessment reports.
- Support the implementation of the BES exception process. This will include providing a technical review of exception requests that are submitted by the registered entities.
- Evaluate, track and assess severity/risk and reliability metrics and risk indices – including providing support to update reliability metrics and risk indices.
- Support data gathering and reporting efforts for the Generating Availability Data System (GADS), the Transmission Availability Data System (TADS), Spare Equipment Database (SED) and Demand Response Availability Data System (DADS).
- Strengthen data collection and validation processes by designing, creating, testing and implementing data checking systems to accommodate the increasing amount of data NERC collects for its long-term, seasonal, operational, scenarios and special reliability assessments along with the databases supporting reliability performance assessments.
- Review, investigate and/or analyze significant events that impact the FRCC BES and work with NERC to identify the root causes of events that may be precursors of potentially more serious events.

- Assess past reliability performance for potential lessons learned.
- Maintain relationships with NERC, regulatory and governmental organizations involved with BES reliability (e.g., Florida Public Service Commission (FPSC), Department of Energy (DOE), FERC, Energy Information Administration (EIA), etc.).
- Develop new and enhance existing regional reliability assessment processes, regional criteria, and methodologies to ensure BES reliability.
- Support NERC’s event analysis initiatives.
- Develop methods of sharing best practice for transmission planning to ensure reliability.
- Maintain a databank of power flow, short circuit and dynamic models to use in planning and evaluating future systems and current operating conditions.
- Work with ERAG Multi-Area Modeling Working Group (MMWG) to develop Eastern Interconnection steady-state and dynamics models and develop model validation processes.
- Conduct Loss of Load Probability and the Scenario Analysis studies as needed.

### Funding Sources and Requirements — Explanation of Increase (Decrease)

- ~~Personnel Expenses~~ – ~~The program is remaining stable~~An increase in retirement costs-  
-
- ~~Operating Expenses~~ – ~~The~~ is attributed to the implementation of a Plan 457(b) to reduce the impact of qualified plan IRS limits on executives, increases in salaries and additional FTEs. Otherwise, the program is remaining stable in costs.
- Operating Expenses – The expenses for ERAG were not budgeted for in 2013, but are included in the actual expenses and are being budgeted for in 2014. Additionally, certain software maintenance agreements were budgeted for as Equipment costs which are within “Office Costs” in 2013 and should have been budgeted for as Software Maintenance (a sub-account of Contracts and Consulting) where they are being charged and where they are being budgeted for in 2014.



## Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2014 business plan are shown in the table below.

<b>Statement of Activities, Fixed Assets Expenditures and Change in Working Capital</b>					
<b>2013 Budget &amp; Projection, and 2014 Budget</b>					
<b>Reliability Assessment and Performance Analysis</b>					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ 1,314,298	\$ 1,314,298	\$ -	\$ 1,300,196	\$ (14,102)
Penalty Sanctions	62,701	62,701		67,103	4,402
<b>Total ERO Funding</b>	<b>\$ 1,376,999</b>	<b>\$ 1,376,999</b>	<b>\$ -</b>	<b>\$ 1,367,299</b>	<b>\$ (9,700)</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	22,000	22,650	650	24,000	2,000
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 1,398,999</b>	<b>\$ 1,399,649</b>	<b>\$ 650</b>	<b>\$ 1,391,299</b>	<b>\$ (7,700)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 674,444	\$ 615,012	\$ (59,432)	\$ 662,404	\$ (12,040)
Payroll Taxes	43,385	39,007	(4,378)	41,693	(1,692)
Benefits	97,086	84,958	(12,128)	99,378	2,292
Retirement Costs	94,982	87,837	(7,145)	105,185	10,203
<b>Total Personnel Expenses</b>	<b>\$ 909,897</b>	<b>\$ 826,814</b>	<b>\$ (83,083)</b>	<b>\$ 908,660</b>	<b>\$ (1,237)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 4,810	\$ 4,764	\$ (46)	\$ 6,674	\$ 1,864
Travel	49,865	48,135	(1,730)	43,265	(6,600)
Conference Calls	10,387	10,380	(7)	8,543	(1,844)
<b>Total Meeting Expenses</b>	<b>\$ 65,062</b>	<b>\$ 63,279</b>	<b>\$ (1,783)</b>	<b>\$ 58,482</b>	<b>\$ (6,580)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 115,177	\$ 104,500	\$ (10,677)	\$ 192,989	\$ 77,812
Office Rent	61,504	69,967	8,463	70,623	9,119
Office Costs	71,379	13,291	(58,088)	13,480	(57,899)
Professional Services	37,218	5,448	(31,770)	22,829	(14,389)
Miscellaneous	-	-	-	-	-
Depreciation	5,309	4,178	(1,131)	3,376	(1,933)
<b>Total Operating Expenses</b>	<b>\$ 290,587</b>	<b>\$ 197,384</b>	<b>\$ (93,203)</b>	<b>\$ 303,297</b>	<b>\$ 12,710</b>
<b>Total Direct Expenses</b>	<b>\$ 1,265,546</b>	<b>\$ 1,087,477</b>	<b>\$ (178,069)</b>	<b>\$ 1,270,439</b>	<b>\$ 4,893</b>
<b>Indirect Expenses</b>	<b>\$ 138,080</b>	<b>\$ 122,232</b>	<b>\$ (15,848)</b>	<b>\$ 121,674</b>	<b>\$ (16,406)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 1,403,626</b>	<b>\$ 1,209,709</b>	<b>\$ (193,917)</b>	<b>\$ 1,392,113</b>	<b>\$ (11,513)</b>
<b>Change in Assets</b>	<b>\$ (4,627)</b>	<b>\$ 189,940</b>	<b>\$ 194,567</b>	<b>\$ (814)</b>	<b>\$ 3,813</b>
<b>Fixed Assets</b>					
Depreciation	\$ (5,309)	\$ (4,178)	\$ 1,131	\$ (3,376)	1,933
Total Fixed Asset Purchases	683	14,911	14,228	2,562	1,879
<b>Change in Fixed Assets</b>	<b>\$ 4,626</b>	<b>\$ (10,733)</b>	<b>\$ (15,359)</b>	<b>\$ 814</b>	<b>\$ (3,812)</b>
<b>TOTAL BUDGET</b>	<b>\$ 1,399,000</b>	<b>\$ 1,220,442</b>	<b>\$ (178,558)</b>	<b>\$ 1,391,299</b>	<b>\$ (7,701)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (1)</b>	<b>\$ 179,207</b>	<b>\$ 179,208</b>	<b>\$ -</b>	<b>\$ 1</b>
FTEs	5.43	4.89	(0.54)	5.29	(0.14)

## Training, Education, and Operator Certification Program

Training, Education and Operator Certification Program (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	1.11	0.67	(0.44)
Direct Expenses	\$ 350,412	\$ 257,163	\$ (93,249)
Indirect Expenses	\$ 28,226	\$ 15,410	\$ (12,816)
Inc(Dec) in Fixed Assets	\$ 315	\$ (263)	\$ (578)
Total Funding Requirement	\$ 378,953	\$ 272,310	\$ (106,643)

### Program Scope and Functional Description

The FRCC is a NERC-approved Continuing Education (CE) Provider. The FRCC System Operator Subcommittee (SOS) develops and delivers training in which FRCC grants NERC CE hours to those individuals who successfully complete a course. FRCC will utilize the NERC database to accommodate the recordkeeping requirements for the continuing education program. Maintaining the reliability of the BES requires informed and trained personnel. The FRCC supports training activities through its staff and its System Operator Subcommittee which reports to the FRCC Operating Committee.

The FRCC provides educational workshops and web based outreach seminars on improving Registered Entity understanding of the FRCC CMEP, NERC Standards Development and CIP topics and trends. These outreach efforts are aimed at improving the effectiveness, understanding of and adherence to NERC reliability initiatives. The workshops also improve the working relationships between the FRCC Regional Entity program areas and the Registered Entities within the FRCC region.

### System Operator Certification Program

The FRCC SOS identifies and manages annual training activities for the FRCC System Operators and provides information to FRCC members regarding the NERC training standards and any issues they may have related to system operators obtaining/retaining required NERC Certification.

The training and education program activities are carried out by FRCC's professional/technical staff and SOS members possessing the appropriate technical knowledge and competencies. In addition, vendors that specialize in System Operator training are also used. Providing the FRCC training and education programs helps to achieve a high level of knowledge and competence among the operating personnel in the performance of their reliability-related functions.

### Compliance Workshops

Compliance workshops will be held in the spring and fall of 2014 consisting of four (4) sessions each. These workshops will be aimed at providing updates to the Registered Entities on compliance procedures, instructions on changes to FRCC compliance website, lessons learned

for previous violations and providing sufficient and appropriate evidence in a compliance audit. The entities will also be apprised of changes in rules and expectations of NERC and FERC with regard to the CMEP. The effect on compliance monitoring as a result of on-going changes in the NERC and Regional Reliability Standards will also be addressed.

In addition, there will be at least one (1) CIP Compliance Workshop that will address technical aspects of the Reliability Standards, including, providing quality evidence, lessons learned and compliance processes specific to the monitoring and enforcement of the CIP standards.

In addition to the face to face venues, in 2014 FRCC compliance staff projects holding six (6) webinars that will address specific topics that may be identified by registered entities or by emerging trends within the FRCC.

### Standards Workshops

The FRCC Standards Department will be supporting and participating in various FRCC sponsored workshops (e.g., FRCC Compliance Workshops and FRCC SOS seminars) throughout 2014. The Standards Department contribution to the workshops will be designed to promote stakeholder awareness of continent wide and Regional Reliability Standards activities as well as education and training for new or revised Reliability Standards. In addition, the FRCC Standards Department plans to hold two (2) workshops, one in the spring and one in the fall that will be three sessions each. These workshops will educate stakeholders on the NERC Reliability Standards Development Procedure, and specific changes to existing reliability standards or ~~educate~~ specifics on new reliability standards. To help encourage stakeholder participation at the continent-wide and regional levels, the workshops will provide stakeholders with updates on the progress of Regional Standards Development Projects and the associated NERC Reliability Standards Development Projects, while identifying areas that are in need of industry support.

In addition to supporting other FRCC workshops, the FRCC Standards Development program plans to hold at least one (1) webinar to increase education and understanding of reliability standards under development and to increase understanding of new or revised reliability standards that have been approved and will be subject to mandatory enforcement.

### Critical Infrastructure Protection Workshops

The FRCC will be conducting two Critical Infrastructure Protection (CIP) informational workshops during 2014. The workshops will be designed to inform FRCC Members and Registered Entities about current issues and expected changes related to protecting critical infrastructure by concentrating on lessons learned by Registered Entities within the region.

### 2014 Key Assumptions

- No significant changes are expected in System Operator Certification CEH requirements through 2014.
- The System Operator Certification Program and Continuing Education Program will continue to be self-funded through a fee based structure for the exams and applications for approval of continuing education activities.

- Continued improvements will be made to the SOS database in 2014. The costs of these improvements by FRCC will be recovered through the fees received by the System Operator Certification Program and the Continuing Education Program.

