

SERC Reliability Corporation

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SERC Reliability Corporation

2015 Business Plan and Budget

DRAFT 1.1 FINAL 1.0 April 23 July 4, 2014

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2015	Business	Plan	and	Budget

2015 Business Plan and Budget

Introduction

	TOTAL RESOUR			
	 2015 Budget	U.S.	Canada	Mexico
Statutory FTEs	78.70			
Non-statutory FTEs**	-			
Total FTEs	78.70			
Statutory Expenses	\$ 16,074,577			
Non-Statutory Expenses **	\$ -			
Total Expenses	\$ 16,074,577			
Statutory Inc(Dec) in Fixed Assets	\$ (78,737)			
Non-Statutory Inc(Dec) in Fixed Assets**	\$ -			
Total Inc(Dec) in Fixed Assets	\$ (78,737)			
Statutory Working Capital Requirement*	\$ 76,549			
Non-Statutory Working Capital Requirement**	\$ -			
Total Working Capital Requirement	\$ 76,549			
Total Statutory Funding Requirement	\$ 16,072,389			
Total Non-Statutory Funding Requirement**	\$ -			
Total Funding Requirement	\$ 16,072,389			
Statutory Funding Assessments	\$ 13,731,035	\$ 13,731,035	\$ -	\$ -
Non-Statutory Fees**	\$ -	\$ -	\$ -	\$ -
NEL		_	-	-
NEL%	100.00%	100.00%	0.00%	0.00%

		(in whole dol	lar	s)		
	20	15 Budget		U.S.	Canada	Mexico
Statutory FTEs		78.70				
Non-statutory FTEs**		-				
Total FTEs		78.70				
Statutory Expenses	\$	16,359,893				
Non-Statutory Expenses**	\$	-				
Total Expenses	\$	16,359,893				
Statutory Inc(Dec) in Fixed Assets	\$	(112,071)				
Non-Statutory Inc(Dec) in Fixed Assets**	\$	-				
Total Inc(Dec) in Fixed Assets	\$	(112,071)				
Statutory Working Capital Requirement*	\$	(217,861)				
Non-Statutory Working Capital Requirement**	\$	-				
Total Working Capital Requirement	\$	(217,861)				
Total Statutory Funding Requirement	\$	16,029,961				
Total Non-Statutory Funding Requirement**	\$	-				
Total Funding Requirement	\$	16,029,961				
			Π			
Statutory Funding Assessments	\$	13,733,606	\$	13,733,606	\$ -	\$ -
Non-Statutory Fees**	\$	-	\$	-	\$ -	\$ -
NEL				-	-	-
NEL%		100.00%	Ш	100.00%	0.00%	0.00%

Organizational Overview

The SERC Reliability Corporation (SERC) is a nonprofit corporation responsible for promoting and improving the reliability of the bulk power systemBPSs (BPS) in all or portions of 16 central and southeastern states. The SERC Region covers an area of approximately 560,000 square miles, and e Electric systems in the region Region serve approximately 25.8% of the net energy for load (NEL) in North America and 29.8% of the NEL in the Eastern Interconnection.

On May 2, 2007, SERC executed an agreement with the North American Electric Reliability Corporation (NERC) on May 2, 2007, for the purpose of delegating that delegated to SERC certain responsibilities and authorities of a rRegional entity Entity as defined in these documents

- by Section 215 of the Federal Power Act, Chapter I, Title 18, Code of Federal Regulations, Part 39;
- eOther Federal Energy Regulatory Commission (FERC) regulations and directives₁ and
- -NERC Rules of Procedure-

SERC, originally called the Southeastern Electric Reliability Council, was formed in 1970 as a voluntary association of members comprising electric industry reliability stakeholders in the southeastSoutheast. Throughout its history, SERC has been successful insuccessfully promoting promoted the reliability of the bulk power systemBPS using an industry electric reliability organization (ERO) model that relies on, relying on reciprocity, peer influence, and the Formatted: No underline, Font color: Auto

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^{*}Refer to Table B-1 on page 6557 in Section B.

**As noted in Section C, SERC does not support any non-statutory functions.

mutual reliability focus of <u>BPS</u> owners, operators, and users of the bulk power system to ensure that the system remains reliable and secure.

SERC was incorporated as a 501(c)(6) nonprofit corporation in the state of Alabama on April 29, 2005 to position SERC to become a Regional entity with an appropriate stakeholder governance structure. In April 2006, SERC changed its name to SERC Reliability Corporation.

SERC has a 2015 targeted staffing level of 78.7 Full-Time Equivalents (FTEs) (2015 total headcount of 79.7) comprised of power industry professionals and support personnel.

Membership and Governance

As part of its delegated duties, SERC monitors 236 registered entities in the SERC region-Region for compliance with the NERC Reliability Standards. Membership in SERC, however, which is voluntary and free. SERC's 57 member companies affords participants the opportunity to participate in the technical activities and governance of the organization. SERC currently has 57 member companies.

SERC is governed by aA Board of Directors (Board), comprised of a representative from each member company governs SERC. The Board delegates responsibility for operational oversight of the corporation to an Executive Committee of 12 directors. The Board has formed the following committees:

- <u>a Beard</u> Compliance Committee (BCC); to eQversees the program that monitors and enforces compliance of <u>FRegistered eEntities</u> in the <u>FRegion to FERC-approved</u> <u>FReliability eStandards</u>;
- a-Human Resources and Compensation Committee (HRCC); to aAdvises the President, Board officers, and the Board on matters of about employee compensation and human resources:
- and a Finance and Audit Committee (FAC): to Aadvises the President, Board officers
 and Board on matters involvingabout the organization's finances and internal controls.

Statutory Functional Scope

SERC provides statutory functions thatin support the ERO of the electric reliability organization, in accordance with its delegation agreement between SERC and NERC. SERC's The functions are the following:

- Promoting situational awareness and conducting event analyses Analyze events to identify !Lessons Learned that will improve for the improvement of reliability.
- Promoting-Promote the BPS's reliability, adequacy, and security-of the Bulk Power System.
- Help develop Reliability Standards for the Actively participating in the development of
 North American BPS and reliability standards for the bulk-power system, and as needed
 development of reliability standards applicable within the SERC Region.
- Monitoring and enforcement of approved reliability sstandards, to including include the
 registeringation and certifying of responsible entities, and as needed certification of such
 entities.
- Assessment the BPS's of the past, present and future reliability, adequacy, and security of the bulk-power system.
- Promoting effective training and education of Train reliability reliable personnel, and assisting in the certification certifying of operating personnel.

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SERC does not perform any non-statutory functions at this time.

2015 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of common assumptions developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The 2015-2017 Shared Business Plan and Budget Assumptions document is located in Exhibit A of NERC's 2015 Business Plan and Budget.

NERC and the Regional Entities have worked to have joint coordination and collaboration to develop the multi-year ERO Enterprise Strategic Plan and metrics.

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2015 Goals and Key Deliverables

- Be an enforcement authority that is Serve as an independent, without conflict of interest, objective, and fair enforcement authority, without conflicts of interest.
 - Register entities commensurate to the risk to the <u>bulk power systemBPS</u> and ensure all key reliability entities are certified to have essential capabilities.
 - Enforce compliance of SERC Registered Entities with mandatory reliability Reliability standards by registered entities within the SERC region, in accordance with the delegation agreement and Compliance Monitoring and Enforcement Program (CMEP). Perform-while performing timely and transparent reviews.
 - c. Ensure timely, thorough and comprehensive mitigation of that all violations of mandatory reliability Reliability standards Standards are mitigated in a timely, thorough and comprehensive manner to prevent including prevention of recurrence.
- Promote a culture of compliance that addresses reliability risks across the SERC FRegion and the ERO.
 - a. _a. __Ensure that the industry understands the essential purpose of standards and compliance expectations.
 - a.b. Work with the industry to maintain effective risk control programs for compliance, reliability and security.
 - b.c. Use efficient processes and proportional exercise of discretion to verify that the industry meets compliance objectives are met by industry.
- 3. Identify the most significant risks to reliability in the SERC region.
 - a. Identify and prioritize risks based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.
 - Analyze Events events and system performance are consistently to determine analyzed for sequence, cause, and remediation. to illustrate illustrates and trends to inform standards, compliance and other programs.
 - Ensure that the industry is well informed of emerging trends, risk analysis, lessons Lessons learned Learned and expected actions.
- 4. Be accountable for mMitigatinge reliability risks.
 - a. Ensure that the industry is aware of and is effectively addressingunderstands security vulnerability and threats and addresses them effectively.
 - b. Facilitate information sharing between among industry, regions, ERO, and government.
 - Work with the ERO to track industry accountability for critical reliability and security recommendations.
- 5. Promote a culture of reliability excellence.
 - a. Ensure reliability reliable data modeling. Verify that the -and data accurately represents system behavior accurately. and fFacilitate data sharing among reliability entities.
 - Serve as Be a leading resource to industry and policy makers to supply for reliability information.
- Improve transparency, consistency, quality and timeliness of results; work in collaboratione with NERC and the other regions regions; improve efficiencies and cost effectiveness.
 - a. Identify, understand, and manage internal risks.

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b. Ensure processes are effective, efficient, and continuously continually improved improving.

2015 Overview of Cost Impacts

SERC proposes to decrease its operating budget from \$16,877,288 to \$16,247,822_15,995,840 in 2015, a decrease of \$629,466881,448 or 35.7322%. The proposed 2015 assessment of \$13,734,499. SERC believes that in 2015 it will continue to realize material efficiencies that allow the region to remain an efficient provider of statutory functions as SERC will continue to be one of the lowest cost regional regional entities Entities on a cost per NEL basis. SERC's culture centers enpromotes consistent delivery of excellent results at a cost that is consideraterespects of the longstanding tradition of affordable and reliable electricity across SERC's geography.

SERC has applied its penalty funds as an offset to assessments and as a temporary increase to SERC's Operating Reserve, as detailed in Table B-1.

