



NPCC 2014 Business Plan & Budget Draft for Approval

Jessica Hala
Manager, Finance and Accounting
Presentation to
NERC FAC
July 19, 2013

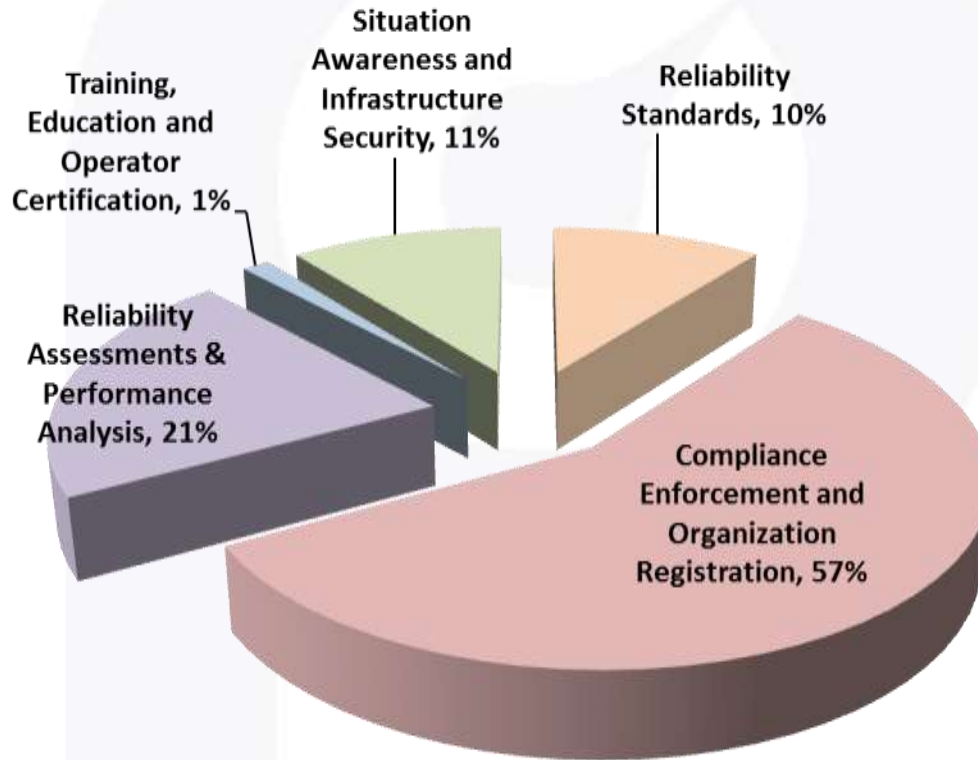


2014 Budget Overview

- Total NPCC budget increase of approximately 2%; total funding requirement increase of under 7%; and total assessments increase of approximately 8%
 - Salaries: Wage package increase of 3% including promotions
 - Benefits: Medical Insurance premium increase of 16% (could be less with delay in implementation of Obamacare)
- Staffing
 - Total of 39 FTEs in 2014 (RE 36.86, CS 2.14) ; up by one from 2013 total of 38 (37 FTEs and one open position due to recent retirement)
 - One additional FTE in 2014 represents the reclassification of a contractor to an hourly employee
- Decrease in Total Reserves requirement from 20% to 16.66% and break out of Total Reserves into separate Working Capital and Operating Reserve