## 2014 Goals and Key Deliverables

The training, education and operator certification program objectives for 2014 are outlined below:

- Provide assistance to Regional Entity members in any issues they may have related to System Operator Certification.
- Conduct the annual system operator training seminars over a five (5) week period, with two (2) days each for the training. The training seminars involve from two (2) to four (4) FRCC staff members, as well as industry volunteers who participate as presenters. This activity is funded primarily through registration fees.
- Host a FRCC Critical Infrastructure Protection Workshop open to all interested industry participants to promote understanding and consistent implementation of the NERC CIP standards.
- Host FRCC Compliance Workshops and Webinars open to all interested industry participants aimed at providing updates to the Registered Entities on compliance procedures, instructions on changes to website submittal of self-certification, self-reports and periodic data and guidance on the providing of appropriate and sufficient evidence in a compliance audit.
- Host Reliability Standards Workshops and Webinars open to all interested industry participants aimed at providing updates concerning reliability standards under development, as well as new or revised approved reliability standards that will be subject to mandatory enforcement.
- Conduct FRCC Reliability Standards Department presentations to support multiple training objectives (i.e., FRCC Compliance Workshops and FRCC SOS Seminars) to promote stakeholder awareness of continent wide and regional standards activities.
- Work with NERC and the other Regional Entities to achieve improvements in the coordination, content and manner of internal and external training programs.

## Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – ~~The program is remaining stable in costs~~ Mainly the result of less FTE count being allocated in 2014.
- ~~**Operating Expenses** – The program is remaining stable in costs.~~
- **Operating Expenses** – In the past the SOS seminars have been budgeted as a split between Meetings and Contracts. In 2014 it is being budgeted by the individual accounts that the expenses will actually be charged to.

## Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2014 business plan are shown in the table below.

<b>Statement of Activities, Fixed Assets Expenditures and Change in Working Capital</b>					
<b>2013 Budget &amp; Projection, and 2014 Budget</b>					
<b>Training, Education and Operator Certification</b>					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ 276,136	\$ 276,136	\$ -	\$ 173,812	\$ (102,324)
Penalty Sanctions	12,817	12,817	-	8,499	(4,318)
<b>Total ERO Funding</b>	<b>\$ 288,953</b>	<b>\$ 288,953</b>	<b>\$ -</b>	<b>\$ 182,310</b>	<b>\$ (106,643)</b>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	90,000	90,000	-	90,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 378,953</b>	<b>\$ 378,953</b>	<b>\$ -</b>	<b>\$ 272,310</b>	<b>\$ (106,643)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 137,870	\$ 75,462	\$ (62,408)	\$ 83,896	\$ (53,974)
Payroll Taxes	8,869	4,786	(4,083)	5,281	(3,588)
Benefits	18,009	9,572	(8,437)	11,616	(6,393)
Retirement Costs	19,416	10,777	(8,639)	13,325	(6,091)
<b>Total Personnel Expenses</b>	<b>\$ 184,164</b>	<b>\$ 100,597</b>	<b>\$ (83,567)</b>	<b>\$ 114,118</b>	<b>\$ (70,046)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 70,908	\$ 105,844	\$ 34,936	\$ 67,248	\$ (3,660)
Travel	12,228	6,597	(5,631)	5,996	(6,232)
Conference Calls	4,902	4,893	(9)	5,481	579
<b>Total Meeting Expenses</b>	<b>\$ 88,038</b>	<b>\$ 117,334</b>	<b>\$ 29,296</b>	<b>\$ 78,725</b>	<b>\$ (9,313)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 45,000	\$ 824	\$ (44,176)	\$ 29,259	\$ (15,741)
Office Rent	12,573	8,585	(3,988)	8,945	(3,628)
Office Costs	12,312	5,882	(6,430)	22,610	10,298
Professional Services	7,502	668	(6,834)	2,916	(4,586)
Miscellaneous	-	-	-	-	-
Depreciation	823	621	(202)	590	(233)
<b>Total Operating Expenses</b>	<b>\$ 78,210</b>	<b>\$ 16,580</b>	<b>\$ (61,630)</b>	<b>\$ 64,320</b>	<b>\$ (13,890)</b>
<b>Total Direct Expenses</b>	<b>\$ 350,412</b>	<b>\$ 234,511</b>	<b>\$ (115,901)</b>	<b>\$ 257,163</b>	<b>\$ (93,249)</b>
<b>Indirect Expenses</b>	<b>\$ 28,226</b>	<b>\$ 14,976</b>	<b>\$ (13,250)</b>	<b>\$ 15,410</b>	<b>\$ (12,816)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 378,638</b>	<b>\$ 249,487</b>	<b>\$ (129,151)</b>	<b>\$ 272,573</b>	<b>\$ (106,065)</b>
<b>Change in Assets</b>	<b>\$ 315</b>	<b>\$ 129,466</b>	<b>\$ 129,151</b>	<b>\$ (263)</b>	<b>\$ (578)</b>
<b>Fixed Assets</b>					
Depreciation	\$ (823)	\$ (621)	\$ 202	\$ (590)	\$ 233
Total Fixed Asset Purchases	1,138	2,827	1,689	327	(811)
<b>Change in Fixed Assets</b>	<b>\$ (315)</b>	<b>\$ (2,206)</b>	<b>\$ (1,891)</b>	<b>\$ 263</b>	<b>\$ 578</b>
<b>TOTAL BUDGET</b>	<b>\$ 378,953</b>	<b>\$ 251,693</b>	<b>\$ (127,260)</b>	<b>\$ 272,310</b>	<b>\$ (106,643)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (0)</b>	<b>\$ 127,260</b>	<b>\$ 127,260</b>	<b>\$ -</b>	<b>\$ 0</b>
FTEs	1.11	0.60	(0.51)	0.67	(0.44)

## Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program (in whole dollars)			
	2013 Budget	2014 Budget	Increase (Decrease)
Total FTEs	0.25	0.08	(0.17)
Direct Expenses	\$ 59,771	\$ 19,932	\$ (39,839)
Indirect Expenses	\$ 6,357	\$ 1,840	\$ (4,517)
Inc(Dec) in Fixed Assets	\$ (2,527)	\$ (2,392)	\$ 135
Total Funding Requirement	\$ 63,601	\$ 19,380	\$ (44,221)

### Program Scope and Functional Description

The FRCC Operating Committee (OC), which develops and monitors a budget made up of both statutory and non-statutory functions, relies on a hierarchy of subordinate committees, working groups and agents to achieve its regional reliability goals. The various reliability roles and functions are coordinated and monitored in accordance with the Reliability Process for the FRCC BES document and through established FRCC organizational processes and procedures. Two of the primary reliability goals of the FRCC OC are continuous improvement of the situation awareness of the operators within the FRCC and ensuring that adequate physical, operational and cyber security objectives are in place for the Regions' shared communications networks.

The statutory functions are: FRCC support of NERC's situation awareness/event analysis coordination conference calls, FRCC support for the Situation Awareness for FERC, NERC and the Regions (SAFNR) Version 2 project and the FRCC satellite phone for situation awareness.

The NERC Rules of Procedure, Section 1000, requires that NERC monitor present conditions on the BES and provide leadership coordination, technical expertise and assistance to the industry in responding to events as necessary.

The Situation Awareness process will be used to support NERC and FERC's efforts for situation awareness of current system conditions.

### 2014 Key Assumptions

- NERC's Critical Infrastructure Protection Program Area will have responsibility for the identification and management of the specialized critical infrastructure protection resources needed to support overall ERO CIP goals and objectives, as well as the specialized CIP resources needs of the other program areas (e.g., Standards, Compliance, Situation Awareness)
- NERC and the Regional Entities will face increased competition in attracting well-qualified staff to address expanding CIP challenges, particularly in cyber security.

- There will be increased need and demand for CIP-related training and workshops. CIP compliance activities are budgeted within compliance. FRCC will continue to support and facilitate the development of NERC's secure portal for the management of alerts and infrastructure security information.
- There will be an increased focus on detecting off-normal events to be analyzed by the responsible entity, FRCC or NERC.

### 2014 Goals and Key Deliverables

- Ensure FRCC goals support the project mission to provide FERC, NERC and the staffs from the eight REs a visualization tool that enables the appropriate level of situation awareness regarding the near real-time conditions on the BES. Work with the FRCC Reliability Coordinator to ensure the project mission is fulfilled and that appropriate hardware and software resources are allocated. Continue to support future development of the project capabilities.
- Issue and track security recommendation to protect the Bulk Power System. Share information learned in Situation Awareness with the Events Analysis program to develop relevant lessons learned.

### Funding Sources and Requirements — Explanation of Increase (Decrease)

- **Personnel Expenses** – ~~The program is remaining stable in costs~~Less time is being allocated to this program thus all expenses are down.
- **Operating Expenses** – ~~The~~Less time is being allocated to this program ~~is remaining stable in costs~~thus all expenses are down.



- **Situation Awareness and Infrastructure Security Program**

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2014 business plan are shown in the table below.

<b>Statement of Activities, Fixed Assets Expenditures and Change in Working Capital</b>					
<b>2013 Budget &amp; Projection, and 2014 Budget</b>					
<b>Situation Awareness and Infrastructure Security</b>					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ 60,714	\$ 60,714	\$ -	\$ 18,365	\$ (42,349)
Penalty Sanctions	2,887	2,887	-	1,015	(1,872)
<b>Total ERO Funding</b>	<b>\$ 63,601</b>	<b>\$ 63,601</b>	<b>\$ -</b>	<b>\$ 19,380</b>	<b>\$ (44,221)</b>
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 63,601</b>	<b>\$ 63,601</b>	<b>\$ -</b>	<b>\$ 19,380</b>	<b>\$ (44,221)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 31,052	\$ 5,031	\$ (26,021)	\$ 10,017	\$ (21,035)
Payroll Taxes	1,997	319	(1,678)	631	(1,366)
Benefits	4,070	639	(3,431)	1,387	(2,683)
Retirement Costs	4,373	721	(3,652)	1,591	(2,782)
<b>Total Personnel Expenses</b>	<b>\$ 41,492</b>	<b>\$ 6,710</b>	<b>\$ (34,782)</b>	<b>\$ 13,626</b>	<b>\$ (27,866)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 38	\$ 6	\$ (32)	\$ 13	\$ (25)
Travel	3,213	48	(3,165)	69	(3,144)
Conference Calls	6	1	(5)	8	2
<b>Total Meeting Expenses</b>	<b>\$ 3,257</b>	<b>\$ 55</b>	<b>\$ (3,202)</b>	<b>\$ 90</b>	<b>\$ (3,167)</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ -	\$ 1,754	\$ 1,754	\$ 209	\$ 209
Office Rent	2,831	572	(2,259)	1,068	(1,763)
Office Costs	7,755	2,861	(4,894)	2,162	(5,593)
Professional Services	1,875	49	(1,826)	346	(1,529)
Miscellaneous	-	-	-	-	-
Depreciation	2,561	2,418	(143)	2,431	(130)
<b>Total Operating Expenses</b>	<b>\$ 15,022</b>	<b>\$ 7,654</b>	<b>\$ (7,368)</b>	<b>\$ 6,216</b>	<b>\$ (8,806)</b>
<b>Total Direct Expenses</b>	<b>\$ 59,771</b>	<b>\$ 14,419</b>	<b>\$ (45,352)</b>	<b>\$ 19,932</b>	<b>\$ (39,839)</b>
<b>Indirect Expenses</b>	<b>\$ 6,357</b>	<b>\$ 1,101</b>	<b>\$ (5,256)</b>	<b>\$ 1,840</b>	<b>\$ (4,517)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 66,128</b>	<b>\$ 15,520</b>	<b>\$ (50,608)</b>	<b>\$ 21,772</b>	<b>\$ (44,356)</b>
<b>Change in Assets</b>	<b>\$ (2,527)</b>	<b>\$ 48,081</b>	<b>\$ 50,608</b>	<b>\$ (2,392)</b>	<b>\$ 135</b>
<b>Fixed Assets</b>					
Depreciation	\$ (2,561)	\$ (2,418)	\$ 143	\$ (2,431)	\$ 130
Total Fixed Asset Purchases	34	134	100	39	5
<b>Change in Fixed Assets</b>	<b>\$ 2,527</b>	<b>\$ 2,284</b>	<b>\$ (243)</b>	<b>\$ 2,392</b>	<b>\$ (135)</b>
<b>TOTAL BUDGET</b>	<b>\$ 63,601</b>	<b>\$ 13,236</b>	<b>\$ (50,365)</b>	<b>\$ 19,380</b>	<b>\$ (44,221)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (0)</b>	<b>\$ 50,365</b>	<b>\$ 50,365</b>	<b>\$ -</b>	<b>\$ 0</b>
FTEs	0.25	0.04	(0.21)	0.08	(0.17)