The following is a list of targeted budget increases to allow SERC to accomplish the specific objectives outlined in the 2015 business Business plan-Plan and Budget (dollars are stated as an increase in the 2015 budget compared to the 2014 budget). SERC will continue to perform Cross-Regional Compliance Monitoring and Enforcement for other regiona-Regions, if requested. The costs associated with any Cross-Regional Compliance Monitoring and Enforcement performed by SERC with respect to registered functions of another Regional Entity are to be funded by payments from the Regional Entity contracting with SERC for such services, in accordance with the contract between SERC and the other Regional EntityThe Regional Entity that contracts with SERC for its services will pay the costs in accordance with the contract. \$7,000 is included in the 2015 Business Plan and Budget under Other Funding and various expense accounts for the performance of these services. Additionally, the costs associated with the regional-Regional entity coordinator Coordinator position will be shared equally with the other regional-Regional entities-Entities and included in Contracts and Consultant Expense in each of the regional-Regional entity-s-Entity's respective budgets, \$41,000 each, and the related offset of \$287,000 is included in SERC's Miscellaneous Income.

The most significant changes to the budget are in personnel, which is described as includes two components:

- Staff changes proposed in 2015 The targeted staffing level for 2015 is 78.7 Full-time Equivalents (FTEs), a decrease of 0.5 FTEs (no change in headcount) as compared to the 2014 budget, due to staggering the hire dates for 2-two FTEs. In 2014, SERC budgeted for 3-three entry level engineering positions to assist in information transfer and succession planning. SERC has continued to fund these entry level positions.
- Cost decrease for maintaining staff budgeted in 2015 The net decrease in personnel Personnel costs of \$332,547569,529 compared to 2014 reflects a decrease of 0.5 FTEs and a change in personnel structure. This decrease is roffset by a budgeted average increase in salary of 3% for existing staff of 3.0%, and an overall increase in employee benefits in costs associated with employee benefits. Additionally, a 3% vacancy rate has been applied to all personnel expenses Expenses, causing further reduction reduction costs.

Other notable changes in the proposed budget from year to year include the following:

- Consultants & Contracts A decrease of \$51,421 or 4.2% is primarily due to a reduction in anticipated participation in the schedule checkout tool.
- Office Rent An increase of \$44,948 or 10.7% is due to the relocation of the SERC offices, which includes an increase of square footage.
- Depreciation An increase of \$232,751199,417 or 106.491.2% is due to an increase in the capital assets purchased in previous years which would now incur a full year of depreciation.

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SERC's budget is defined and approved by the Board of Directors in aggregate. SERC works within the total budget to perform its delegated duties. Any variances will be explained in the quarterly variance reports.

Summary by Program

The following table and figure summarize and illustrate SERC's budget by program area.

Base Operating Budget	Budget 2014	Projection 2014	Budget 2015	Change 2015 Budget v 2014 Budget	% Change
Reliability Standards	546,740	809,350	681,119	134,379	24.6%
Compliance Enforcement and Organization Registration	11,875,409	10,817,881	10,779,635	(1,095,774)	-9.2%
Reliability Assessments and Performance Analysis	2,201,059	1,487,068	1,809,522	(391,537)	-17.8%
Training, Education and Operator Certification	1,107,144	1,113,549	1,055,419	(51,725)	-4.7%
Situation Awareness and Infrastructure Security	1,146,936	1,375,039	1,670,145	523,209	45.6%
Total	16,877,288	15,602,887	15,995,840	(881,448)	-5.2%
Working Capital Reserve	(502,184)	712,922	76,549	578,733	
Total Funding	16,375,104	16,315,809	16,072,389	(302,715)	-1.8%

Base Operating Budget	Budget 2014	Projection 2014	Budget 2015	Change 2015 Budget v 2014 Budget	% Change
Reliability Standards	546,740	504,649	527,360	(19,380)	-3.5%
Compliance Enforcement and Organization Registration	11,875,409	11,057,380	11,050,266	(825,143)	-6.9%
Reliability Assessments and Performance Analysis	2,201,059	1,484,227	1,797,791	(403,268)	-18.3%
Training, Education and Operator Certification	1,107,144	1,089,814	1,065,198	(41,946)	-3.8%
Situation Awareness and Infrastructure Security	1,146,936	1,929,257	1,807,207	660,271	57.6%
Total	16,877,288	16,065,327	16,247,822	(629,466)	-3.7%
Working Capital Reserve	(502,184)	278,832	(217,861)	284,323	
Total Funding	16,375,104	16,344,159	16,029,961	(345,143)	-2.1%

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

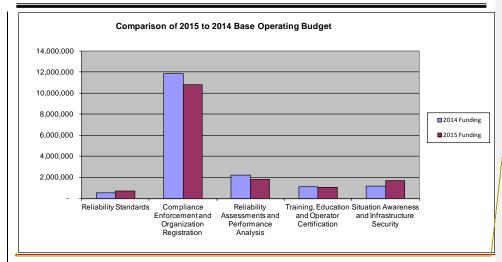
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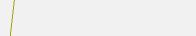
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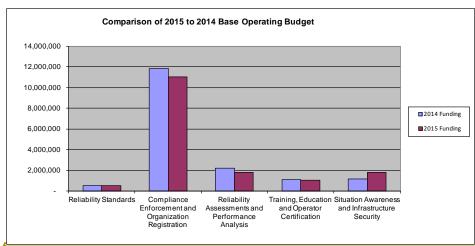
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This graphical representation does not include an allocation of working capital requirements among the Program Areas

Reliability Standards – Changes in personnel accounted for The the 3.524.6% increasedecrease in total funding from \$546,740 budgeted in 2014 to \$527,360681,119 budgeted in 2015-is primarily attributable to changes in personnel. SERC reclassified a net 0.3an FTE into out of the Reliability Standards program, as described below in the Total FTEs by Program Area schedule, as well as the increase in salaries and benefits costs for existing staff. This increase is offset by as well as applied an overall 3% vacancy rate to personnel Personnel costs, based on historical data. The increase in indirect expenses being allocated to the Reliability Standards program is due to the addition of FTEs, as well as the increase of FTEs in General &-and Administrative.

Compliance Enforcement and Organization Registration – The 6.99.2% decrease in total funding from \$11,875,409 budgeted in 2014 to \$41,050,26610,779,635 budgeted in 2015 is primarily due to results from the decrease of 45.0 FTEs as described below in the Total FTEs by Program Area schedule, as well as the 3% vacancy rate applied to personnel Personnel costs, based on historical data. The increase in indirect expenses being allocated to the Compliance Enforcement and Organization Registration program is due to the increase of FTEs in General &-and Administrative.

Reliability Assessments and Performance Analysis – The 18.317.8% decrease in total funding from \$2,201,059 budgeted in 2014 to \$1,797,7911,809,522 budgeted in 2015 is due to the decrease of 1.7 FTEs as described below in the Total FTEs by Program Area schedule, as well as the 3% vacancy rate applied to personnel Personnel costs, based on historical data. Additionally, there is a decrease in meetings Meetings and travelTravel. The decrease is offset by an increase in Consultants and Contracts to perform a benchmarking system—wide stability study. The decrease in indirect expenses being allocated to the Reliability Assessments program is due to the decrease of in FTEs.

Training, Education and Operator Certification – The 3.84.7% decrease in total funding, from \$1,107,144 budgeted in 2014 to \$1,065,1981,055,419 budgeted in 2015, is primarily due to a decrease a cost savings in meetings Meetings expense Expense due to by bringing some external several SERC meetings in-house. Additionally, SERC applied an overall 3% vacancy rate to personnel Personnel costs, based on historical data, thus causing a decreaseing in Personnel Expenses. The increase in indirect expenses being allocated to the Training, Education and Operator Certification program is due to the addition of FTEs in General and Administrative.

Situation Awareness and Infrastructure Security – The 57.645.6% increase in total funding from \$1,146,936 budgeted in 2014 to \$1,807,2071,670,145 budgeted in 2015 is due to the addition of 2.31.8 FTEs as described below in the Total FTEs by Program Area schedule, as well as the increase in salaries and benefits costs for existing staff. This increase is offset by an overall 3% vacancy rate applied to personnel costs, based on historical data. The increase in indirect expenses being allocated to the Situation Awareness and Infrastructure Security program is due to the addition of FTEs, as well as the increase of FTEs in General and Administrative.

2015 Bus	siness	Plan	and	Budget
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Introduction

The following table displays total FTEs by program area.

Total FTEs by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs ¹ 2015 Budget	Total FTEs 2015 Budget	Change from 201 Budget
	STATUTO	DRY				
Operational Programs						
Reliability Standards	2.31	2.80	2.61	-	2.61	0.3
Compliance Monitoring and Enforcement and						
Organization Registration and Certification	42.50	33.88	37.50	-	37.50	(5.0
Reliability Assessment and Performance Analysis	7.60	4.67	5.90	-	5.90	(1.7
Training and Education	2.81	2.85	2.61	-	2.61	(0.2
Situation Awareness and Infrastructure Security	4.15	4.45	5.95	-	5.95	1.8
Total FTEs Operational Programs	59.37	48.65	54.57	-	54.57	(4.8
Administrative Programs						
Technical Committees and Member Forums	4.83	4.46	5.13	-	5.13	0.3
General & Administrative	15.00	15.12	19.00	-	19.00	4.0
Legal and Regulatory	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-
Finance and Accounting	-	-	-	-	-	-
Total FTEs Administrative Programs	19.83	19.58	24.13	-	24.13	4.3
Total FTEs	79.20	68.22	78.70	-	78.70	(0.5

 $^{1}\!\text{A}$ shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

			Direct FTEs	Shared	Total FTEs	Change
	Budget	Projection		FTEs ¹ 2015	2015	from 2014
Total FTE's by Program Area	2014	2014	Budget	Budget	Budget	Budget
	STATUTO	ORY				
Operational Programs	2.21	4.00	2		2.11	10.5
Reliability Standards	2.31	1.86	2.11	-	2.11	(0.20
Compliance Monitoring and Enforcement and						
Organization Registration and Certification	42.50		38.50	-	38.50	(4.00
Reliability Assessment and Performance Analysis	7.60	4.67	5.90	-	5.90	(1.70
Training and Education	2.81	2.61	2.61	-	2.61	(0.20
Situation Awareness and Infrastructure Security	4.15	6.45	6.45	-	6.45	2.30
Total FTEs Operational Programs	59.37	51.55	55.57	-	55.57	(3.80
Administrative Programs						
Technical Committees and Member Forums	4.83	3.63	4.13	-	4.13	(0.70
General & Administrative	15.00	19.00	19.00	-	19.00	4.00
Legal and Regulatory	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-
Finance and Accounting	-	-	-	-	-	-
Total FTEs Administrative Programs	19.83	22.63	23.13	-	23.13	3.30
Total FTEs	79.20	74.18	78.70	-	78.70	(0.50
A shared FTE is defined as an employee who performs	both Statu	itory and No	n-Statutory	functions.		

