



2014 Budget Overview

Presentation to NERC Finance and Audit Committee

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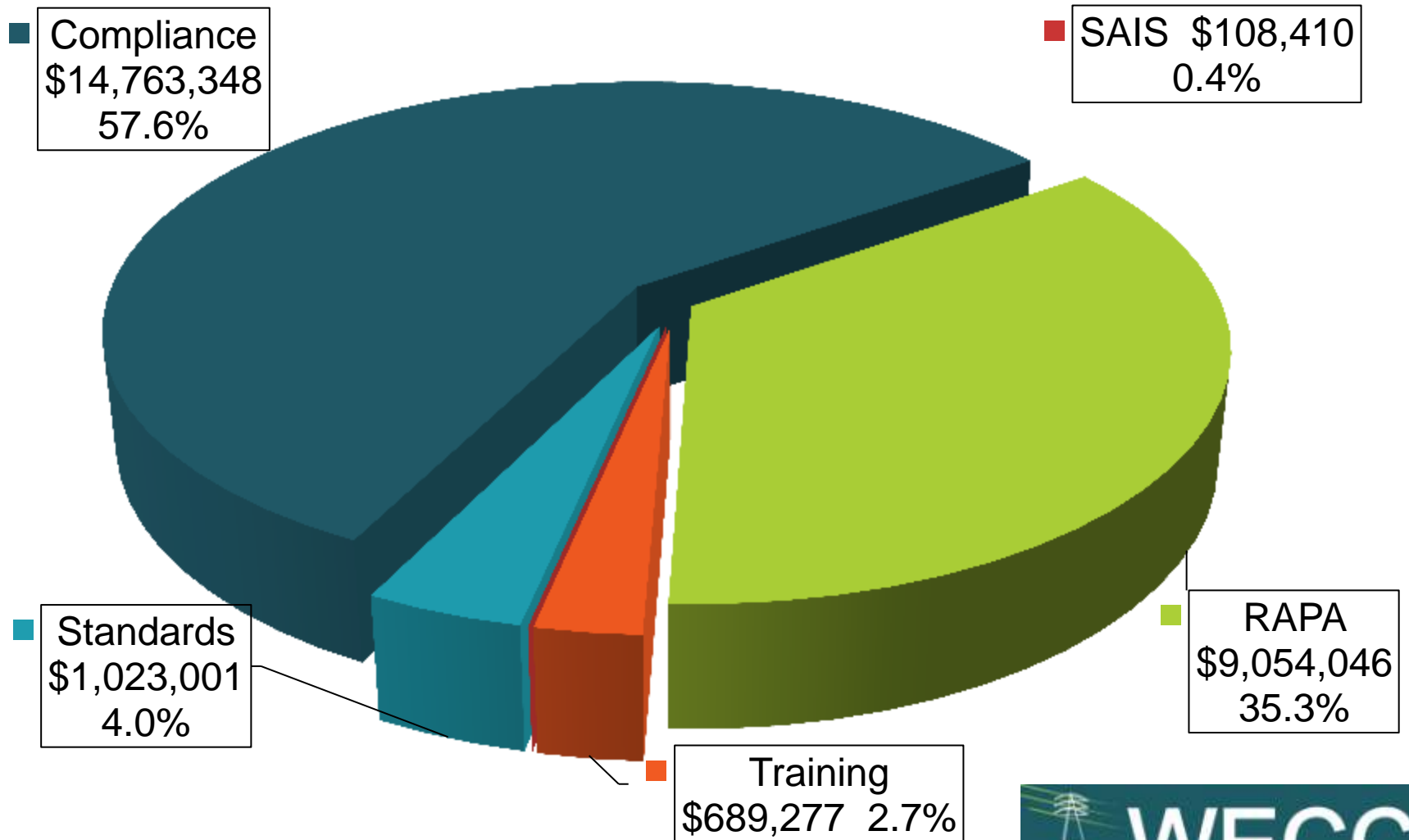
2014 WECC Budget Overview

- Budget approved June 28
- Total budget decreases \$25.39MM
- Assessments
 - Decrease \$25.33MM
 - \$2.42MM of reserves to offset Assessments
- Other Funding
 - Grant revenue decreases \$2.29MM
 - Penalties decrease \$34K
- Headcount
 - Decreases by 108 (81.3 FTE)