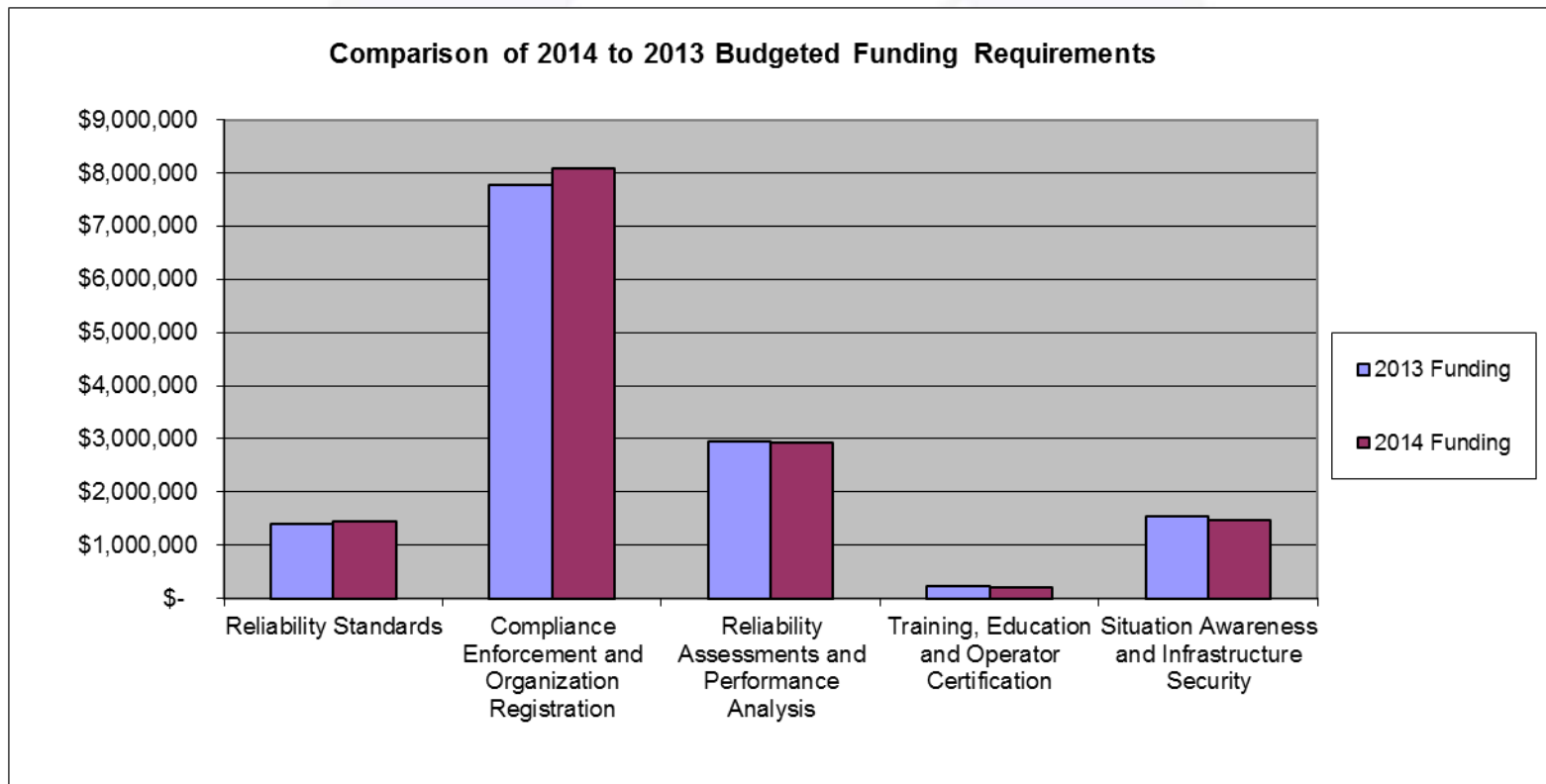
2014 Total Resources by Program Area Regional Entity (RE) Division





Summary Comparison by Program

Regional Entity (RE) Division





2013-2014 NPCC Expense Budget

	RE Division				Explanation
	2014	2013	Variance	% Variance	
Funding					
Assessments	13,611,880	12,352,264	1,259,617	10.20%	
Penalties	153,000	297,300	(144,300)	-48.54%	
Other Income	64,000	114,500	(50,500)	-44.10%	
Total Funding	13,828,880	12,764,064	1,064,817		
Expenses					
Personnel Expenses	8,850,160	8,478,697	371,463	4.38%	One additional FTE; 3% average wage package increase
Meetings	365,000	377,000	(12,000)	-3.18%	
Travel	890,000	855,000	35,000	4.09%	
Conference Calls	77,000	87,000	(10,000)	-11.49%	Lower negotiated rate
Consultants and Contracts	1,924,433	2,113,000	(188,567)	-8.92%	Decrease in compliance contracts
Rent & Improvements	737,272	706,500	30,772	4.36%	
Office Costs	536,500	468,500	68,000	14.51%	Computer/network maintenance costs
Professional Services	966,500	1,120,000	(153,500)	-13.71%	Decrease in legal fees
Miscellaneous	80,000	80,000	-	0.00%	
Depreciation	250,000	192,510	57,490	29.86%	Additional assets placed in service in 2013
Indirect Expenses	(405,859)	(406,471)	612	-0.15%	
Other Non-Operating Expenses	-	-	-		
Total Expenses	14,271,006	14,071,736	199,270	1.42%	
Increase(Decrease) in Fixed Assets	(142,000)	(192,510)	50,510		
Total Budget	14,129,006	13,879,226	249,780	1.80%	
Change in Working Capital	(300,126)	(1,115,163)	815,037		



Working Capital and Operating Reserves

- New Working Capital and Operating Reserves Policy approved by NPCC FAC in October 2012
- Reduction in the required level of total reserves from 20% to 16.66% (representing two months of the annual budget)
- Policy is based on and supportive of historical cash flow patterns. The FAC will evaluate the need for a more detailed cash flow analysis and possible policy revision during 2013
- Segregation of funds into separate Working Capital and Operating Reserves, each with a targeted level of 8.33% (one month) of the annual budget
- Working Capital: VP and COO has authority to draw as needed to satisfy daily cash needs consistent with the approved aggregate annual budget
- Operating Reserve: Funding of unbudgeted contingencies up to \$100k requires President and CEO approval; up to \$250k requires FAC approval; greater than \$250k requires BOD approval. In **all instances** the BOD is advised



Questions?

NPCC, Inc.