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This chart reflects the following changes:

- A decrease of 2.5 FTEs in the Reliability Assessments and a corresponding increase of 2.5 FTEs in Situation Awareness and Infrastructure Security programs is are due to a reclassification of positions to provide better alignment of Events Analysis work.
- 2. An increase of 1 FTE in the Reliability Assessment program is for an analyst to perform seasonal assessments review and accuracy, performance analysis, quantification, increased support in models validation and model benchmarking, along with an increased effort to track and report events data. This cost increase is offset by a corresponding decrease of 1.0 FTE in Compliance.
- 3. SERC reclassified four existing positions into General and Administrative that were previously recorded in Compliance, Reliability Assessments, Reliability Standards, Training and Education, Situation Awareness and Infrastructure Security, and Technical Committees and Member Forums, into General and Administrative, as follows:
 - __Two of the four positions, Executive Assistant to the President and Technical Writer, were reclassified between program areas, causing a decrease of 0.2 FTE in Reliability Standards, Training and Education, Reliability Assessments, Situation Awareness, and Technical Committees and a decrease of 1.0 FTE in Compliance.
 - The other two positions, Communications and Outreach Specialist and Internal Training Coordinator, were repurposed from an existing position, causing a decrease of 1.0 FTE in Compliance and 1.0 FTE in Technical Committees and Member Forums.
 - The Communications and Outreach Specialist will provide communication services to help SERC programs, projects and business units effectively develop and deliver useful, accurate and relevant information to their audiences., and t
 - 3- The Internal Training Coordinator will coordinate and provide training programs for SERC staff. This caused a decrease of 1.0 FTE in Compliance and 1.0 FTE in Technical Committees and Member Forums.
- 4. An increase of 0.5 FTE in Technical Committees and Member Forums relates to a position to assist with the CIP uncertainty. This <u>increase</u> is offset by a corresponding decrease of 1.0 FTE in Compliance. Due to the staggered entry of the position, there is an overall net decrease in FTEs of 0.5.
- An increase of 1.0 FTE in Technical Committees and Member Forums relates to additional CIP committee support. This increase is offset by a corresponding decrease of 1.0 FTE in Compliance.
- 4-6. An increase of 0.5 FTE in Reliability Standards and a corresponding decrease of 0.5 FTE in Situation Awareness and Infrastructure Security is due to a reclassification of a pro-rated position to provide better alignment of Standards work.

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2014 Budget and Projection and 2015 Budget Comparisons

The following table lists the 2014 budget and projection compared to the 2015 budget.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital

2014 Budget & Projection, and 2015 Budget

STATUTORY

Variance

Variance

2014 Projection

2015 Budget
Vai

2014 Projection v 2014 Budget 2015 Budget v 2014 Budget Variance to Prior Draft 2014 2014 2015 2015 Budget Projection Draft 1 NERC Assessments \$ 13,734,499 \$ 13,734,499 \$ 13,731,034 Penalty Sanctions
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	nc(Dec) in Fixed	Assets (C)		291,347		355,125		63,778		(112,071)		(403,
OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ (502,184) \$ 278,832 \$ 781,016 \$ (217,861) \$ 284,	OTAL BUDGET (=B + C)	\$	16,877,288	\$	16,076,827	\$	(800,461)	\$	16,247,822	\$	(629,
	OTAL CHANGE I	N WORKING CAPITAL (=A-B-C)	\$	(502,184)	\$	278,832	\$	781,016	\$	(217,861)	\$	284,
	FTEs			79.20		74.18		(5.02)		78.70		(0

Section A – Statutory Programs 2015 Business Plan and Budget

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Section A — 2015 Business PlanStatutory Programs

Reliability Standards Program

The following table lists the 2015 budget for the Reliability Standards program.

Relia	bility Standards Pro (in whole dollars)	_					
	2014 Budget	. :	2015 Budget	Increase (Decrease)	015 Budget - Prior Draft	-	riance to Prior ft Over(Under)
Total FTEs	2.31		2.61	0.30	2.11		0.50
Direct Expenses	\$ 302,921	\$	380,205	\$ 77,284	\$ 288,287	\$	91,918
Indirect Expenses	\$ 232,483	\$	304,680	\$ 72,197	\$ 243,328	\$	61,352
Other Non-Operating Expenses	\$ -	\$	-	\$ -	\$	\$	-
Inc(Dec) in Fixed Assets	\$ 11,336	\$	(3,766)	\$ (15,102)	\$ (4,255)	\$	489
Total Funding Requirement	\$ 546,740	\$	681,119	\$ 134,379	\$ 527,360	\$	153,759

Reliability Standards Program (in whole dollars) Increase 2014 Budget 2015 Budget (Decrease) (0.20) Total FTEs 2.31 2.11 302,921 288,287 Direct Expenses (14,634) 232,483 243,328 10,845 Indirect Expenses Other Non-Operating Expenses Inc(Dec) in Fixed Assets 11,336 (4,255)(15,591)546,740 (19,381) Total Funding Requirement 527,360

Program Scope and Functional Description

The SERC Reliability Standards program will develop regional reliability Reliability standards Standards in accordance with Exhibit C to the Delegation Agreement as well as develop regional criteria. The program will also promote the development and maintenance of NERC reliability Reliability standards Standards that enable NERC and regional Regional entities Entities to measure the reliability performance of bulk power system BPS owners, operators, and users.

2015 Key Assumptions

SERC's 2015 key assumptions are:

- SERC regional standards development activity will be limited
- SERC resources will support ERO initiatives in the areas of:
 - improvements Improvements in the timely and efficient -development of clear, reasonable, and technically sound mandatory reliability Reliability standardsStandards
 - standards Standards guidance including related training activities.
- The ERO Regional Standards Development Plan goal <u>is</u> to transition from the current set
 of <u>reliability_Reliability_standards_Standards</u> to a world class body of <u>reliability_Reliability_Reliability_Standards_Tanda</u>

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Section A — 2015 Business Plan<u>Statutory Programs</u> Reliability Standards Program

reliability of the <u>bulk power systemBPS</u> in North America. <u>They</u> will <u>also</u> require a significant increase in throughput.

- In developing these standards, web-based tools. The resource implications of will facilitating facilitate collaboration to build and consensus on the front end of standards development will be mitigated by increasing the efficiency of this collaboration using web-based tools.
- The ERO goal <u>is</u> to implement a cost effectiveness analysis or assessment of proposed standards. <u>This goal</u> will require additional stakeholder review and input on developing standards.
 - In developing these standards, web-based tools will facilitate collaboration and consensus. The resource implications of facilitating this collaboration will be mitigated by increasing the efficiency of industry time spent using web-based tools.

2015 Goals and Key Deliverables

SERC's 2015 goals and key deliverables are the following:

- Manage SERC's catalog of Regional Criteria and administer the SERC Regional Reliability Standards development procedure
- Support the ERO in development of clear, reasonable and technically sound mandatory reliability Reliability standards Standards in a timely and efficient manner

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Section A — 2015 Business Pla	nStatutory Programs Reliability Standards Program	

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (On the than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 Reliability Standards budget increased by 0.3.
 - During 2014, SERC reclassified the Technical Writer position out of Reliability Standards, into General and Administrative, causing a decrease of 0.2 FTE.
 Additionally.
 - An increase of 0.5 FTE in Reliability Standards and a corresponding decrease of 0.5 FTE in Situation Awareness and Infrastructure Security is due to a reclassification of a pro-rated position to provide better alignment of Standards work.
- SERC applied an overall 3% vacancy rate to personnel Personnel costs, further
 reducing Personnel Expenses. This decrease is offset by the increase in salaries and
 benefits for existing FTEs.

Meeting Expenses

• There are no significant changes requiring an explanation.

Operating Expenses

• There are no significant changes requiring an explanation.

Indirect Expenses

 Expenses related to indirect programs have beengre allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

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| Section A — 2015 Business Plan<u>Statutory Programs</u> Reliability Standards Program

Reliability Standards Program

The following table shows Ffunding sources and related expenses for the reliability Reliability standards Standards section of the 2015 business Business plan Plan and Budgetare shown the table below.