## General and Administrative

<b>General and Administrative</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	3.75	3.36	(0.39)
Expenses	\$ 673,104	\$ 623,583	\$ (49,521)
Inc(Dec) in Fixed Assets	\$ (2,540)	\$ (1,643)	\$ 897
Total Allocation to Statutory Programs	\$ 670,564	\$ 621,940	\$ (48,624)
Working Capital Requirement	\$ (157,311)	\$ (849,875)	\$ (692,564)

### Program Scope and Functional Description Background

Charges included in General and Administrative are general legal expenses, executive time and expenses, human resources, information technology and accounting and finance. Every effort is made to charge items and time directly to activities and to designate as statutory or non-statutory. Undesignated items are shared costs between the Regional Entity Division and the Member Services Division and are allocated based on actual labor hours charged.

### Legal and Regulatory Background

The FRCC has retained outside counsel in Washington DC to assist the FRCC in carrying out its delegated responsibilities. These attorneys will serve as chief legal advisor to the President and CEO, Board of Directors, staff and stakeholders on all legal and regulatory matters affecting the FRCC. Outside counsel may review items filed with governmental agencies for legal sufficiency and impact to FRCC.

### 2014 Goals and Key Deliverables

- Assist the FRCC in carrying out its delegated responsibilities for mandatory compliance and enforcement of Reliability Standards.
- Assist the FRCC in carrying out its delegated responsibilities for development of Reliability Standards.
- Serve as legal counsel to the FRCC on FERC related matters.

### Information Technology Background

The FRCC maintains a number of tools and other support services for the benefit of its members, Registered Entities, Reliability Coordinator agent(s) and other system operators. These services include the FRCC Hotline, Florida Transaction Management System (FTMS), Reliability Data Link (RDL), FRCCNet, FRCC satellite phone and the FRCC Load and Resource Database (LRDB), the Compliance Tracking System (CTS), Compliance Issues Tracking System (CITS), Models on Demand (MOD), the FRCC corporate website, as well as other systems for collaboration, communication, data gathering and analysis.

Several years ago, NERC and the eight (8) Regional Entities formed an executive management group (known as the ERO EMG) which has, among other things, concentrated on developing enterprise-wide IT applications; thus, improving efficiency and consistency across NERC and the Regional Entities. As enterprise-wide projects are identified and prioritized by the ERO EMG, they are managed through a single Project Management Office (PMO) at NERC. As an example, the ERO EMG collectively prioritized the bulk electric system (BES) exception project and developed an application that is a single interface for NERC and the Regional Entities, promoting consistency and reducing cost duplications.

The NERC IT budget does not supplant the FRCC's need for IT expenditures for specific regional projects, but to the extent that agreed –upon ERO Enterprise applications provide greater efficiencies, there is no unnecessary, redundant expenditures contained in the FRCC business plan and budget.

### **2014 Goals and Key Deliverables**

- Maintain IT and telecommunications systems and resources for efficient utilization of FRCC personnel.
- Implement updated communications tools and technologies.
- Develop and enhance tools to automate and improve FRCC data collection and analysis processes.
- Expand IT support of the FRCC CMEP and provide additional metrics to improve accuracy and tracking within the CMEP processes.
- Continue the process of Document Management conversion in the Operating and Planning and Administrative programs.
- Assess the FRCC corporate security posture; improve overall security in all programs, enhance access controls with improved authentication mechanisms and increase security awareness and training.
- Improve disaster recovery and business continuity capabilities by implementing new geographically diverse data recovery solutions.

### **Human Resources Background**

The FRCC has assembled an exceptional team of highly qualified employees to carry out the activities of the FRCC. The human resources department, in adherence with applicable federal and state laws, develops plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

### **2014 Goals and Key Deliverables**

- Recruit successful employees
- Improve human resource policies and procedures
- Provide management and training programs
- Ensure competitive employee compensation and benefits

## Finance and Accounting Background

The FRCC will submit its annual budget for statutory and non-statutory activities to the FRCC Board of Directors for approval and then file the approved annual budget for statutory and non-statutory activities to NERC. This includes supporting materials such as a complete business plan and organizational chart (which can be found on the Company's website: [www.frcc.com](http://www.frcc.com)), and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.

The Finance and Accounting Department will: direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget preparation and reporting, tax, and audit activities; and oversee financial and accounting system controls and standards.

## 2014 Goals and Key Deliverables

- Prepare the 2014 statutory and non-statutory budgets
- Report budget variances to the FRCC Board and to NERC on a quarterly basis
- Evaluate and advise on the impact of long-range planning
- Provide on-going training to employees to ensure employees charge their time correctly

### ~~Non-Operating Expense—Cash Reserve Requirement~~

~~According to the delegation agreement, the FRCC is required to set a cash reserve. On June 26, 2013 the FRCC Board of Directors will consider the recommendation of the FRCC staff that the following Cash Reserve Requirement be adopted:~~

~~This policy governs the determination of the FRCC Regional Entity's ("RE") annual working capital and operating reserve requirements and the authorization of management to access these funds.~~

~~The RE's working capital and operating reserve requirement ("reserve") shall be one (1) month of the total annual budget. The FRCC will also secure a \$1.5 million line of credit to be used for short term and other risks that may be needed to bridge budget cycles and approved assessments. Working capital shall be utilized to satisfy projected annual cash flow and cash balance requirements. Operating Reserves shall be utilized to satisfy known contingencies where the specific timing and amount is uncertain. The working capital and operating reserve requirement shall be reviewed annually by the President and Chief Executive Officer to evaluate whether the level is sufficient. Approval by the Board of Directors will be required should it be recommended by the President and Chief Executive Officer that the working capital and operating reserve requirement be adjusted.~~

~~The amount of the RE's working capital and operating reserves shall be identified and quantified each year in the business plan and budget submitted to and approved by the Board of Directors.~~

### ~~Guidelines and Authorities Applicable to Expenditures of Working Capital and Operating Reserves~~

~~The following guidelines, limitations and authorities shall apply to expenditures of working capital and operating reserves:~~

- ~~1. The Controller shall have the authority to draw on working capital reserves to the extent necessary to satisfy daily cash flow requirements consistent with the approved aggregate annual budgeted expenses. Any such draws of working capital reserves shall to the extent possible be promptly replenished from future available cash flow.~~
- ~~2. For expenditures of reserves in excess of, or projected to be in excess of the RE's approved aggregate annual budgeted expenses, the RE's President and Chief Executive Officer is authorized to expend such reserves up to \$250,000.~~
- ~~3. Any expenditure of funds from reserves in excess of, or projected to be in excess of the RE's approved aggregate annual budgeted expenses of an amount exceeding \$250,000 requires the prior approval of the Board of Directors.~~

~~All expenditures of reserves are subject to other applicable RE policies and procedures, including currently effective procurement policies and delegations of authority, and shall be separately reported in the budget variance reports prepared by management and included in the quarterly Board of Director agenda materials, which are posted on the RE's member website.~~

~~The procedures set forth in Section 1108 of the Rules of Procedure, including Board of Trustees and FERC approval, shall continue to apply in circumstances where the RE requires funding between normal annual budget cycles in excess of amounts available through approved assessments and reserve resources.~~

#### ~~**Guidelines and Authorities Required to Reallocate Budgeted Expenditures on an Intra-year Basis**~~

~~During the course of the year events may unfold such that some approved budget areas may run below budget, making funds available to satisfy other resource needs based on changing priorities. In the event such under runs occur, the funds shall be added to the reserve and the President and Chief Executive Officer shall have the authority to expend such funds.~~

#### ~~**Addition of Unbudgeted FTE or Headcount Additions**~~

~~Any FTE or headcount additions, which are in excess of the total FTEs or total headcount set forth in the RE's approved business plan and budget for the applicable budget year shall require approval of the Board of Directors.~~

### **Funding Sources and Requirements — Explanation of Increase (Decrease)**

- **Personnel Expenses** – The program is remaining stable in costs.
  
- **Operating Expenses** – The program is remaining stable in costs.

### **General and Administrative**

Funding sources and related expenses for the general and administrative section of the 2014 business plan are shown in the table below.

## Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2013 Budget & Projection, and 2014 Budget

### General and Administrative

	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ (157,311)	\$ (157,311)	\$ -	\$ (849,875)	\$ (692,564)
Penalty Sanctions					
<b>Total ERO Funding</b>	<b>\$ (157,311)</b>	<b>\$ (157,311)</b>	<b>\$ -</b>	<b>\$ (849,875)</b>	<b>\$ (692,564)</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ (157,311)</b>	<b>\$ (157,311)</b>	<b>\$ -</b>	<b>\$ (849,875)</b>	<b>\$ (692,564)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 465,776	\$ 402,461	\$ (63,315)	\$ 420,733	\$ (45,043)
Payroll Taxes	29,962	25,526	(4,436)	26,482	(3,480)
Benefits	58,915	51,048	(7,867)	58,253	(662)
Retirement Costs	65,596	56,202	(9,394)	65,227	(369)
<b>Total Personnel Expenses</b>	<b>\$ 620,249</b>	<b>\$ 535,237</b>	<b>\$ (85,012)</b>	<b>\$ 570,695</b>	<b>\$ (49,554)</b>
<b>Meeting Expenses</b>					
Meetings	\$ -		\$ -	\$ -	\$ -
Travel	-		-	-	-
Conference Calls	-		-	-	-
<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ -	\$ 4,393	\$ 4,393	\$ 2,547	\$ 2,547
Office Rent	42,475	45,786	3,311	44,857	2,382
Office Costs	7,840	753	(7,087)	3,841	(3,999)
Professional Services	-		-	-	-
Miscellaneous	-		-	-	-
Depreciation	2,540	2,087	(453)	1,643	(897)
<b>Total Operating Expenses</b>	<b>\$ 52,855</b>	<b>\$ 53,019</b>	<b>\$ 164</b>	<b>\$ 52,888</b>	<b>\$ 33</b>
<b>Total Direct Expenses</b>	<b>\$ 673,104</b>	<b>\$ 588,256</b>	<b>\$ (84,848)</b>	<b>\$ 623,583</b>	<b>\$ (49,521)</b>
<b>Indirect Expenses</b>	<b>\$ (670,564)</b>	<b>\$ (588,256)</b>	<b>\$ 82,308</b>	<b>\$ (621,940)</b>	<b>\$ 48,624</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 2,540</b>	<b>\$ -</b>	<b>\$ (2,540)</b>	<b>\$ 1,643</b>	<b>\$ (897)</b>
<b>Change in Assets</b>	<b>\$ (159,851)</b>	<b>\$ (157,311)</b>	<b>\$ 2,540</b>	<b>\$ (851,518)</b>	<b>\$ (691,667)</b>
<b>Fixed Assets</b>					
Depreciation	\$ (2,540)	\$ (2,087)	\$ 453	\$ (1,643)	897
Total Fixed Asset Purchases	-	-	-	-	-
<b>Change in Fixed Assets</b>	<b>\$ 2,540</b>	<b>\$ 2,087</b>	<b>\$ (453)</b>	<b>\$ 1,643</b>	<b>\$ (897)</b>
<b>TOTAL BUDGET</b>	<b>\$ -</b>	<b>\$ (2,087)</b>	<b>\$ (2,087)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (157,311)</b>	<b>\$ (155,224)</b>	<b>\$ 2,087</b>	<b>\$ (849,875)</b>	<b>\$ (692,564)</b>
FTEs	3.75	3.21	(0.54)	3.36	(0.39)

## **Section B – Supplemental Financial Information** **2014 Business Plan and Budget**



## Reserve Balance

Table B-1

<b>Working Capital Reserve Analysis 2013-2014</b>	
<b>STATUTORY</b>	
<b>Beginning Working Capital Reserve (Deficit), December 31, 2012</b>	1,367,703
Less: Penalty sanctions being held to be used as offset to 2014 assessments <sup>1</sup>	<b>(343,000)</b>
Plus: 2013 ERO Funding (from LSEs or designees)	5,957,970
Plus: Projected 2013 Other funding sources	112,650
Plus: Penalty Sanctions Applied	304,500
Less: 2013 Projected expenses & capital expenditures	<b>(5,983,704)</b>
<b>Projected Working Capital Reserve Surplus/(Deficit), December 31, 2013</b>	<b>1,416,119</b>
<b>Desired Working Capital Reserve, December 31, 2014</b>	<sup>2</sup> 566,244
Less: Projected Working Capital Reserve, December 31, 2013	<b>(1,416,119)</b>
<b>Increase(decrease) in assessments to achieve desired Working Capital Reserve</b>	<b>(849,875)</b>
2014 Assessment for Expenses and Capital Expenditures	6,794,932
Less: Penalty Sanctions <sup>1</sup>	<b>(343,000)</b>
Less: Other Funding Sources	<b>(114,000)</b>
Adjustment to achieve desired Working Capital Reserve	<b>(849,875)</b>
<b>2014 Assessment</b>	<b>5,488,057</b>

<sup>1</sup> Represents collections prior to June 30, 2013.

<sup>2</sup> On June 26, 2013, the FRCC Board of Directors set a working capital and operating working capital and operating reserve requirement of one (1) month of the total annual budget. The FRCC will secure a \$1.5 million line of credit.

### Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Table on page ~~42~~13, of the 2014 FRCC Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

#### Penalty Sanctions

Penalty monies received prior to June 30, 2013 are to be used to offset assessments in the 2014 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2013 through June 30, 2014 will be used to offset assessments in the 2015 Budget.

All penalties received prior to June 30, 2013 are detailed below.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. Penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

**Table B-2**

Penalty Sanctions Received On or Prior to June 30, 2013		
	Date Received	Amount Received
Penalty #1	10/25/2012	\$ 90,000
Penalty #2	12/6/2012	150,000
Penalty #3	3/7/2013	33,000
Penalty #4	3/22/2013	8,000
Penalty #5	6/4/2013	62,000
<b>Total Penalties Received</b>		<b>\$ 343,000</b>

## Supplemental Funding

Table B-3

Outside Funding Breakdown By Program	Budget 2013	Projection 2013	Budget 2014	Variance 2014 Budget v 2013 Budget
<b>Reliability Standards Development</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>Compliance Monitoring, Enforcement &amp; Org. Registration</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>Reliability Assessment and Performance Analysis</b>				
Services & Software Fees	\$ 22,000	\$ 22,650	\$ 24,000	\$ 2,000
Total	\$ 22,000	\$ 22,650	\$ 24,000	\$ 2,000
<b>Training, Education and Operator Certification</b>				
Workshops	\$ 90,000	\$ 90,000	\$ 90,000	\$ -
Total	\$ 90,000	\$ 90,000	\$ 90,000	\$ -
<b>Situation Awareness and Infrastructure Security</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>General and Administrative*</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
<b>Total Outside Funding</b>	<b>\$ 112,000</b>	<b>\$ 112,650</b>	<b>\$ 114,000</b>	<b>\$ 2,000</b>

Assumes that no appreciable excess cash will be in the Bank Accounts and due to current low interest rates, no Interest is being budgeted.

## Personnel Expenses

### Table B-4

Personnel Expenses	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
<b>Salaries</b>					
<b>Total Salaries</b>	\$ 3,741,113	\$ 3,359,296	\$ 3,806,631	\$ 65,518	1.75%
<b>Total Payroll Taxes</b>	\$ 240,656	\$ 213,062	\$ 239,599	\$ (1,057)	-0.44%
<b>Benefits</b>					
Workers Compensation	\$ 10,849	\$ 9,742	\$ 10,241	\$ (608)	-5.60%
Medical, LTD, STD Insurances	442,191	394,448	483,409	41,218	9.32%
Employment Fees	-	-	-	-	-
Education	48,315	44,567	100,319	52,004	107.64%
Employee Welfare	32,274	22,165	18,936	(13,338)	-41.33%
Relocation	-	45,000	44,350	44,350	-
<b>Total Benefits</b>	\$ 533,628	\$ 515,922	\$ 657,255	\$ 123,626	23.17%
<b>Retirement</b>					
Retirement Costs	\$ 526,863	\$ 478,511	\$ 602,881	\$ 76,018	14.43%
<b>Total Retirement</b>	\$ 526,863	\$ 478,511	\$ 602,881	\$ 76,018	14.43%
<b>Total Personnel Costs</b>	\$ 5,042,260	\$ 4,566,791	\$ 5,306,366	\$ 264,105	5.24%
<b>FTEs</b>	30.12	26.71	30.40	0.3	0.93%
<b>Cost per FTE</b>					
Salaries	\$ 124,207	\$ 125,769	\$ 125,218	1,011	0.81%
Payroll Taxes	7,990	7,977	7,882	(108)	-1.36%
Benefits	17,717	19,316	21,620	3,903	22.03%
Retirement	17,492	17,915	19,832	2,339	13.37%
<b>Total Cost per FTE</b>	\$ 167,406	\$ 170,977	\$ 174,552	\$ 7,146	4.27%

## Consultants and Contracts

### Table B-5

Contracts & Consultants and Software & Licenses	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
<b>Contracts &amp; Consultants and Software &amp; Licenses</b>					
Reliability Standards Development	\$ -	\$ 1,512	\$ 4,529	\$ 4,529	-
Compliance Monitoring & Enforcement and Org Reg	16,800	191,177	119,235	102,435	609.73%
Reliability Assessment and Performance Analysis	115,177	104,500	192,989	77,812	67.56%
Training, Education and Operator Certification	45,000	824	29,259	(15,741)	-34.98%
Situation Awareness and Infrastructure Security	-	1,754	209	209	-
General and Administrative	-	4,393	2,547	2,547	-
<b>Total Contracts &amp; Consultants and Software &amp; Licenses</b>	\$ 176,977	\$ 304,160	\$ 348,768	\$ 171,791	97.07%

“The amount for Consultants & Contracts in the Compliance Monitoring and Enforcement Program includes \$15,000 in the 2013 budget, -\$80,000 in the projected 2013 and \$16,000 in the 2014 budget estimated by SERC as the costs for SERC to perform compliance

monitoring and enforcement responsibilities for the FRCC registered functions.”

## Office Rent

Table B-6

Office Rent	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Office Rent	\$ 572,285	\$ 539,797	\$ 555,089	\$ (17,196)	-3.00%
<b>Total Office Rent</b>	<b>\$ 572,285</b>	<b>\$ 539,797</b>	<b>\$ 555,089</b>	<b>\$ (17,196)</b>	<b>-3.00%</b>

Moved to new space in 2013 to consolidate staff in one location and increase meeting space.

## Office Costs

Table B-7

Office Costs	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Telephone	\$ 63,897	\$ 52,671	\$ 50,931	\$ (12,966)	-20.29%
Internet	7,124	2,590	2,618	\$ (4,506)	-63.25%
Office Supplies	6,914	6,500	14,172	\$ 7,258	104.98%
Computer Supplies	9,559	6,165	4,226	\$ (5,333)	-55.79%
Publications, Subscriptions & Dues	1,796	5,432	9,710	\$ 7,914	440.65%
Postage	1,619	1,542	1,558	\$ (61)	-3.77%
Equipment Maintenance	80,228	-	930	\$ (79,298)	-98.84%
Copying	9,181	-	-	\$ (9,181)	-100.00%
Printing	7,238	13,457	23,166	\$ 15,928	220.06%
Stationary Forms				\$ -	
Commerical Insurance	11,957	11,381	11,032	\$ (925)	-7.74%
Miscellaneous		-		\$ -	
<b>Total Office Costs</b>	<b>\$ 199,513</b>	<b>\$ 99,738</b>	<b>\$ 118,343</b>	<b>\$ (81,170)</b>	<b>-40.68%</b>

## Professional Services

Table B-8

Professional Services	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Outside Legal	\$ 161,925	\$ 10,000	\$ 100,000	\$ (61,925)	-38.24%
Accounting & Auditing Fees	14,613	16,221	16,642	\$ 2,029	13.88%
<b>Total Services</b>	<b>\$ 176,538</b>	<b>\$ 26,221</b>	<b>\$ 116,642</b>	<b>\$ (59,896)</b>	<b>-33.93%</b>

## Other Non-Operating Expenses

Table B-9

Other Non-Operating Expenses	Budget 2013	Projection 2013	Budget 2014	Variance	
				2014 Budget v 2013 Budget	Variance %
Interest Expense	\$ -	\$ -		\$ -	-
Office Relocation	-	-		\$ -	-
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