Key Factors/WECC Assumptions

- **Bifurcation**
 - Effective 1/1/2014
 - SAIS separated into new company
- **Grants**
 - WISP transfers with RC to new entity
 - RTEP ends 12/2014
- **Program Areas**
 - Service levels remain flat
 - BES definition implementation
- **Personnel**
 - Labor float
 - Medical benefits increase 20%
 - Merit increase of 4%

WECC Budget by Functional Area



WECC 2013-2014 Budget Comparison

	2014	2013	Variance	% Variance	Explanation
Funding					
Assessments	15,630,851	40,962,547	(25,331,696)	-61.84%	
Penalties	2,933,050	2,966,850	(33,800)	-1.14%	
Other Income	4,655,237	7,095,695	(2,440,458)	-34.39%	WISP grant funding ends in 2013
Total Funding	<u>23,219,138</u>	<u>51,025,092</u>	<u>(27,805,954)</u>		
Expenses					
Personnel	15,773,971	31,239,871	(15,465,900)	-49.51%	Decrease in FTEs due to bifurcation
Meeting	2,472,154	3,110,747	(638,593)	-20.53%	WISP grant ends in 2013; bifurcation
Operating Expenses ¹	7,487,584	14,743,784	(7,256,200)	-49.22%	WISP grant ends in 2013; bifurcation
Indirect	(541,111)	(443,310)	(97,801)	22.06%	Fewer FTEs increases Non-stat allocation
Total Expenses	<u>25,192,598</u>	<u>48,651,092</u>	<u>(23,458,494)</u>		
Fixed Assets ¹	<u>445,487</u>	<u>2,374,000</u>	<u>(1,928,513)</u>	-81.23%	WISP grant ends in 2013; bifurcation
Total Budget	<u>25,638,085</u>	<u>51,025,092</u>	<u>(25,387,007)</u>	-49.75%	
Change in Working Capital	<u>(2,418,947)</u>	-	<u>(2,418,947)</u>		Use reserves in 2014 to offset Assessments

¹Depreciation excluded from these values

WECC FTE Comparison

Total FTEs by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs* 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
STATUTORY						
Operational Programs						
Reliability Standards	3.5	3.3	4.0	0.0	4.0	0.5
Compliance and Organization Registration and Certification	50.5	54.5	58.0	0.0	58.0	7.5
Training and Education	1.5	1.5	2.0	0.0	2.0	0.5
Reliability Assessment and Performance Analysis	19.6	21.7	23.6	0.0	23.6	4.0
Situation Awareness and Infrastructure Security	85.0	97.5	0.5	0.0	0.5	(84.5)
Total FTEs Operational Programs	160.0	178.5	88.1	0.0	88.1	(71.9)
Administrative Programs						
Technical Committees and Member Forums	7.6	6.6	9.0	0.0	9.0	1.4
General & Administrative	18.8	17.3	15.2	0.0	15.2	(3.6)
Information Technology	9.0	8.2	9.0	0.0	9.0	-
Legal and Regulatory	12.1	9.6	6.0	0.0	6.0	(6.1)
Human Resources	3.1	3.6	3.0	0.0	3.0	(0.1)
Finance and Accounting	5.7	7.0	4.7	0.0	4.7	(1.0)
Total FTEs Administrative Programs	56.3	52.3	46.9	0.0	46.9	(9.4)
Total FTEs	216.3	230.8	135.0	0.0	135.0	(81.3)

*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.



Working Capital

- Reserve policy reviewed by FAC in June
 - Policy and target balance shall be reviewed annually
 - Reduction in WECC's large reserve balance
 - Offset Assessments
 - One month of OpEx reasonable to cover unbudgeted expenditures
 - BOD approves reserve usage over CEO limits (3% of budget)
- \$5.8MM transferred from Non-statutory
- \$7.8MM transferred to RCCo
- \$5.6MM offset to 2014 Assessments
 - WECC \$2.4MM
 - RCCo \$3.2MM

RCCo Budget Overview

- Budget approved June 28
- Total direct budget increases \$9.9MM
- Assessments
 - \$3.23MM of reserves to offset Assessments
- Other Funding
 - Grant revenue decreases \$2.79MM
 - No penalties offset
- Headcount
 - Increases by 59 (64.1 FTE)