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| Section A — 2015 Business Plan<u>Statutory Programs</u> Reliability Standards Program

Variance	Part		201	4 Duug	et & Proje			<i>-</i>									
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Testing Fees Services & Software Workshops Interest Miscellaneous Services & Software Workshops Interest Miscellaneous Services & Software Workshops Interest Miscellaneous Services & Software Services & Sof	Testing Fees Services & Software Workshops Interest Miscellaneous	Total	NERC Funding	\$	546,740	\$	546,740	\$	-	\$	681,119	\$	134,379	\$	527,360	\$	153,
Testing Fee	Testing Fees Services & Software Workshops Interest Miscellaneous		Mamharchin Duac														
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Interest Miscellaneous	Interest Miscellaneous				-												
Miscellaneous	Miscellaneous		Workshops		-		-				-		-		-		
personnel Expenses Personnel Expenses Nettrement Costs Nettrement Costs Netting Expenses Consultants & Contracts Office Reat Office Reat Total Departating Expenses \$ 11,696 \$ 6,000 \$ 5,696 \$ 7,329 \$ (4,367) \$ 7,229 \$ (4	persone Salaries S. 221,774 S. 323,96 S. 101,422 S. 284,511 S. 627,77 S. 125,300 S. 153,				-		-		-				-		-		
Personnel Expenses Personnel Expenses Salaries Salaries Salaries 13.306 19.302 6.086 17.071 3.765 12.920 4.086 Retirement Cotts 31.259 42.859 11.600 40.080 8.821 30.219 9. Total Personnel Expenses Meetings Salaries 13.306 19.302 42.859 11.600 40.080 8.821 30.219 9. Total Personnel Expenses Meetings Salaries 11.696 6.000 5.696 7.329 6.3677 7.329 Conseleration Consultants & Contracts Office Cots Office Rent Office Cots Total Operating Expenses Salaries Salaries Salaries Salaries Salaries Salaries Salaries Salaries Salaries 6.2737 6.215,330 6.903 6.086 11.600 40.080 8.821 30.219 9. 9. 11.600 40.080 8.821 30.219 9. 9. 11.600 11.600 40.080 8.821 30.219 9. 9. 11.600 11.600 40.080 8.821 30.219 9. 9. 11.600 11.	Personnel Expenses Personnel Expenses Salaries Salaries \$ 221,774 \$ 323,196 \$ 101,422 \$ 284,511 \$ 62,737 \$ 215,330 \$ 69, Payoff Taxes 13,306 19,392 6,086 17,071 3,765 12,920 4 8, 60,981 16,197 31,214 6,628 22,389 8, Retirement Cotst 31,259 42,859 11,600 40,080 8,821 30,319 9, Total Personnel Expenses \$ 291,125 \$ 426,430 \$ 135,305 \$ 372,876 \$ 81,751 \$ 280,958 91, Meeting Expenses Meetings \$ 5			_	-	_		_		<u>_</u>		_	124 270	<u>_</u>		_	453
Personnel Expenses Salaries \$ 221,774 \$ 323,196 \$ 101,422 \$ 284,511 \$ 62,737 \$ 215,330 \$ 69, Payroll Taxes \$ 13,306 \$ 19,392 \$ 6,886 \$ 17,071 \$ 3,765 \$ 12,920 \$ 4, 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	Personnel Expenses Salaries \$ 221,774 \$ 323,196 \$ 101,422 \$ 284,511 \$ 62,737 \$ 215,330 \$ 69, Payroll Taxes 133,006 19,392 6,086 17,071 3,765 12,920 4 Benefits 24,786 40,983 16,197 31,214 6,228 22,389 8, Retirement Costs 31,259 42,859 11,600 40,080 8,821 30,319 9, Total Personnel Expenses \$ 291,125 \$ 426,830 \$ 135,305 \$ 372,876 \$ 81,751 \$ 280,958 91, Meeting Expenses Meeting Expenses Meeting Conference Calls Travel Conference Calls Total Meeting Expenses Office Roat Office Roat Office Roat Office Roat Total Operating Expenses Total Operating Expenses S 10,00 \$. \$. \$. \$. \$. \$. \$. \$. \$. \$	otal Funding (A)		\$	546,/40	\$	546,740	\$		\$	681,119	\$	134,379	\$	527,360	\$	153,
Salaries \$221,774 \$323,196 \$101,422 \$128,4511 \$62,737 \$215,330 69, 99 94,000 94,00	Salaries S.221,774 S. 322,196 S. 101,422 S. 284,511 S. 62,737 S. 215,330 0.9 Payroll Traces 13,306 19,392 6,086 12,071 3,765 12,920 4, 46,28 22,389 8, 88 12,071 1, 124 6,428 22,389 8, 88 12,071 1, 124																
Payroll Taxes	Payrol Tawes 13,306 19,392 6,086 17,071 3,765 12,920 4,868 8,821 8,868 8,821 30,319 9,821 30,319 9,821 30,319 9,821 30,319 9,821 30,319 9,821 30,319 9,821 30,319 9,821 30,319 9,821 30,319 9,932 30,322 30,333 3	Perso		ė	221 774	¢	323 196	\$	101 422	Ś	284 511	Ś	62 727	\$	215 320		60
Renefits	Renefits			ý		,		,		,		J		,			
Retirement Costs 31.259 42.859 11.600 40.080 8.821 30.319 9. Total Personnel Expenses \$ 291,125 \$ 426,830 \$ 135,305 \$ 372,876 \$ 81,751 \$ 280,958 91, Meeting Expenses	Retirement Costs 31,259 42,859 11,600 40,080 8,821 30,319 9,																
Meeting Expenses Meeting S	Meeting Expenses Meetings		Retirement Costs				42,859										
Meetings	Meetings S S S S S S S S S	Total	Personnel Expenses	\$	291,125	\$	426,430	\$	135,305	\$	372,876	\$	81,751	\$	280,958		91,
Meetings	Meetings S	Meet	ting Expenses														
Travel Conference Calls Total Meeting Expenses Sample	Travel Conference Calls			Ś		\$		Ś		\$		\$		\$			
Total Meeting Expenses	Total Meeting Expenses \$ 11,696 \$ 6,000 \$ (5,696) \$ 7,329 \$ (4,367) \$ 7,329 \$				11,696		6,000		(5,696)		7,329		(4,367)		7,329		
Operating Expenses	Operating Expenses Consultants & Contracts Office Rent Office Costs 100 Office Costs 100 Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 100 \$. \$ (100) \$. \$ (100) \$. \$. \$. \$. \$. \$. \$. \$. \$. \$										-		-		-		
Consultants & Contracts S S S S S S S S S	Consultants & Contracts S	Total	Meeting Expenses	\$	11,696	\$	6,000	\$	(5,696)	\$	7,329	\$	(4,367)	\$	7,329		
Office Rent Office Costs 100 (100) (100) (100) Office Sosts 100 (100) (100) (100) Office Sosts 100 (100) (100) (100) (100) Office Sosts 100 (100) (100) (100) (100) (100) Office Sosts 100 (100)	Office Rent Office Costs 100	Oper	ating Expenses														
Office Costs 100 - (100) - (10	Office Costs Professional Services Professio			\$	-	\$	-	\$	-	\$		\$	-	\$	-		
Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 100 \$. \$ (100) \$. \$ (100) \$. \$ \$ (100) \$. \$ \$ 9 . \$	Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 100 \$. \$ (100) \$. \$ (100) \$. \$ \$ Total Operating Expenses \$ 302,921 \$ 432,430 \$ 129,509 \$ 380,205 \$ 77,284 \$ 288,287 \$ 91, Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$ 5 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$. \$. \$.				-		-				-				-		
Miscellaneous Depreciation Total Operating Expenses \$ 100 \$ \$ \$ (100) \$ \$ \$ \$ (100) \$ \$ \$ \$ \$ (100) \$ \$ \$ \$ \$ \$ \$ (100) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Miscellaneous Depreciation Total Operating Expenses \$ 100 \$. \$ (100) \$. \$ (100) \$. \$ \$ Total Direct Expenses \$ 302,921 \$ 432,430 \$ 129,509 \$ 380,205 \$ 77,284 \$ 288,287 \$ 91, Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$ \$ 1335,404 \$ 789,770 \$ 254,366 \$ 684,885 \$ 149,481 \$ 531,615 \$ 153, hange in Assets \$ 11,336 \$ (243,030) \$ (254,366) \$ (3,766) \$ (15,102) \$ (4,255) \$ Exed Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 11,336 \$ 19,580 \$ 8,244 \$ (3,766) \$ (15,102) \$ (4,255) \$ Extended Long Capital C				100				(100)		-		(100)		-		
Total Operating Expenses \$ 100 \$	Depreciation																
Total Direct Expenses \$ 302,921 \$ 432,430 \$ 129,509 \$ 380,205 \$ 77,284 \$ 288,287 \$ 91, Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$	Total Direct Expenses \$ 302,921 \$ 432,430 \$ 129,509 \$ 380,205 \$ 77,284 \$ 288,287 \$ 91, Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 772,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$. \$ Other Non-Operating Expenses \$. \$. \$ Other Non-Operating Expenses \$. \$. \$ Other Non-Operating Expenses \$.																
Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$	Total		\$	100	\$	-	\$	(100)	\$		\$	(100)	\$	-	\$	
Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Indirect Expenses \$ 232,483 \$ 357,340 \$ 124,857 \$ 304,680 \$ 72,197 \$ 243,328 \$ 61, Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$. \$. \$		Total Direct Expenses	\$	302,921	\$	432,430	\$	129,509	\$	380,205	\$	77,284	\$	288,287	\$	91,
Other Non-Operating Expenses S S S S S S S S S S S S S S S S S S	Other Non-Operating Expenses S S S S S S S S S S S S S S S S S S	to die		_	222.402	_	257.240	_	424.057	Ţ	204.000	_	72.407	_	242.220	_	-
Stal Expenses (8) S 535,404 S 789,770 S 254,366 S 684,885 S 149,881 S 531,615 S 153,	State Stat			3	232,483	,	357,340	•	124,857	<u> </u>	304,680	3	72,197	<u> </u>	243,328	->	61,
Sample in Assets Sample in A	xed Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 11,336 \$ 19,580 \$ 8,244 \$ (3,766) \$ (15,102) \$ (4,255) \$ (4,	Othe	r Non-Operating Expenses	\$		\$		\$		\$	-	\$	-	\$			
Need Assets	Need Assets Section	otal Expenses (B	3)	\$	535,404	\$	789,770	\$	254,366	\$	684,885	\$	149,481	\$	531,615	\$	153,
Depreciation S S S S S S S S S	Depreciation \$. \$. \$. \$. \$. \$. \$. \$. \$. \$	hange in Assets		\$	11,336	\$	(243,030)	\$	(254,366)	\$	(3,766)	\$	(15,102)	\$	(4,255)	_	
Depreciation S S S S S S S S S	Depreciation \$. \$. \$. \$. \$. \$. \$. \$. \$. \$	xed Assets															
Furniture & Fixtures CapEx Equipment CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 5,46,740 8,09,350 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) Allocation of Fixed Assets (C) 11,336 19,580 19,58	Equipment CapEx Equipment CapEx Leasehold Improvements 1.36 19,580 8,244 (3,766) (15,102) (4,255) (15,102) (15,		eciation	\$	-	\$		\$		\$	-	\$		\$	-	\$	
Equipment CapEx	Equipment CapEx				-		-		-		-		-		-		
Leasehold Improvements Allocation of Fixed Assets \$ 11,336 19,580 8,244 (3,766) (15,102) (4,255) Ac(Dec) in Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) OTAL BUDGET (=B+C) \$ 546,740 \$ 809,350 \$ 262,610 \$ 681,119 \$ 134,379 \$ 527,360 \$ 153,021	Leasehold Improvements \$ 11,336 19,580 8,244 (3,766) (15,102) (4,255) AICDCAID In Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) DTAL BUDGET (=B+C) \$ 546,740 \$ 89,350 \$ 262,610 \$ 681,119 \$ 134,379 \$ 527,360 \$ 153,000 DTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ (262,610) \$ -				-										-		
Allocation of Fixed Assets \$ 11,336	Allocation of Fixed Assets \$ 11,336				-				-								
or(Dec) in Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) OTAL BUDGET (=B+C) \$ 546,740 \$ 809,350 \$ 262,610 \$ 681,119 \$ 134,379 \$ 527,360 \$ 153,	to(Dec) in Fixed Assets (C) 11,336 19,580 8,244 (3,766) (15,102) (4,255) OTAL BUDGET (=B+C) \$ 546,740 \$ 809,350 \$ 262,610 \$ 681,119 \$ 134,379 \$ 527,360 \$ 153, OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ (262,610) \$ (262,610) \$ - \$ - \$ - \$ - \$ - \$				-		-		-		-		-		-		
OTAL BUDGET (=B+C) \$ 546,740 \$ 809,350 \$ 262,610 \$ 681,119 \$ 134,379 \$ 527,360 \$ 153,	OTAL BUDGET (=B+C) \$ 546,740 \$ 809,350 \$ 262,610 \$ 681,119 \$ 134,379 \$ 527,360 \$ 153, OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ (262,610) \$ (262,610) \$ - \$ - \$ - \$ - \$			\$													
	OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ (262,610) \$ (262,610) \$ - \$ - \$ - \$ - \$			_		_		_		_		_		_		_	
OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ (262,610) \$ (262,610) \$ - \$ - \$ - \$		DTAL BUDGET (:	=B + C)	\$	546,740	\$	809,350	\$	262,610	\$	681,119	\$	134,379	\$	527,360	\$	153,
		OTAL CHANGE II	N WORKING CAPITAL (=A-B-C)	\$	-	\$	(262,610)	\$	(262,610)	\$	-	\$	-	\$	-	\$	