## 2014, 2015 and 2016 Projections

Table B-10

### Statement of Activities and Capital Expenditures 2014, 2015 and 2016 Projections

#### STATUTORY

	2013 Budget	2014 Budget	\$ Change 2014:2013 Over(Under)	% Chg 2014:2013 Over(Under)	2015 Projection	\$ Change 2015:2014 Over(Under)	% Chg 2015:2014 Over(Under)	2016 Projection	\$ Change 2016:2015 Over(Under)	% Chg 2016:2015 Over(Under)
<b>Funding</b>										
<b>ERO Funding</b>										
ERO Assessments	\$ 5,957,970	\$ 5,488,057	\$ (469,913)	-7.89%	\$ 6,833,070	\$ 1,345,013	24.51%	\$ 7,214,430	\$ 381,360	5.58%
Penalty Sanctions	304,500	343,000	38,500	0.00%	-	-	-100.00%	-	-	-
<b>Total ERO Funding</b>	<b>\$ 6,262,470</b>	<b>\$ 5,831,057</b>	<b>\$ (431,413)</b>	<b>-6.89%</b>	<b>\$ 6,833,070</b>	<b>\$ 1,345,013</b>	<b>17.18%</b>	<b>\$ 7,214,430</b>	<b>\$ 381,360</b>	<b>5.58%</b>
Membership Dues	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	
Testing Fees	-	-	-		-	-		-	-	
Services & Software	22,000	24,000	2,000	9.09%	24,000	-	0.00%	24,000	-	0.00%
Workshops	90,000	90,000	-	0.00%	90,000	-	0.00%	90,000	-	0.00%
Interest	-	-	-		-	-		-	-	
Miscellaneous	-	-	-		-	-		-	-	
<b>Total Funding</b>	<b>\$ 6,374,470</b>	<b>\$ 5,945,057</b>	<b>\$ (429,413)</b>	<b>-6.74%</b>	<b>\$ 6,947,070</b>	<b>\$ 1,345,013</b>	<b>16.85%</b>	<b>\$ 7,328,430</b>	<b>\$ 381,360</b>	<b>5.49%</b>
<b>Expenses</b>										
<b>Personnel Expenses</b>										
Salaries	\$ 3,741,113	\$ 3,806,631	\$ 65,518	1.75%	\$ 3,920,830	\$ 114,199	3.00%	\$ 4,038,455	\$ 117,625	3.00%
Payroll Taxes	240,656	239,599	(1,057)	-0.44%	250,933	11,334	4.73%	258,461	7,528	3.00%
Benefits	533,629	657,255	123,626	23.17%	709,835	52,580	8.00%	745,327	35,492	5.00%
Retirement Costs	526,863	602,881	76,018	14.43%	663,169	60,288	10.00%	696,328	33,158	5.00%
<b>Total Personnel Expenses</b>	<b>\$ 5,042,261</b>	<b>\$ 5,306,366</b>	<b>\$ 264,105</b>	<b>5.24%</b>	<b>\$ 5,544,768</b>	<b>\$ 238,402</b>	<b>4.49%</b>	<b>\$ 5,738,571</b>	<b>\$ 193,803</b>	<b>3.50%</b>
<b>Meeting Expenses</b>										
Meetings	\$ 83,259	\$ 80,930	\$ (2,329)	-2.80%	\$ 83,358	\$ 2,428	3.00%	\$ 85,859	\$ 2,501	3.00%
Travel	232,363	167,209	(65,154)	-28.04%	172,225	5,016	3.00%	177,392	5,167	3.00%
Conference Calls	19,347	18,771	(576)	-2.98%	19,334	563	3.00%	19,914	580	3.00%
<b>Total Meeting Expenses</b>	<b>\$ 334,969</b>	<b>\$ 266,910</b>	<b>\$ (68,059)</b>	<b>-20.32%</b>	<b>\$ 274,917</b>	<b>\$ 8,007</b>	<b>3.00%</b>	<b>\$ 283,165</b>	<b>\$ 8,248</b>	<b>3.00%</b>
<b>Operating Expenses</b>										
Consultants & Contracts	\$ 176,977	\$ 348,768	\$ 171,791	97.07%	\$ 311,851	\$ (36,917)	-10.58%	\$ 499,694	\$ 187,843	60.23%
Office Rent	572,285	555,089	(17,196)	-3.00%	554,000	(1,089)	-0.20%	554,000	-	0.00%
Office Costs	199,513	118,343	(81,170)	-40.68%	121,893	3,550	3.00%	125,550	3,657	3.00%
Professional Services	176,538	116,642	(59,896)	-33.93%	68,641	(48,001)	-41.15%	70,700	2,059	3.00%
Miscellaneous	-	-	-		-	-		-	-	
Depreciation	93,493	110,490	16,997	18.18%	138,805	28,315	25.63%	167,969	29,164	21.01%
<b>Total Operating Expenses</b>	<b>\$ 1,218,806</b>	<b>\$ 1,249,332</b>	<b>\$ 30,526</b>	<b>2.50%</b>	<b>\$ 1,195,190</b>	<b>\$ (54,142)</b>	<b>-4.33%</b>	<b>\$ 1,417,914</b>	<b>\$ 222,723</b>	<b>18.63%</b>
<b>Total Direct Expenses</b>	<b>\$ 6,596,036</b>	<b>\$ 6,822,608</b>	<b>\$ 226,572</b>	<b>3.43%</b>	<b>\$ 7,014,875</b>	<b>\$ 192,267</b>	<b>2.82%</b>	<b>\$ 7,439,649</b>	<b>\$ 424,774</b>	<b>6.06%</b>
<b>Indirect Expenses</b>	\$ -	\$ 0	\$ (0)		\$ 0	\$ 0	0.00%	\$ -	\$ 424,774	-100.00%
<b>Other Non-Operating Expenses</b>	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	
<b>Total Expenses</b>	<b>\$ 6,596,036</b>	<b>\$ 6,822,608</b>	<b>\$ 226,572</b>	<b>3.43%</b>	<b>\$ 7,014,875</b>	<b>\$ 192,267</b>	<b>2.82%</b>	<b>\$ 7,439,649</b>	<b>\$ 849,548</b>	<b>6.06%</b>
<b>Change in Assets</b>	<b>\$ (221,566)</b>	<b>\$ (877,551)</b>	<b>\$ (655,985)</b>	<b>296.07%</b>	<b>\$ (67,805)</b>	<b>\$ 1,152,746</b>	<b>-92.27%</b>	<b>\$ (111,219)</b>	<b>\$ (468,188)</b>	<b>64.03%</b>
<b>Fixed Assets</b>										
Depreciation	\$ (93,493)	\$ (110,490)	\$ (16,997)	18.18%	\$ (113,805)	\$ (3,315)	3.00%	\$ (117,219)	\$ (3,414)	3.00%
Total Fixed Asset Purchases	29,239	82,814	53,575	183.23%	46,000	(36,814)	-44.45%	6,000	(40,000)	-86.96%
<b>Change in Fixed Assets</b>	<b>\$ 64,254</b>	<b>\$ 27,676</b>	<b>\$ (36,578)</b>	<b>-56.93%</b>	<b>\$ 67,805</b>	<b>\$ 40,129</b>	<b>144.99%</b>	<b>\$ 111,219</b>	<b>\$ 43,414</b>	<b>64.03%</b>
<b>TOTAL BUDGET</b>	<b>\$ 6,531,782</b>	<b>\$ 6,794,932</b>	<b>\$ 263,150</b>	<b># 4.03%</b>	<b>\$ 6,947,070</b>	<b>\$ 152,138</b>	<b>2.24%</b>	<b>\$ 7,328,430</b>	<b>\$ 806,134</b>	<b>5.49%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (157,312)</b>	<b>\$ (849,875)</b>	<b>\$ (692,563)</b>	<b>440.25%</b>	<b>\$ -</b>	<b>\$ 1,192,875</b>	<b>-100.00%</b>	<b>\$ -</b>	<b>\$ (424,774)</b>	
FTEs	30.12	30.40	0.28	0.93%	31.40	1.00	3.29%	33.40	2.0	6.37%



## **Section C – Non-Statutory Activities** **2014 Business Plan and Budget**

<b>Member Services Activities</b> (in whole dollars)			
	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	14.7	16.8	2.1
Direct Expenses	6,507,411	7,192,567	685,156
Indirect Expenses	-	-	-
Inc(Dec) in Fixed Assets	54,564	1,614	(52,950)
<b>Total Funding Requirement</b>	<b>6,561,975</b>	<b>7,194,181</b>	<b>632,206</b>

### Non-Statutory Functional Scope Background

The Member Services division of the FRCC provides, coordinates and administers a variety of services relating to the reliable planning and operation of the BES within the FRCC Region. These services are carried out by the FRCC Member Services Planning Committee (MS-PC) and the FRCC Member Services Operating Committee (MS-OC), the FRCC Member Services Compliance Committee (MS-CC), various subcommittees, task forces and working groups, as well as FRCC Staff.

### Members' Services Objectives

- Ensure the reliability of the BES in the FRCC region.
- Coordination, planning, operation and maintenance of reliable bulk electricity supply in the FRCC region.

### Membership and Governance

The FRCC's Members in the Member Services Division include investor-owned utilities, cooperative utilities, municipal utilities, power marketers and independent power producers. Current membership is 23 FRCC Members in 2013 and is not expected to change in 2014.

The activities of FRCC are directed by its Board of Directors. The Board is comprised of senior level executives from the FRCC membership.

### Planning Committee (MS-PC) Functional Scope

The MS-PC promotes the reliability of the BES within the FRCC Region by assessing and encouraging generation and transmission adequacy. The MS-PC assesses generation adequacy by performing a reliability assessment taking into account projected load and resources. The MS-PC, through the FRCC Regional Transmission Planning Process, provides a vehicle for ensuring that transmission planning within the FRCC will provide for the development of a robust transmission network within the FRCC Region. The Regional Transmission Planning Process is a coordinated transmission planning process that evaluates all BES and non-BES transmission facilities. The major goal of this process is to ensure that the planning of

transmission facilities will meet the needs of all market participants in a coordinated, open and transparent transmission planning environment.

The FRCC will continue to develop, on an annual basis, a Regional Transmission Plan following the Regional Transmission Planning Process. The Regional Plan is based on the Ten Year Site Plans that are required to be submitted to the Florida Public Service Commission (FPSC) on April 1<sup>st</sup> of each year. The FRCC participates in an annual Ten Year Site Plan Workshop held by the FPSC where the results of resource and transmission adequacy assessments are presented.

The FRCC MS-PC relies on the following subordinate groups to achieve its goals: Resource Working Group (RWG), Stability Working Group (SWG), and the Transmission Working Group (TWG).

The MS-PC, supported by FRCC MS staff, has the primary responsibility of the Planning Authority (PA) function including implementation of all applicable PA NERC Reliability Standards.

### **Resource Working Group**

The RWG performs reliability assessments of FRCC resource adequacy for the future 10-year period for peninsular Florida based on individual utility information that was the basis of their respective EIA-411 and Ten Year Site Plan filings with the Florida Public Service Commission. These reliability assessments are based upon the FRCC resource adequacy criteria.