Other Key Factors/RCCo Assumptions

- **Bifurcation**
 - Effective 1/1/2014
- **Grants**
 - WISP funding ends 12/2013
- **Program Areas**
 - RCTF Recommendations
 - Enhanced Curtailment Calculator
 - New Administrative Services
- **Personnel**
 - Labor float
 - Medical benefits increase 20%
 - Merit increase of 4%

RCCo Budget Comparison

	2014	2013	Variance	% Variance	Explanation
Funding					
Assessments	29,568,031	24,476,506	5,091,525	20.80%	
Penalties	-	1,575,157	(1,575,157)	-100.00%	No Penalties revenue in the RCCo
Other Income	156,000	2,942,585	(2,786,585)	-94.70%	WISP grant funding ends in 2013
Total Funding	29,724,031	28,994,248	729,783		
Expenses					
Personnel	19,397,409	12,986,645	6,410,764	49.36%	Increase in FTEs due to RCTF and bifurcation
Meeting	1,155,405	453,646	701,759	154.69%	Bifurcation; offsite Board and Committee mtgs
Operating Expenses ¹	10,193,834	7,713,675	2,480,159	32.15%	WISP grant ends in 2013; bifurcation
Indirect	-	6,278,766	(6,278,766)	-100.00%	2013 is WECC SAIS Program Area
Total Expenses	30,746,648	27,432,732	3,313,916		
Fixed Assets ¹	2,212,000	1,561,516	650,484	41.66%	Enhanced Curtailment Calculator
Total Budget	32,958,648	28,994,248	3,964,400	13.67%	
Change in Working Capital	(3,234,617)	-	(3,234,617)		Use reserves in 2014 to offset Assessments

¹Depreciation excluded from these values

RCCo FTE Comparison

Total FTEs by Program Area	Budget 2013	Projection 2013	Direct FTEs 2014 Budget	Shared FTEs* 2014 Budget	Total FTEs 2014 Budget	Change from 2013 Budget
STATUTORY						
Operational Programs						
Reliability Standards	0	0	0	0	0	0
Compliance and Organization Registration and Certification	0	0	0	0	0	0
Training and Education	0	0	0	0	0	0
Reliability Assessment and Performance Analysis	0	0	0	0	0	0
Situation Awareness and Infrastructure Security**	85.00	85.00	119.08	0	119.08	34.08
Total FTEs Operational Programs	85.00	85.00	119.08	0.00	119.08	34.08
Administrative Programs						
Technical Committees and Member Forums	0	0	0	0	0	0.00
General & Administrative	0	0	12.00	0	12.00	12.00
Information Technology	0	0	3.00	0	3.00	3.00
Legal and Regulatory	0	0	7.00	0	7.00	7.00
Human Resources	0	0	3.00	0	3.00	3.00
Finance and Accounting	0	0	5.00	0	5.00	5.00
Total FTEs Administrative Programs	0.00	0.00	30.00	0.00	30.00	30.00
Total FTEs	85.00	85.00	149.08	0.00	149.08	64.08

*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

**The 2013 values presented are from WECC's 2013 Business Plan and Budget to provide comparative figures.



Total WECC and RCCo Budget Comparison

	2014	2013	Variance	% Variance
Funding				
Assessments	45,198,882	40,962,547	4,236,335	10.34%
Penalties	2,933,050	2,966,850	(33,800)	-1.14%
Other Income	4,811,237	7,095,695	(2,284,458)	-32.19%
Total Funding	<u>52,943,169</u>	<u>51,025,092</u>	<u>1,918,077</u>	
Expenses				
Personnel	35,171,380	31,239,871	3,931,509	12.58%
Meeting	3,627,559	3,110,747	516,812	16.61%
Operating Expenses ¹	17,681,418	14,743,784	2,937,634	19.92%
Indirect	(541,111)	(443,310)	(97,801)	22.06%
Total Expenses	<u>55,939,246</u>	<u>48,651,092</u>	<u>7,288,154</u>	
Fixed Assets ¹	<u>2,657,487</u>	<u>2,374,000</u>	<u>283,487</u>	11.94%
Total Budget	<u>58,596,733</u>	<u>51,025,092</u>	<u>7,571,641</u>	14.84%
Change in Working Capital	<u>(5,653,564)</u>	-	<u>(5,653,564)</u>	

¹Depreciation excluded from these values

Questions?



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