	Statement of Activitie				n, and 201			ung	Capital			
	20.	L4 buag	RELIABILIT			.5 Buc	get					
		_	2014 Budget		2014 Projection		/ariance 1 Projection 014 Budget er(Under)		2015 Budget	Variance 2015 Budget v 2014 Budge Over(Under)		
Funding FR	O Funding											
2	NERC Assessments Penalty Sanctions	\$	466,802 79,938	\$	466,802 79,938	\$	-	\$	461,216 66,144	\$	(5,5 (13,7	
Tot	al NERC Funding	\$	546,740	\$	546,740	\$	-	\$	527,360	\$	(19,3	
	Membership Dues											
	Testing Fees		-		-		-		-			
	Services & Software		-		-		-		-			
	Workshops		-		-		-		-			
	Interest Miscellaneous		-		-		-		-			
otal Funding (\$	546,740	\$	546,740	\$		\$	527,360	\$	(19,3	
xpenses	rsonnel Expenses											
rei	Salaries	\$	221,774	\$	197,623	\$	(24,151)	\$	215,330	\$	(6,4	
	Payroll Taxes	,	13,306		11,857		(1,449)		12,920		(3	
	Benefits		24,786		24,366		(420)		22,389		(2,3	
	Retirement Costs	_	31,259	_	27,818		(3,441)	_	30,319		(9	
Tot	al Personnel Expenses	\$	291,125	\$	261,664	\$	(29,461)	\$	280,958	\$	(10,1	
Me	eting Expenses											
	Meetings	\$	-	\$	-	\$	-	\$	-	\$		
	Travel		11,696		6,000		(5,696)		7,329		(4,3	
7-4	Conference Calls al Meeting Expenses	\$	11,696	\$	6,000	\$	(5,696)	\$	7,329	\$	(4.2	
101	ai Meeting Expenses	3	11,096	->	6,000	->	(5,696)	->	7,329	->	(4,3	
Ор	erating Expenses											
	Consultants & Contracts	\$	-	\$	-	\$	-	\$	-	\$		
	Office Rent Office Costs		100		-		- (100)		-			
	Professional Services		100				(100)		_		(1	
	Miscellaneous		_		_		-		-			
	Depreciation		-		-		-	_	-			
Tot	al Operating Expenses	\$	100	\$	-	\$	(100)	\$	-	\$	(1	
	Total Direct Expenses	\$	302,921	\$	267,664	\$	(35,257)	\$	288,287	\$	(14,6	
Ind	irect Expenses	\$	232,483	\$	224,172	\$	(8,311)	\$	243,328	\$	10,8	
Oti	her Non-Operating Expenses	_\$	-	\$	-	\$	-	\$	-	\$		
otal Expenses	(B)	\$	535,404	\$	491,836	\$	(43,568)	\$	531,615	\$	(3,7	
Change in Asse	ts	\$	11,336	\$	54,904	\$	43,568	\$	(4,255)	\$	(15,5	
ixed Assets												
	preciation	\$	-	\$	-	\$	-	\$	-	\$		
	mputer & Software CapEx niture & Fixtures CapEx		-		-		-		-			
	ipment CapEx		-		-		-		-			
	sehold Improvements		-		-		-		-			
All	ocation of Fixed Assets	\$	11,336		12,813		1,477		(4,255)		(15,5	
nc(Dec) in Fixe		<u> </u>	11,336	_	12,813		1,477	_	(4,255)		(15,5	
TOTAL BUDGET		\$	546,740	\$	504,649	\$	(42,091)	\$	527,360	\$	(19,3	
TOTAL CHANG	E IN WORKING CAPITAL (=A-B-C)	\$		\$	42,091	\$	42,091	\$	-	\$		

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

The following table lists the budget for the Compliance Monitoring and Enforcement and Organization Registration and Certification Program.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

	(III WHOIC dollars)												
		014 Budget	2	2015 Budget		Increase (Decrease)	20	015 Budget -Prior Draft	Variance to Prior Draft Over(Under)				
Total FTEs		42.50		37.50		(5.0)		38.50		(1.00)			
Direct Expenses	\$	7,389,556	\$	6,456,152	\$	(933,404)	\$	6,688,035	\$	(231,883)			
Indirect Expenses	\$	4,277,293	\$	4,377,590	\$	100,297	\$	4,439,876	\$	(62,286)			
Other Non-Operating Expenses	\$	-	\$	-	\$	-	\$	-	\$	-			
Inc(Dec) in Fixed Assets	\$	208,560	\$	(54,107)	\$	(262,667)	\$	(77,645)	\$	23,538			
Total Funding Requirement	\$	11,875,409	\$	10,779,635	\$	(1,095,774)	\$	11,050,266	\$	(270,631)			

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars) 2014 Budget 2015 Budget (Decrease) Total FTEs 42.50 38.50 (4.0)Direct Expenses 7,389,556 6,688,035 (701,520 4,277,293 4,439,876 162,583 Indirect Expenses Other Non-Operating Expenses Inc(Dec) in Fixed Assets 208,560 \$ (77,645)(286,205) 11,875,409 11,050,266 Total Funding Requirement (825,142)

Program Scope and Functional Description

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program is implemented by SERC's Compliance and Enforcement staffspersonnel, which who are independent of stakeholders and registered entities Entities. To accomplish this objective, SERC's Compliance Monitoring and Enforcement and Organization Registration and Certification Program area is further divided into three areas: compliance monitoring, compliance programs, and enforcement.

Compliance

SERC's Compliance staff is responsible for implementingimplements the Compliance Monitoring processes and Organization organization and Registration registration activities pursuant to the Delegation Agreement and Uniform Compliance Monitoring and Enforcement Program (CMEP). The Compliance Program consists of three primary functional areas:

- Monitoring
 - <u>area, responsible for conductingConducts</u> compliance audits, spot checks, and investigations.
 - Personnel serve, and serving as subject matter experts for all standards and for implementing the process for Technical Feasibility Exceptions to the CIP standards.
- Compliance Programs and Services

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Compliance Monitoring and Enforcement

- <u>area, responsible for il</u>mplementings and <u>deploying deploys</u> Entity risk assessment, CMEP-related analytics, and Compliance assessments.
- and Organization Registration and Certification
 - <u>area, responsible rRegistersing</u> owners, operators, and users of the <u>Bulk Power SystemBPS</u> for compliance with Reliability Standards.
 - and cCertifyingies applicable entities.