### **Stability Working Group**

The SWG is responsible for assessing the dynamic performance of the FRCC BES under various credible system conditions. In addition, the SWG performs the following assessments: Coordination and performance of Special Protection Systems, the effectiveness of FRCC under-frequency load shedding program and coordination with other protection and control systems, Extreme Event Study and other assessments in support of the FRCC Regional Transmission Planning Process. The SWG annually develops FRCC dynamic models.

### **Transmission Working Group**

The TWG engages in active coordination of transmission planning within the FRCC Region under the direction of the FRCC Planning Committee in support of the FRCC Regional Transmission Planning Process. The TWG annually performs a FRCC Long Range Study, sensitivity studies as directed by the MS-PC, evaluates Transmission Service Requests and evaluates Generator Interconnection Service Requests. In addition, the TWG annually develops a FRCC Transmission Map, FRCC power flow models and FRCC short circuit models.

## **Operating Committee (MS-OC) Functional Scope**

The primary goal of the MS-OC is to promote the reliability of the BES within the FRCC Region. The MS-OC is responsible for the coordination, operations planning, operation and maintenance of the interconnected systems operating in the Region. The MS-OC's primary reliability goals include effective implementation of the Regional Reliability Plan (*Reliability Process for the FRCC Bulk Electric System*), continuous improvement of operator awareness and communications and ensuring that adequate physical, operational and cyber security objectives are in place for the Region's shared communications network. The MS-OC subordinate groups include the Operating Reliability Subcommittee (ORS), Data Exchange Working Group

(DEWG), Fuel Reliability Working Group (FRWG), Operations Planning Working Group (OPWG), System Operator Subcommittee (SOS), Telecommunications Subcommittee (TS), System Protection and Control Subcommittee (SPCS) and the Critical Infrastructure Protection Subcommittee (CIPS). The MS-OC ensures reliable operations are maintained through the implementation and oversight of the FRCC Reliability Coordinator (RC) functions as established in the Regional Reliability Plan.

The FRCC RC responsibilities include the real-time operating function and the next-day operations planning function. The RC tasks are performed by a designated agent of the FRCC with direction and oversight by FRCC committees and support staff. The designated agent performs real-time operations and next-day planning operations. FRCC staff supports Regional reliability by performing the roles of the Operations Planning Coordinator (OPC), and State Capacity Emergency Coordinator (SCEC) as defined in the *Reliability Process for the FRCC Bulk Electric System* document.

The FRCC RC function is accountable to the FRCC MS-OC who has overall responsibility of the administration, development and implementation of operating procedures provided by the ORS for the NERC Operations & Planning (Non-CIP) Standards. The FRCC CIPS Subcommittee reviews, implements and supports the FRCC Internal Compliance Program (ICP) for all CIP-002 through CIP-009 NERC Reliability Standards that affect the FRCC RC.

The FRCC continues to improve FRCC PA and RC compliance management programs under the Member Services Division based on the evolving regulatory requirements. The FRCC has improved its oversight of PA and RC functions by creating an independent Member Services Regulatory Department with a dedicated Regulatory Manager who reports directly to the FRCC President and CEO and who has direct access to the FRCC Board of Directors. This position is responsible for the implementation, maintenance and oversight of the FRCC ICP including all compliance activities for the FRCC registered entity functions and is the primary interface for all regulatory activities associated with the FRCC Member Services committees and is the FRCC liaison between external Compliance Enforcement Authorities.

### **Operating Reliability Subcommittee (ORS)**

The ORS provides overall administration for the development and implementation of operating procedures and other reliability matters including the oversight of the FRCC RC function for Operating and Planning (non-CIP) NERC Standards. The ORS reviews and assesses regional import and export limits, scheduled transmission outages, real-time system reliability, events analysis, information and data exchange and other reliability issues. The ORS provides formal oversight and implementation of the Reliability Process for the FRCC Bulk Electric System which establishes the reliability responsibilities of the various entities within the Region and specifically monitors the agent responsible for performing the RC functions.

### **Data Exchange Working Group (DEWG)**

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC Reliability Coordinator and other operating entities. It is also responsible for developing methodologies to facilitate the exchange of real-time, modeling and other operational data to help ensure reliable electric power system operations. Accurate modeling of the FRCC BES is essential to maintaining situation awareness and ensuring reliability. Within the FRCC, operating entities provide system data via the FRCC Reliability Data Link (RDL). The FRCC RDL receives

electric system reliability data from the operating entities on a real-time basis and allows the data to be made available.

### **Fuel Reliability Working Group (FRWG)**

The FRWG, also subordinate to the ORS, has been established to deal with matters relating to fuel and impacts to BES reliability. Specifically, the FRWG provides the administrative oversight of a Regional fuel reliability forum that studies the interdependencies of fuel availability and electric reliability and supports coordinated Regional responses to fuel issues and fuel emergencies.

### **Operations Planning Working Group (OPWG)**

The OPWG, as a part of the ORS, has been established to provide oversight, guidelines and procedures to the FRCC Operations Planning Coordinator (OPC) in accordance with the Reliability Process for the FRCC BES document. The OPWG focuses on BES reliability and developing processes and documentation that support regional reliability and adherence to the NERC Reliability Standards as they relate to the OPC function.

### **FRCC Telecommunications Subcommittee (TS)**

The TS provides oversight for the TS budget which is included in the MS-OC budget. The primary purpose of the TS is to ensure that adequate and redundant communications facilities are made available to the operating entities within the FRCC, including the FRCC Reliability Coordinator. The TS administers the FRCC Hotline program, Satellite phone program, FRCCNet program and also ensures that reliable and redundant communications are maintained with NERCNet, from a regional communications perspective. All TS programs are non-statutory and support the Reliability Coordinator functions; with the exception of the FRCC satellite phone (located at the FRCC office) which is a tool that can be used by the Regional Entity to perform situation awareness and thus is budgeted as statutory.

### **FRCC System Protection and Control Subcommittee (SPCS)**

The FRCC System Protection and Control Subcommittee (SPCS) has primary responsibility for the coordination of protection and control systems within the FRCC region, including regional disturbance monitoring equipment, review of protective mis-operations, protection related disturbance analysis and implementation of specific regional programs and procedures including the assessments of the FRCC Under-Frequency Load Shedding Program. The SPCS also reviews and coordinates system protection and control equipment installations, settings, protection philosophies and testing criteria within the region, when installations impact multiple entities. The SPCS serves as an important forum for sharing subject matter expert guidance and lessons learned / best practices for equipment issues and protection coordination.

### **FRCC Critical Infrastructure Protection Subcommittee (CIPS)**

The purpose of the FRCC CIPS is to enhance the physical and cyber security of the critical BES infrastructure in the FRCC Region, with an emphasis on protecting, preventing, limiting and recovering from malicious activities directed at the FRCC critical energy infrastructure. The CIPS provides guidance to the MS-OC on matters of critical energy infrastructure security, including cyber and physical security. The CIPS provides advice to the MS-OC including implementation of all applicable FRCC RC CIP-002 through CIP-009 Reliability Standards.

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## Member Services Compliance Committee (MS-CC) Functional Scope

The MS-CC responsibilities include serving as a forum for members to share, review and coordinate activities related to complying with Reliability Standards, identifying best practices for complying with Reliability Standards and providing input to the FRCC PA and RC functions for compliance with the Reliability Standards.

### Member Services Compliance Monitoring & Training Subcommittee (MS-CMTS)

The Member Services Compliance Monitoring & Training Subcommittee (MS-CMTS) reports to the MS-CC, and monitors, tracks and reports on the FRCC Reliability Coordinator (RC) and Planning Authority (PA) functions. The CMTS is responsible for supporting the maintenance of the FRCC Internal Compliance Program (ICP) as well as the Member Services compliance training activities.

## Major 2014 Cost Impacts

The FRCC's proposed 2014 Members Services budgeted expenses are \$7,~~533,507,455,995~~, which is a \$~~1,026,096,894,020~~ or ~~15.813.6~~% increase over the 2013 budgeted expenses. The cost impacts by function of this increase are:

### Member Services Planning Committee (MS-PC)

The Member Services Planning Committee (MS-PC) expenses for 2014 are made up of the MS-PC Committee budget, as well as the administrative costs to provide support personnel for implementation of the FRCC Planning Authority (PA) functions and all other Member Services PC activities. In 2014, staff will spend additional time enhancing FRCC planning studies to meet requirements of the proposed NERC Planning Standard and enhancing the FRCC's PA Internal Compliance Program.

The 2014 MS-PC budget is developed based on the activities of the Resource Working Group (RWG), the Stability Working Group (SWG) and the Transmission Working Group (TWG). These budgets are primarily for the labor involved in coordination activities performed by member representatives, software and meeting costs.

### Member Services Operating Committee (MS-OC)

The Member Services Operating Committee (MS-OC) expenses for 2014 are made up of a 2014 MS-OC budget as well as the administrative costs to provide support personnel for implementation of the FRCC Reliability Coordinator (RC) functions and other Member Services OC activities. In 2014, staff will spend additional time coordinating activities with member companies to ensure continued reliability and compliance with changing NERC Reliability Standards.

The 2014 MS-OC budget is developed based primarily on the activities of the Operating Reliability Subcommittee (ORS), the System Operator Subcommittee (SOS), the Telecommunications Subcommittee (TS), the Fuel Reliability Working Group (FRWG) and the Critical Infrastructure Protection Subcommittee (CIPS). These budgets are related to, or in support of both the FRCC Reliability Coordinator (RC) and Member Services entity's reliability functions and includes consulting costs, contract costs, computer software purchases and



expenses to support the associated activities. These budgets do not include FRCC staff salaries or associated personnel costs.

The administrative costs associated with the FRCC MS-OC support personnel include FRCC staff that support implementation of the FRCC RC functions and staff that support overall OC activities. The staff includes dedicated employees as well as shared employees.

### **Member Services Compliance Committee (MS-CC)**

The Member Services Compliance Committee (MS-CC) expenses for 2014 are primarily made up of the administrative costs to provide support personnel for coordination activities and meeting costs. These costs are split between and accounted for in the MS-PC and the MS-OC budgets. In addition, the MS-CC has formed a group to support MS Compliance Activities. This group is the Member Services Compliance Monitoring & Training Subcommittee (MS-CMTS).

