

MIDWEST  
RELIABILITY  
ORGANIZATION

CLARITY • ASSURANCE • RESULTS

# MRO NERC FAC 2015 Budget Review

July 17, 2014

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Improving RELIABILITY and mitigating  
RISKS to the Bulk Power System



# 2015 Budget Overview

**No significant changes from Draft 1 to the BOD approved budget have been made.**

- **Overall, an assessments (or funding) increase of \$684,575 or 7.8%**
- **Overall, an expense increase of \$583,888 or 6%**
- **FTE increase of 1.75 in 2015, bringing FTE total to 42.50**
  - No additional staff are added in 2015, 42.5 reflects the nose count at year end 2014 – timing of hiring in 2014 results in an FTE increase in 2015



# 2014 Year-End Forecast

**To-date, MRO is within 2% of budget and anticipates that it will be on budget at end of year.**



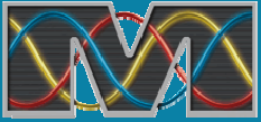
# 2016 – 2017 Projection Assumptions

- **A net 3% increase in personnel costs that reflect historical trend of average increase to salary and benefits**
- **3% increase in meetings and travel costs based on projected future increase of airline and gas costs**
- **Consultants and contracts expected to increase by 4% due to impacts of RAI, BES implementation and outreach initiatives**
- **Penalties are never budgeted**



# Operating and Working Capital Reserves Analysis

- **Policy and Procedure 13: Operating and Working Capital Reserves Policy**
  - MRO's Operating and Working Capital Reserves identified and quantified each year in the business plan and budget, submitted first to the FAC for review and then to the BOD
  
- **FAC and Board approved 45-day reserve**
  - More of an art than a science and an analysis is performed which establishes the targeted operating and working capital reserves amount
  
- **Budget process “resets” the working capital at the current level of 45 days for the start of the budget year**
  - Excess operating and working capital reserves are applied to 2015 funding



# Questions?