Enforcement

Enforcement personnelstaff evaluates all Possible Violations of Reliability Standards and conducts a thorough assessment to determine whether if there is sufficient basis to allege a violation. This evaluation includes The Enforcement personnel follow these steps;

- dDetermininge the complete scope of the violation and the actual and potential risk to the BPS reliability of the Bulk Power System.
- The Enforcement staff nN otifiesy the Registered Entity of its the findings regarding the violation and any applicable penalties or sanctions.
- 3. Enforcement staff reviews the Registered Entity's mitigating activities to ensure that the entity it-corrects the issue and prevents recurrence.
- 4. The Enforcement staff may also engage in settlement nNegotiationse settlement with the registered-Registered entityEntity.
- Submit The proposed enforcement Enforcement action, along with any proposed penalty or sanctions, is submitted to NERC for its review, and approval, and subsequent submittal to FERC.
- 6. If a Registered Entity challenges the findings of the violation and/or penalty, the Enforcement staff would-prosecutes the case before the Board Compliance Committee, wheich acts as SERC's hearing body.

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2015 Key Assumptions

Compliance

- SERC will collaborate with NERC in the development of procedures, IT platforms, and tools.
- SERC will address <u>Complaints</u> submitted to the <u>regions Regions</u> that allege a violation of a Reliability Standard.
- Risk-based monitoring activities are expected to increase. <u>SERC must consider whether to modify-and strong consideration will need to be given to modifying</u> the current time-based audit cycles for <u>registered-Registered entities</u>.
- SERC will <u>utilize-employ</u> consistent audit practices and focus on higher target reliability risks to increase efficiency of <u>compliance Compliance monitoring Monitoring</u> and mitigate overall compliance costs.
- <u>SERC will continue Ttraining of Compliance staff on risk principles and implementation of enhanced audit practices, including credentialing and Reliability Assurance Initiative (RAI), will continue. SERC expects that ongoing tTraining activity will have an impact on affect staffing needs and costs (e.g., travel, lodging, and labor).
 </u>
- SERC will support the training requirements necessary to meet the criteria set forth by the <u>ERO Auditor Manual and Handbook</u> and the <u>Compliance Auditor Capabilities and Competency Guide.</u> SERC will demonstrate the following:
 - Compliance <u>staff and other personnel</u>, <u>as necessary</u>, <u>understand</u> guidance documents <u>are socialized with compliance staff and other personnel</u>, <u>as necessary</u>.
 - An annual process is in placeexists for personnel to acknowledge their commitment to Professional Standards, Ethical Principles, and Rules of Conduct.
 - An annual assessment process is in placeexists to evaluate audit team content and capability needs.
 - A training program is in placeexists that addresses initial and continuing training for capability and competency development.
- The use of spots checks is expected to increase as risk-based monitoring is implemented, but spot checks should have little effect on overall resource requirements.
- Non-<u>Critical Infrastructure Protection (CIP)</u> violations are expected to continue to decrease as most registered Registered entities Entities have been audited and the standards and Reliability Standards Audit Worksheets (RSAWs) have matured.
 - Dedicated CIP compliance personnel will need tomust be allocated to address the conversion from V3 to V5 and provide to support to entities undergoing a CIP audit, until the standards are stablestability in the standards is reached.
- SERC estimates it will perform 7 onsite and 9 offsite CIP audits or spot checks and 12 onsite and 9 offsite Operations and Planning audits or spot checks.
- The implementation will continue for Technical Feasibility Exception (TFE) processing implementation will continue. This implementation and will likely probably include equipment class-based exceptions, audit sampling and a less onerous simpler process for reporting and reviewing
- SERC will provide to NERC timely and accurate information relating to about registrations.
- The plan developed for the 2014 registration assessment project will be implemented.

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- SERC will review the analyses of system events to confirm that all necessary entities are registered and registered entities Entities initiate corrective actions, as appropriate.
- SERC will collaborate with NERC to determine if certification is appropriate or if a new certification is required to accommodate a change in a registered entity's status.
- In certifying registered Registered entities Entities, SERC will collaborate with NERC and implement the NERC-approved certification process to assess a registered Registered entity's Entity's capability for performing its registered function(s) and to use the tools NERC provided provides NERC.
- SERC will document the information obtained during the certification process and make recommendations to NERC regarding certification-to NERC.
- SERC estimates that it will conduct 4-four certification reviews.
- The implementation of the <u>Bulk Electric System (BES)</u> definition may place additional resource demands on the registration area.
- The <u>volume of documents</u><u>numbers of for</u> Joint Registration Organization, Coordinated Functional Registration, and Multi-Regional Entity Registration documents are expected towill increase as entities better delineate shared responsibilities and seek to achievopromote efficiency and effectiveness in compliance. This increase will have a direct impact on affect the workload associated withfor registration and eCompliance menitoring Monitoring within SERC.
- Consideration will be given to reallocating existing staff and/or contract resources, or
 using available reserves to provide the resource support which is determined to be
 necessary by the-SERC to support the successful implementation (or transition) of these
 major activities: RAI, Risk-Based Registration and CIP v5.

Enforcement

- The rate of incoming Possible Violations will remain steady (approximately 370 violations per_/year).
- Actions to process or dismiss Possible Violations will beare timely and transparent to the industry
- As the Reliability Assurance Initiative (RAI) is defined and implemented, <u>SERC will provide appropriate</u> training will be provided to ensure that staff personnel has have the necessary skills required to implement RAI.
- <u>SERC will require dedicated resources to design and The-implementation of RAI for Enforcement</u> and to expansion expand of the Find-Fix-Track (FFT) process-will require the allocation of dedicated resources to complete the design and to begin developing the processes necessary to implement RAI for enforcement.
- Staff <u>will maintain</u> professional credentials, such as industry certifications, NERC System
 Operator Certification, <u>Critical Infrastructure Protection</u> (CIP) certifications, Professional
 Engineering licenses, and certified auditor credentials, among others, will be maintained
 to ensure that staff skills remain up to date with respect to current on industry trends and
 standards.
- There will be no significant increase in travel for Enforcement staff to follow-up with processingprocess Possible Violations and Mitigation Plans.
- No <u>SERC</u> BCC hearings will be held to resolve contested findings of a violation or penalty.
- Consideration will be given to reallocating existing staff and/or contract resources_ or using available reserves to provide the resource support which is determined to be

Section A — 2015 Business PlanStatutory Programs Compliance Monitoring and Enforcement

necessary by the SERC to support the successful implementation (or transition) of these major activities: RAI, Risk-Based Registration and CIP v5.

2015 Goals and Key Deliverables Compliance

- Conduct scheduled <u>Ceompliance mMonitoring activities pursuant to the 2015</u>
 Implementation Plan and in conformance with current <u>3-three</u> and <u>6-six</u> year audit intervals.
- Facilitate efficient and collaborative transition to new standards through:

 - -- and rReview of registered Registered entities' Entities' progress towards compliance with upcoming standards
- Work with ERO to consolidate to a common set of RSAWs, or successors, for all standards.
- Work with <u>the</u> industry to provide information on effective procedures and programs to monitor, detect, correct, report, and prevent <u>deficiencies in</u> compliance, reliability, and security.<u>-issues</u>
 - Develop and implement compliance reform through the RAI.
 - and implement RAI techniques and principles consistently.
 - Collaborate with the industry regarding best practices to e
 Encourage effective
 internal controls models-by continuing to collaborate with industry regarding best
 practices.
 - Initiate compliance phase-in learning periods for new standards
- Monitor <u>each registered Registered entities-Entity</u>, by role, for its <u>and</u>-standards requirements commensurate with the <u>reliability</u> risk-to reliability and role of each type of registered entity.
- Training of Compliance staff on risk principles and implementation of enhanced audit
 practices, including credentialing for audit team leads and other audit team members, as
 appropriate, to manage employee development.
- Continued outreach to Registered Entities for implementation of CIP Version 5 transition.
- Developing and delivering lessons learned from all aspects of the compliance Compliance monitoring monitoring processes and corrective action activities resulting from entity performance.
- Continue implementing the BES exception process.
- Evaluate the certification program for sufficiency and effectiveness. <u>Modify</u>, <u>modifythe</u> program, as needed.
- Develop the Implementation implementation plan
- <u>developed and possible dDeployment ofthe</u> plan for registration <u>commensurate with</u> <u>based on risk to the <u>bulk power systemBPS.</u>
 </u>
- Work with ERO to develop common and consistent registration processes, information systems, and methods among regions Regions
- Register entities commensurate with risk to the bulk power systemBPS
- Ensure that Aall key reliability entities are certified to have essential capabilities.

Enforcement

- Manage all Enforcement activities in an unbiased, fair, and consistent manner to ensure due process for affording all Registered Entities_appropriate due process
- Develop and implement the <u>enforcement Enforcement</u> reform through RAI, <u>including-This includes</u> the following:

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Compliance Monitoring and Enforcement

- Focus on serious risk violations to improving improve the efficiency and effectiveness of SERC operations.
- <u>by focusing on serious risk violations</u>, <u>rR</u>educinge unnecessary costs of compliance on Registered Entities while, <u>in each case</u>, ensuring <u>that</u> reliability objectives are achieved.
- Hold <u>the</u> industry accountable for violations that create a serious risk to the <u>Bulk Power SystemBPS (BPS)</u>. Ensure resulting actions are timely and transparent to <u>the</u> industry, <u>including</u>; this includes the appropriate exercise of discretion, FFT, <u>Spreadsheet Notice of Penalty (SNOP)</u>, and Full <u>Notice of Penalty (NOP)</u>. This can be achieved byTo achieve this, <u>SERC will do the following</u>:
 - An-iIncreased the percentage of self-identified non-compliances (self-reports and self-certifications).
 - Decrease theing Caseload Index and violation aging.
 - Allocating Allocate a higher percentage of lower and moderate risk violations to the BPS to be processed through discretion, FFT or SNOP.
 - Continue to eExpand use of enforcement Enforcement discretion.
- Reviewing and accepting Mitigation Plans that contain effective corrective actions.
- Ensure <u>timely</u> mitigation of all violations <u>occurs in a timely period</u> to restore compliance and prevent recurrence, thereby maintaining the reliability of the BPS. <u>Timely mitigation</u> will cause the
- •• Mitigation aging curve improving and trending favorably to trend positively.
- Develop and implement violation processing management tools and training based on the RAIReliability Assurance Initiative to improve the efficiency, transparency, consistency, quality, and timeliness of violation processing.
- Identify trends in violations and their causes.
- and pProvide Learned Learned and outreach to Registered Entities, including V5 implementation training.