### **Non Operating Expense – Cash Reserve Requirement**

~~On June 26, 2013 the FRCC Board of Directors will consider the recommendation of the FRCC staff that the following Cash Reserve Requirement be adopted:~~

~~The MS's working capital and operating reserve requirement ("reserve") shall be one (1) month of the total annual budget. The FRCC will also secure a \$1.5 million line of credit to be used for short term and other risks that may be needed to bridge budget cycles and approved assessments.~~

~~Working capital shall be utilized to satisfy projected annual cash flow and cash balance requirements. Operating Reserves shall be utilized to satisfy known contingencies where the specific timing and amount is uncertain. The working capital and operating reserve requirement shall be reviewed annually by the President and Chief Executive Officer to evaluate whether the level is sufficient. Approval by the Board of Directors will be required should it be recommended by the President and Chief Executive Officer that the working capital and operating reserve requirement be adjusted.~~

~~The amount of the MS's working capital and operating reserves shall be identified and quantified each year in the business plan and budget submitted to and approved by the Board of Directors.~~

### **Guidelines and Authorities Applicable to Expenditures of Working Capital and Operating Reserves**

~~The following guidelines, limitations and authorities shall apply to expenditures of working capital and operating reserves:~~

- ~~1. The Controller shall have the authority to draw on working capital reserves to the extent necessary to satisfy daily cash flow requirements consistent with the approved aggregate annual budgeted expenses. Any such draws of working capital reserves shall to the extent possible be promptly replenished from future available cash flow.~~
- ~~2. For expenditures of reserves in excess of, or projected to be in excess of the MS's approved aggregate annual budgeted expenses, the MS's President and Chief Executive Officer is authorized to expend such reserves up to \$250,000.~~

~~3.—Any expenditure of funds from reserves in excess of, or projected to be in excess of the MS's approved aggregate budgeted expenses of an amount exceeding \$250,000 requires the prior approval of the Board of Directors.~~

~~**Guidelines and Authorities Required to Reallocate Budgeted Expenditures on an Intra-year Basis**~~

~~During the course of the year events may unfold such that some approved budget areas may run below budget, making funds available to satisfy other resource needs based on changing priorities. In the event such under-runs occur, the funds shall be added to the reserve and the President and Chief Executive Officer shall have the authority to expend such funds.~~

~~**Addition of Unbudgeted FTE or Headcount Additions**~~

~~Any FTE or headcount additions, which are in excess of the total FTEs or total headcount set forth in the MS's approved business plan and budget for the applicable budget year shall require approval of the Board of Directors.~~

**Funding Sources and Requirements — Explanation of Increase (Decrease)**

- **Personnel Expenses** – The result of an increase of 3.02.12 FTE's in staffing, relocation for the additions and training and education for current staff.
- **Operating Expenses** – Increased costs estimated by the RC Agent for the RC Function and additional costs associated with being in the new space for a full year versus a partial year in 2013.



## 2013 Member Services Budget and Projection and 2014 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2013 Budget & Projection, and 2014 Budget					
NON-STATUTORY MEMBER SERVICES					
	2013 Budget	2013 Projection	Variance 2013 Projection v 2013 Budget Over(Under)	2014 Budget	Variance 2014 Budget v 2013 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
<b>Total ERO Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Dues	\$ 6,250,975	6,250,975	\$ -	\$ 6,916,762	\$ 665,787
Testing Fees	-	-	-	-	-
Services & Software	311,000	269,619	(41,381)	277,419	(33,581)
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 6,561,975</b>	<b>\$ 6,520,594</b>	<b>\$ (41,381)</b>	<b>\$ 7,194,181</b>	<b>\$ 632,206</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,828,681	\$ 1,895,155	\$ 66,474	\$ 2,108,824	\$ 280,143
Payroll Taxes	117,635	120,199	2,564	132,734	15,099
Benefits	237,308	274,904	37,596	350,795	113,487
Retirement Costs	257,534	264,650	7,116	328,267	70,733
<b>Total Personnel Expenses</b>	<b>\$ 2,441,158</b>	<b>\$ 2,554,908</b>	<b>\$ 113,750</b>	<b>\$ 2,920,620</b>	<b>\$ 479,462</b>
<b>Meeting Expenses</b>					
Meetings	\$ 15,410	\$ 15,580	\$ 170	\$ 37,515	\$ 22,105
Travel	78,424	68,396	(10,028)	63,716	(14,708)
Conference Calls	23,196	25,221	2,025	27,108	3,912
<b>Total Meeting Expenses</b>	<b>\$ 117,030</b>	<b>\$ 109,197</b>	<b>\$ (7,833)</b>	<b>\$ 128,339</b>	<b>\$ 11,309</b>
<b>Operating Expenses</b>					
Consultants & Contracts	\$ 3,015,722	\$ 2,869,104	\$ (146,618)	\$ 3,657,668	\$ 641,946
Office Rent	166,759	215,604	48,845	224,835	58,076
Office Costs	496,879	419,953	(76,926)	419,112	(77,767)
Professional Services	245,966	34,899	(211,067)	79,910	(166,056)
Miscellaneous	-	125,000	125,000	-	-
Depreciation	23,897	23,043	(854)	23,897	-
<b>Total Operating Expenses</b>	<b>\$ 3,949,223</b>	<b>\$ 3,687,603</b>	<b>\$ (261,620)</b>	<b>\$ 4,405,422</b>	<b>\$ 456,199</b>
<b>Total Direct Expenses</b>	<b>\$ 6,507,411</b>	<b>\$ 6,351,708</b>	<b>\$ (155,703)</b>	<b>\$ 7,454,381</b>	<b>\$ 946,970</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (261,814)</b>	<b>\$ (261,814)</b>
<b>Total Expenses</b>	<b>\$ 6,507,411</b>	<b>\$ 6,351,708</b>	<b>\$ (155,703)</b>	<b>\$ 7,192,567</b>	<b>\$ 685,156</b>
<b>Change in Assets</b>	<b>\$ 54,564</b>	<b>\$ 168,886</b>	<b>\$ 114,322</b>	<b>\$ 1,614</b>	<b>\$ 52,950</b>
<b>Fixed Assets</b>					
Depreciation	\$ (23,897)	\$ (23,043)	\$ 854	\$ (23,897)	\$ -
Total Fixed Asset Purchases	78,461	53,722	(24,739)	25,511	(52,950)
<b>Change in Fixed Assets</b>	<b>\$ (54,564)</b>	<b>\$ (30,679)</b>	<b>\$ 23,885</b>	<b>\$ (1,614)</b>	<b>\$ 52,950</b>
<b>TOTAL BUDGET</b>	<b>\$ 6,561,975</b>	<b>\$ 6,382,387</b>	<b>\$ (179,588)</b>	<b>\$ 7,194,181</b>	<b>\$ 632,206</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ -</b>	<b>\$ 138,207</b>	<b>\$ 138,207</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	14.72	15.07	0.35	16.84	2.12

## Personnel Analysis

Total FTE's by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs <sup>1</sup> 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
<b>NON-STATUTORY</b>						
<b>Operational Programs</b>						
Operations Committee	8.38	9.09		10.48	10.48	2.10
Planning Committee	3.00	3.03		3.27	3.27	0.27
<b>Total FTEs Operational Programs</b>	<b>11.38</b>	<b>12.12</b>	<b>0.00</b>	<b>13.75</b>	<b>13.75</b>	<b>2.37</b>
<b>Administrative Programs</b>						
General & Administrative	3.34	2.95		3.09	3.09	-0.25
<b>Total FTEs Administrative Programs</b>	<b>3.34</b>	<b>2.95</b>	<b>0.00</b>	<b>3.09</b>	<b>3.09</b>	<b>-0.25</b>
<b>Total FTEs</b>	<b>14.72</b>	<b>15.07</b>	<b>0.00</b>	<b>16.84</b>	<b>16.84</b>	<b>2.12</b>

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

**Member Services Reserve Analysis — 2013–2014**

Working Capital Reserve Analysis 2013-2014	
NON-STATUTORY MEMBER SERVICES	
Beginning Working Capital Reserve (Deficit), December 31, 2012	744,940
	2013 Funding (from members) 6,250,975
	2013 Projected Other funding sources 269,619
<b>Total Cash Available 2013</b>	<b>7,265,534</b>
Cash Needed 2012	
Less: '2013 Projected expenses & capital expenditures	<b>(6,382,387)</b>
<b>Projected Working Capital Reserve Surplus/(Deficit), December 31, 2013</b>	<b>883,147</b>
Desired Working Capital Reserve, December 31, 2014	<sup>1</sup> 621,333
Less: Projected Working Capital Reserve, December 31, 2013	<b>(883,147)</b>
<b>Increase(decrease) in assessments to achieve desired Working Capital Reserve</b>	<b>(261,814)</b>
2014 Funding for Expenses and Capital Expenditures	7,194,181
Less: Other Funding Sources	<b>(277,419)</b>
Adjustment to achieve desired Working Capital Reserve	<b>(261,814)</b>
<b>2014 Funding (reserve adjustment)</b>	<b>6,654,948</b>

<sup>1</sup> On June 26, 2013, the FRCC Board of Directors set a working capital and operating working capital and operating reserve requirement of one (1) month of the total annual budget. The FRCC will secure a \$1.5 million line of credit.

## **Section D – Additional Consolidated Financial Statements** **2014 Business Plan and Budget**

Section D — 2014 Additional Consolidated Financial Information

Statement of Activities and Capital Expenditures by Program 2014 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delegation Agreement							Non-Statutory Functions						
				Statutory Total	Reliability Standards Development (Section 300)	Compliance Monitoring and Org Reg % Cert(Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	Non-Statutory Total	Operating Committee	Planning Committee				
<b>Funding</b>																	
<b>ERO Funding</b>																	
ERO Assessments	\$ 5,488,057	\$ 5,488,057	\$ -	\$ 5,488,057	\$ 387,520	\$ 4,458,040	\$ 1,300,196	\$ 173,812	\$ 18,365	\$ (849,875)	\$ -	\$ -	\$ -				
Penalty Sanctions	343,000	343,000	-	343,000	22,072	244,311	67,103	8,499	1,015	-	-	-	-				
<b>Total ERO Funding</b>	<b>5,831,057</b>	<b>5,831,057</b>	<b>-</b>	<b>5,831,057</b>	<b>409,591</b>	<b>4,702,351</b>	<b>1,367,299</b>	<b>182,310</b>	<b>19,380</b>	<b>(849,875)</b>	<b>-</b>	<b>-</b>	<b>-</b>				
Membership Dues	\$ 6,916,762	\$ -	\$ 6,916,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,916,762	\$ 6,136,421	\$ 780,341				
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-				
Services & Software	301,419	24,000	277,419	24,000	-	-	24,000	-	-	-	277,419	277,419	-				
Workshops	90,000	90,000	-	90,000	-	-	-	90,000	-	-	-	-	-				
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-				
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-				
<b>Total Funding</b>	<b>\$ 13,139,238</b>	<b>\$ 5,945,057</b>	<b>\$ 7,194,181</b>	<b>\$ 5,945,057</b>	<b>\$ 409,591</b>	<b>\$ 4,702,351</b>	<b>\$ 1,391,299</b>	<b>\$ 272,310</b>	<b>\$ 19,380</b>	<b>\$ (849,875)</b>	<b>\$ 7,194,181</b>	<b>\$ 6,413,840</b>	<b>\$ 780,341</b>				
<b>Expenses</b>																	
<b>Personnel Expenses</b>																	
Salaries	\$ 5,915,455	\$ 3,806,631	\$ 2,108,824	\$ 3,806,631	\$ 217,880	\$ 2,411,701	\$ 662,404	\$ 83,896	\$ 10,017	\$ 420,733	\$ 2,108,824	\$ 1,606,810	\$ 502,014				
Payroll Taxes	372,333	239,599	132,734	239,599	13,714	151,798	41,693	5,281	631	26,482	132,734	101,136	31,598				
Benefits	1,008,050	657,255	350,795	657,255	33,809	452,812	99,378	11,616	1,387	58,253	350,795	275,623	75,172				
Retirement Costs	931,148	602,881	328,267	602,881	34,595	382,958	105,185	13,325	1,591	65,227	328,267	250,122	78,145				
<b>Total Personnel Expenses</b>	<b>\$ 8,226,986</b>	<b>\$ 5,306,366</b>	<b>\$ 2,920,620</b>	<b>\$ 5,306,366</b>	<b>\$ 299,998</b>	<b>\$ 3,399,269</b>	<b>\$ 908,660</b>	<b>\$ 114,118</b>	<b>\$ 13,626</b>	<b>\$ 570,695</b>	<b>\$ 2,920,620</b>	<b>\$ 2,233,691</b>	<b>\$ 686,929</b>				
<b>Meeting Expenses</b>																	
Meetings	\$ 118,445	\$ 80,930	\$ 37,515	\$ 80,930	\$ 2,080	\$ 4,915	\$ 6,674	\$ 67,248	\$ 13	\$ -	\$ 37,515	\$ 33,895	\$ 3,620				
Travel	230,925	167,209	63,716	167,209	24,913	92,966	43,265	5,996	69	-	63,716	54,514	9,202				
Conference Calls	45,879	18,771	27,108	18,771	174	4,565	8,543	5,481	8	-	27,108	21,235	5,873				
<b>Total Meeting Expenses</b>	<b>\$ 395,249</b>	<b>\$ 266,910</b>	<b>\$ 128,339</b>	<b>\$ 266,910</b>	<b>\$ 27,167</b>	<b>\$ 102,446</b>	<b>\$ 58,482</b>	<b>\$ 78,725</b>	<b>\$ 90</b>	<b>\$ -</b>	<b>\$ 128,339</b>	<b>\$ 109,644</b>	<b>\$ 18,695</b>				
<b>Operating Expenses</b>																	
Consultants & Contracts	\$ 4,006,436	\$ 348,768	\$ 3,657,668	\$ 348,768	\$ 4,529	\$ 119,235	\$ 192,989	\$ 29,259	\$ 209	\$ 2,547	\$ 3,657,668	\$ 3,611,978	\$ 45,690				
Office Rent	779,924	555,089	224,835	555,089	23,230	406,366	70,623	8,945	1,068	44,857	224,835	171,312	53,523				
Office Costs	537,455	118,343	419,112	118,343	6,324	69,926	13,480	22,610	2,162	3,841	419,112	403,743	15,369				
Professional Services	196,552	116,642	79,910	116,642	7,482	83,069	22,829	2,916	346	-	79,910	60,832	19,078				
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-				
Depreciation	134,387	110,490	23,897	110,490	852	101,598	3,376	590	2,431	1,643	23,897	18,886	5,011				
<b>Total Operating Expenses</b>	<b>\$ 5,654,754</b>	<b>\$ 1,249,332</b>	<b>\$ 4,405,422</b>	<b>\$ 1,249,332</b>	<b>\$ 42,417</b>	<b>\$ 780,194</b>	<b>\$ 303,297</b>	<b>\$ 64,320</b>	<b>\$ 6,216</b>	<b>\$ 52,888</b>	<b>\$ 4,405,422</b>	<b>\$ 4,266,751</b>	<b>\$ 138,671</b>				
<b>Total Direct Expenses</b>	<b>\$ 14,276,989</b>	<b>\$ 6,822,608</b>	<b>\$ 7,454,381</b>	<b>\$ 6,822,608</b>	<b>\$ 369,582</b>	<b>\$ 4,281,909</b>	<b>\$ 1,270,439</b>	<b>\$ 257,163</b>	<b>\$ 19,932</b>	<b>\$ 623,583</b>	<b>\$ 7,454,381</b>	<b>\$ 6,610,086</b>	<b>\$ 844,295</b>				
<b>Indirect Expenses</b>																	
Indirect Expenses	-	-	-	-	40,021	442,994	121,674	15,410	1,840	(621,940)	-	-	-				
<b>Other Non-Operating Expenses</b>																	
Other Non-Operating Expenses	(261,814)	-	(261,814)	-	-	-	-	-	-	-	(261,814)	(199,625)	(62,189)				
<b>Total Expenses</b>	<b>\$ 14,015,175</b>	<b>\$ 6,822,608</b>	<b>\$ 7,192,567</b>	<b>\$ 6,822,608</b>	<b>\$ 409,603</b>	<b>\$ 4,724,903</b>	<b>\$ 1,392,113</b>	<b>\$ 272,573</b>	<b>\$ 21,772</b>	<b>\$ 1,643</b>	<b>\$ 7,192,567</b>	<b>\$ 6,410,461</b>	<b>\$ 782,106</b>				
<b>Change in Assets</b>	<b>\$ (875,937)</b>	<b>\$ (877,551)</b>	<b>\$ 1,614</b>	<b>\$ (877,551)</b>	<b>\$ (12)</b>	<b>\$ (22,552)</b>	<b>\$ (814)</b>	<b>\$ (263)</b>	<b>\$ (2,392)</b>	<b>\$ (851,518)</b>	<b>\$ 1,614</b>	<b>\$ 3,379</b>	<b>\$ (1,765)</b>				
<b>Fixed Assets</b>																	
Depreciation	\$ (134,387)	\$ (110,490)	\$ (23,897)	\$ (110,490)	\$ (852)	\$ (101,598)	\$ (3,376)	\$ (590)	\$ (2,431)	\$ (1,643)	\$ (23,897)	\$ (18,886)	\$ (5,011)				
Total Fixed Asset Purchases	108,325	82,814	25,511	82,814	840	79,046	2,562	327	39	-	25,511	22,265	3,246				
<b>Change in Fixed Assets</b>	<b>\$ 26,062</b>	<b>\$ 27,676</b>	<b>\$ (1,614)</b>	<b>\$ 27,676</b>	<b>\$ 12</b>	<b>\$ 22,552</b>	<b>\$ 814</b>	<b>\$ 263</b>	<b>\$ 2,392</b>	<b>\$ 1,643</b>	<b>\$ (1,614)</b>	<b>\$ (3,379)</b>	<b>\$ 1,765</b>				
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (849,875)</b>	<b>\$ (849,875)</b>	<b>\$ -</b>	<b>\$ (849,875)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ (849,875)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				

## Statement of Financial Position

**Statement of Financial Position**  
**2012 Audited, 2013 Projection, 2014 Budget and 2015 Projected**

**STATUTORY and NON-STATUTORY**

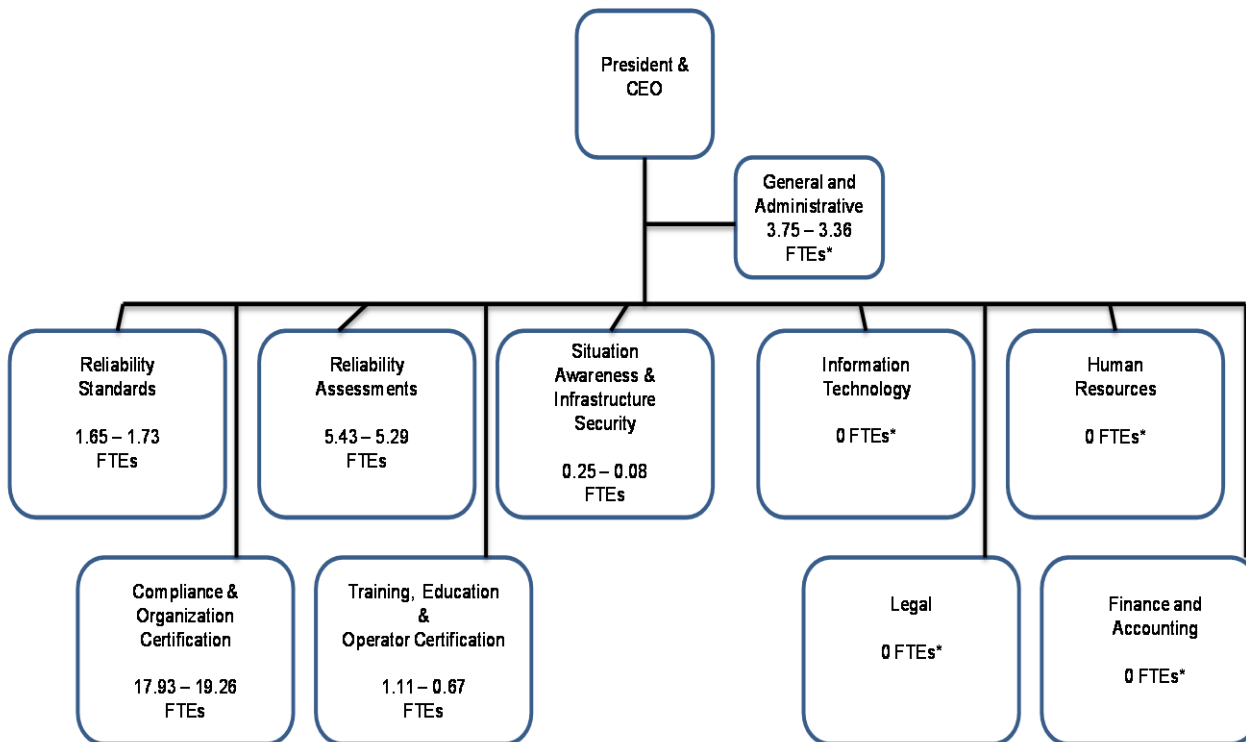
	(Per Audit)	Projected	Budget	Projected
	12/31/2012	12/31/2013	12/31/2014	12/31/2015
<b>ASSETS</b>				
Cash	4,693,041	3,320,545	3,085,120	3,039,824
Accounts receivable	2,640,236	2,740,236	2,940,236	3,140,236
Other receivables	-	-	-	-
Prepaid expenses and other current assets	14,477	15,000	15,000	15,000
Other Assets	151,388	150,000	150,000	150,000
Property and equipment (net of depreciation)	278,483	300,000	300,000	300,000
Total Assets	<b>7,777,625</b>	<b>6,525,781</b>	<b>6,490,356</b>	<b>6,645,060</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	1,223,329	1,751,275	1,800,000	1,900,000
Deferred income	3,055,986	3,186,955	3,521,719	3,611,472
Compliance Penalty Assessment	544,500	-	-	-
Accrued postretirement benefits obligation	841,167	883,225	927,387	973,756
Total Liabilities	<b>5,664,982</b>	<b>5,821,455</b>	<b>6,249,105</b>	<b>6,485,227</b>
Net Assets - unrestricted	2,112,643	812,360	-	-
Total Liabilities and Net Assets	<b>7,777,625</b>	<b>6,633,815</b>	<b>6,249,105</b>	<b>6,485,227</b>

**Statutory Organizational Chart**

**Florida Reliability Coordinating Council, Inc.  
Statutory Organization Chart**

2013 Budgeted FTEs 30.12

2014 Budgeted FTEs 30.40



\*All FTEs for Information Technology, Legal, Finance, and Human Resources, are recorded within General and Administrative