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Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (On the than ERO Assessments)

• There are no significant changes requiring an explanation. Miscellaneous Funding includes the costs associated withfor SERC performing-conducting Cross-Regional Compliance Monitoring of Registered Entity functions performed by other Regional Entity organizations. The costs associated with any Cross-Regional Compliance Monitoring performed by SERC with respect to Registered Entity functions of another Regional Entity are to be funded by payments from the Regional Entity contracting with SERC for such services, in accordance with the contracts between SERC and the other Regional Entities-The Regional Entity contracting with SERC for such services will pay the costs according to the contract.

Personnel Expenses

- The FTEs included in the 2015 Compliance Monitoring and Enforcement budget decreased by 45.0. The 2014 budget included the following personnel to fill emerging needs:
 - Two an-Enforcement Engineer/Specialists, reclassified to Technical Committees
 - a-Manager of Audit Programs, reclassified to Reliability Assessments
 - Program Coordinator, reclassified to General and Administrative and a
 - Program Support Assistant, which were reclassified to Technical Committees, Reliability Assessments and General & and Administrative, respectively, during 2014, to fill emerging needs.
- SERC applied an overall 3% vacancy rate to
 <u>P</u>ersonnel costs, further reducing
 Personnel Expenses. <u>- The cost reduction is which is offset</u> by the increase in salaries
 and benefits for existing FTEs.

Meeting Expenses

• There are no significant changes requiring an explanation.

Operating Expenses

Consultants and Contracts decreased \$110,667 from 2014. The 2014 budget included
contractor support in lieu of FTEs for Enforcement of \$80,000, which was eliminated in
the 2015 budget. The remaining decrease of \$30,667 is due tobecause more software
development projects in 2015 are being capitalized and included in fixed assets in 2015.

Indirect Expenses

 Expenses related to indirect programs have beenare allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

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Compliance Enforcement and Organization Registration and

Certification Program

The following table shows Ffunding sources and related expenses for the compliance Compliance eEnforcement and And organization Organization Registration and eCertification section of the 2015 business Business plan Plan and Budgetare shown in the table below.

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Total Meeting Expenses Operating Expenses Consultants & Contracts Office Rent Office Ren	Total Meeting Expenses	Total Meeting Expenses				323,862		263,000		(60,862)		319,455		(4,407)		319,455		
Operating Expenses Consultants & Contracts Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 Miscellaneous Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ 160,1	Operating Expenses	Operating Expenses			_	-		-	_		_	-	_		_			_
Consultants & Contracts Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) 10,000 (5,000) 10,000 (5,000) 10,000 (5,000) 10,000	Consultants & Contracts Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 1	Consultants & Contracts Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 15,000) 10,000 15,000 15,000) 10,000 15,000) 10,000 15		Total Meeting Expenses	_\$_	337,872	\$	282,120	_\$_	(55,752)	\$	341,155	_\$_	3,283	<u>\$</u>	341,155		
Consultants & Contracts Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) 10,000 (5,000) 10,000 (5,000) 10,000 (5,000) 10,000	Consultants & Contracts Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 10,0000 15,0000 1	Consultants & Contracts Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 15,000) 10,000 15,000 15,000) 10,000 15,000) 10,000 15																
Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) 10,000 (5,000) 10,000 Miscellaneous Depreciation Total Operating Expenses 5 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ \$ Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,656,152 \$ (933,04) \$ 6,688,035 \$ (231,641) \$ (1,132)	Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) 10,000 (5,000) 10,000 Miscellaneous Depreciation Total Operating Expenses 5 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ (231,400) \$ (1,400)	Office Rent Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) 10,000 (5,000) 10,000 Miscellaneous Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ \$ Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,456,152 \$ (933,404) \$ 6,688,035 \$ (231,431,530) \$ 6,456,152 \$ (933,404) \$ 6,688,035 \$ (231,431,530) \$ 6,456,152 \$ (100,297) \$ 4,439,876 \$ (62,200) \$ (100,297) \$ (100,297) \$ (100,297) \$ (100,297) \$ (100,297) \$ (100,297) \$ (100,297) \$ (100,297) \$ (100,297) \$ (100,2																
Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) 10,000 (5,000) 10,000 (5,000) 10,000 Miscellaneous Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,456,152 \$ (933,404) \$ 6,688,035 \$ (231,641,641) \$ (1,131,641) \$ (Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) (5,000)	Office Costs 13,857 15,800 1,943 15,799 1,942 15,799 Professional Services 15,000 10,000 (5,000) (5,000)			Ş	245,000	\$	275,000	\$	30,000	\$	134,333	\$	(110,667)	\$	134,333		-
Professional Services Miscellaneous Depreciation	Professional Services Miscellaneous 15,000 10,000 (5,000) 10,000 (Professional Services Miscellaneous Depreciation				-		-		-		-		-		-		
Miscellaneous Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$	Miscellaneous Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$	Miscellaneous Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$						-,										-
Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$	Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$	Depreciation Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$				15,000		10,000		(5,000)		10,000		(5,000)		10,000		-
Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ \$ Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,456,152 \$ (933,404) \$ 6,688,035 \$ (231,450) \$ (1,131,530)	Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ \$ Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,456,152 \$ (933,404) \$ 6,688,035 \$ (231,404) \$ (1,105) \$ (1,10	Total Operating Expenses \$ 273,857 \$ 300,800 \$ 26,943 \$ 160,132 \$ (113,725) \$ 160,132 \$ \$ Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,456,152 \$ (933,404) \$ 6,688,035 \$ (231,645) \$ (100,297) \$ 4,439,876 \$ (62,245) \$ (100,297) \$ 4,439,876 \$ (62,245) \$ (100,297) \$ 4,439,876 \$ (62,245) \$ (100,297) \$ 4,439,876 \$ (62,245) \$ (100,297) \$ 4,439,876 \$ (Miscellaneous		-		-		-		-		-		-		-
Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,656,152 \$ (933,404) \$ 6,688,035 \$ (231,641) \$ (1,131,530) \$ (1,1	Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,656,152 \$ (933,404) \$ 6,688,035 \$ (231,411,530) \$ (1,131,530) \$ 6,656,152 \$ (933,404) \$ 6,688,035 \$ (231,411,530) \$ (1,131,531,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$ (1,131,530) \$	Total Direct Expenses \$ 7,389,556 \$ 6,258,026 \$ (1,131,530) \$ 6,656,152 \$ (933,04) \$ 6,688,035 \$ (231,641,641) \$ (1,131,641) \$ (-		-		-	_	-		-				
Indirect Expenses \$ \frac{5}{4,277,293} \\$ \frac{4,322,977}{5} \\$ \frac{45,684}{5} \\$ \frac{4,377,590}{5} \\$ \\$ \frac{5}{100,297} \\$ \\$ \frac{4,439,876}{5} \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$	Indirect Expenses \$ \$ 4,277,293 \$ 4,322,977 \$ 45,684 \$ 4,277,590 \$ 100,297 \$ 4,439,876 \$ 62,70	Indirect Expenses \$ \$ 4,277,293 \$ 4,322,977 \$ 45,684 \$ 4,377,590 \$ 100,297 \$ 4,439,876 \$ (62,200) \$ (10,00		Total Operating Expenses	\$	273,857	\$	300,800	\$	26,943	\$	160,132	\$	(113,725)	\$	160,132	\$	
Indirect Expenses \$ \frac{5}{4,277,293} \\$ \frac{4,322,977}{5} \\$ \frac{45,684}{5} \\$ \frac{4,377,590}{5} \\$ \\$ \frac{5}{100,297} \\$ \\$ \frac{4,439,876}{5} \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$ \\$	Indirect Expenses \$ \$ 4,277,293 \$ 4,322,977 \$ 45,684 \$ 4,277,590 \$ 100,297 \$ 4,439,876 \$ 62,70 Other Non-Operating Expenses \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Indirect Expenses \$ \$ 4,277,293 \$ 4,322,977 \$ 45,684 \$ 4,377,590 \$ 100,297 \$ 4,439,876 \$ (62,200) \$ (10,00			_		-		_		_		_		_		_	
Other Non-Operating Expenses S S S S S S S S S S S S S S S S S S	Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$. \$. \$	Other Non-Operating Expenses \$. \$. \$. \$. \$. \$. \$. \$. \$. \$			\$		\$						二		<u>\$</u>		\$	
S 11,666,849 S 10,581,003 S (1,085,846) S 10,833,742 S (833,107) S 11,127,911 S (294,1466) S 10,833,742 S (833,107) S 11,127,911 S (294,1467) S (262,667) S (2	S 11,666,849 S 10,581,003 S (1,085,846) S 10,833,742 S (833,107) S 11,127,911 S (294,475) C (2	total Expenses (B) \$ 11,666,849 \$ 10,581,003 \$ (1,085,846) \$ 10,833,742 \$ (833,107) \$ 11,127,911 \$ (294,1) hange in Assets \$ 208,560 \$ 1,294,406 \$ 1,085,846 \$ (54,107) \$ (262,667) \$ (77,645) 23,2 ixed Assets Depreciation		Indirect Expenses	\$	4,277,293	\$	4,322,977	\$	45,684	\$	4,377,590	\$	100,297	\$	4,439,876	\$	(62,2
hange in Assets S 208,560 S 1,294,406 S 1,085,846 S (54,107) S (262,667) S (77,645) 23,6 ked Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 S 236,878 S 28,318 (54,107) (262,667) (77,645) 23,6 kx(Dec) in Fixed Assets (C) S 208,560 S 236,878 S 28,318 S (54,107) S (262,667) S (77,645) S 23,6 xx(Dec) in Fixed Assets (C) S 11,875,409 S 10,817,881 S (1,057,528) S 10,779,635 S (1,095,774) S 11,050,266 S (270,645)	hange in Assets S 208,560 S 1,294,406 S 1,085,846 S (54,107) S (262,667) S (77,645) 23,000 Med Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 S 236,878 S 28,318 (54,107) (262,667) (77,645) S 23,000 Med Assets Allocation of Fixed Assets DTAL BUDGET (=B+C) S 11,875,409 S 10,817,881 S (1,057,528) S 10,779,635 S (1,095,774) S 11,050,266 S (270,400) Med Assets S 208,560 S 236,878 S 28,318 S 10,779,635 S 10,079,774 S 11,050,266 S (270,400) Med Assets DTAL CHANGE IN WORKING CAPITAL (=A-B-C) S 1,057,528 S 1,057,528 S . S S S S S S S S S S S S S S S S S	hange in Assets S 208,560 S 1,294,406 S 1,085,846 S (54,107) S (262,667) S (77,645) 23,5 ived Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878		Other Non-Operating Expenses	\$	-	\$	-	\$	<u> </u>	\$		\$	<u> </u>	\$	<u> </u>		
Exed Assets	Name Assets Depreciation Computer & Software CapEx	Name Assets Depreciation Computer & Software CapEx	otal Exper	nses (B)	\$	11,666,849	\$	10,581,003	\$	(1,085,846)	\$	10,833,742	\$	(833,107)	\$	11,127,911	\$	(294,1
Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Furniture	Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,416 \$ (54,107) \$ (262,667) \$ (77,645) \$ (2	Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,5000 \$ (77,645) \$ 23,5000 \$ (77,645) \$ 23,5000 \$ (77,645) \$ 23,5000 \$ (77,645) \$ 23,5000 \$ (77,645) \$ (77,64	hange in A	Assets	\$	208,560	\$	1,294,406	\$	1,085,846	\$	(54,107)	\$	(262,667)	\$	(77,645)		23,5
Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,670 \$ (500)	Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878	Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878	ixed Asset	ts														
Furniture & Fixtures CapEx Equipment CapEx Equipment CapEx Leasehold Improvements	Furniture & Fixtures CapEx	Furniture & Fixtures CapEx		Depreciation				-		-		-				-		
Furniture & Fixtures CapEx Equipment CapEx Equipment CapEx Leasehold Improvements	Furniture & Fixtures CapEx	Furniture & Fixtures CapEx		Computer & Software CapEx				-		-		-				-		
Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878	Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,100 \$ (262,667) \$ (77,645) \$ 23,100 \$ (262,667) \$ (77,645) \$ 23,100 \$ (262,667) \$ (262,66	Equipment CapEx Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,500 \$ (200,000) \$		Furniture & Fixtures CapEx				-		-		-				-		
Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878	Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878	Leasehold Improvements Allocation of Fixed Assets 208,560 \$ 236,878								-		-				-		
AC(Dec) In Fixed Assets (C) \$ 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,000 \$ (77,645) \$ 23,000 \$ (77,645) \$	OTAL BUDGET (=B+C) \$ 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,000 OTAL BUDGET (=B+C) \$ 11,875,409 \$ 10,817,881 \$ (1,057,528) \$ 10,779,635 \$ (1,095,774) \$ 11,050,266 \$ (270,400) OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$. \$ 1,057,528 \$. 1,057,528 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	DTAL BUDGET (=B+C) \$ 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,670 OTAL BUDGET (=B+C) \$ 11,875,409 \$ 10,817,881 \$ (1,057,528) \$ 10,779,635 \$ (1,095,774) \$ 11,050,266 \$ (270,400) OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ 1,057,528 \$ - <t< td=""><td></td><td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>						-				-						
AC(Dec) In Fixed Assets (C) \$ 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,000 \$ (77,645) \$ 23,000 \$ (77,645) \$	OTAL BUDGET (=B+C) \$ 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,000 OTAL BUDGET (=B+C) \$ 11,875,409 \$ 10,817,881 \$ (1,057,528) \$ 10,779,635 \$ (1,095,774) \$ 11,050,266 \$ (270,400) OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$. \$ 1,057,528 \$. 1,057,528 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	DTAL BUDGET (=B+C) \$ 208,560 \$ 236,878 \$ 28,318 \$ (54,107) \$ (262,667) \$ (77,645) \$ 23,670 OTAL BUDGET (=B+C) \$ 11,875,409 \$ 10,817,881 \$ (1,057,528) \$ 10,779,635 \$ (1,095,774) \$ 11,050,266 \$ (270,400) OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ 1,057,528 \$ - <t< td=""><td></td><td>•</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>		•														
OTAL BUDGET (=B+C) \$ 11,875,409 \$ 10,817,881 \$ (1,057,528) \$ 10,779,635 \$ (1,095,774) \$ 11,050,266 \$ (270,6)	OTAL BUDGET (=B+C) \$ 11,875,409 \$ 10,817,881 \$ (1,057,528) \$ 10,779,635 \$ (1,095,774) \$ 11,050,266 \$ (270,400) \$ (1,040) \$ (1,040) \$ (1,057,528) \$ (1,057,528) \$ (1,040) \$ (1,057,528) \$ (1,040) \$ (OTAL BUDGET (=B+C) \$ 11,875,409 \$ 10,817,881 \$ (1,057,528) \$ 10,779,635 \$ (1,095,774) \$ 11,050,266 \$ (270,400) \$ (1,000) \$ (1,		Allocation of Fixed Assets		208,560	\$	236,878		28,318		(54,107)		(262,667)		(77,645)		23,5
	OTAL CHANGE IN WORKING CAPITAL (=A-B-C) <u>\$ - \$ 1,057,528</u> <u>\$ 1,057,528</u> <u>\$ - \$ - \$ - \$</u>	OTAL CHANGE IN WORKING CAPITAL (=A-B-C) <u>\$ - \$ 1,057,528</u> <u>\$ 1,057,528</u> <u>\$ - \$ - \$ - \$</u>	ıc(Dec) in	Fixed Assets (C)	\$	208,560	\$	236,878	\$	28,318	\$	(54,107)	\$	(262,667)	\$	(77,645)	\$	23,5
OTAL CHANGE IN WORKING CAPITAL (=A-B-C)			OTAL BUD	OGET (=B+C)	\$	11,875,409	\$	10,817,881	\$	(1,057,528)	\$	10,779,635	\$	(1,095,774)	\$	11,050,266	\$	(270,6
		FTEs 42.50 33.88 (8.62) 37.50 (5.00) 38.50 (1	OTAL CHA	ANGE IN WORKING CAPITAL (=A-B-C)	\$		\$	1,057,528	\$	1,057,528	\$		\$		\$		\$	

	COMPLIANCE MONITORING	G, ENFOR	RCEMENT and	ORG	GANIZATION RI	EGISTR	ATION and CER	TIFIC	ATION		
			2014		2014	201 v 2	Variance 4 Projection 014 Budget		2015	20 v 2	Variance 015 Budge 014 Budge
Funding		-	Budget	_	Projection		ver(Under)		Budget	0	ver(Under
· unumb	ERO Funding										
	NERC Assessments	\$	10,372,696	\$	10,372,696	\$	-	\$	9,836,374	\$	(536,3
	Penalty Sanctions		1,470,713		1,470,713		-		1,206,892		(263,8
	Total NERC Funding	\$	11,843,409	\$	11,843,409	\$		\$	11,043,266	_\$_	(800,1
	Membership Dues										
	Testing Fees		-		-		-		_		
	Services & Software		-		-		-		-		-
	Workshops		-		-		-		-		-
	Interest		-		-		-		-		-
	Miscellaneous	_	32,000	_	45,500		13,500	_	7,000	_	(25,0
Total Fund	ling (A)	<u>\$</u>	11,875,409	\$	11,888,909	\$	13,500	\$	11,050,266	\$	(825,1
Expenses											
	Personnel Expenses										
	Salaries Payroll Taxes	\$	5,224,607 313,476	\$	4,463,054 267,783	\$	(761,553)	\$	4,769,980 286,199	\$	(454,6
	Payroll Taxes Benefits		313,476 523,055		267,783 524,610		(45,693) 1,555		473,946		(27,2 (49,1
	Retirement Costs		716,689		609,552		(107,137)		656,623		(60,0
	Total Personnel Expenses	\$	6,777,827	\$	5,864,999	\$	(912,828)	\$	6,186,748	\$	(591,0
	·										
	Meeting Expenses										
	Meetings Travel	\$	14,010	\$	19,990	\$	5,980	\$	21,700	\$	7,6
	Travel Conference Calls		323,862		319,776		(4,086)		319,455		(4,4
	Total Meeting Expenses	\$	337,872	\$	339,766	\$	1,894	\$	341,155	\$	3,2
	Total Meeting Expenses		337,072	<u> </u>	333,700	<u> </u>	1,034		341,133	<u> </u>	3,2
	Operating Expenses										
	Consultants & Contracts	\$	245,000	\$	245,000	\$	-	\$	134,333	\$	(110,6
	Office Rent										-
	Office Costs Professional Services		13,857 15,000		15,800 10,000		1,943 (5,000)		15,799 10,000		1,9 (5,0
	Miscellaneous Depreciation				-		(5,000)		10,000		(5,0
	Total Operating Expenses	\$	273,857	\$	270,800	\$	(3,057)	\$	160,132	\$	(113,7
	Total Direct Expenses	\$	7,389,556	\$	6,475,565	\$	(913,991)	\$	6,688,035	\$	(701,5
		_		_		_		_		_	
	Indirect Expenses	\$	4,277,293	_\$	4,334,091	\$	56,798	\$	4,439,876	\$	162,5
	Other Non-Operating Expenses	\$		\$	-	\$		\$		\$	
Total Expe	enses (B)	\$	11,666,849	\$	10,809,656	\$	(857,193)	\$	11,127,911	\$	(538,9
Change in	Assets	\$	208,560	\$	1,079,253	\$	870,693	\$	(77,645)	\$	(286,2
Fixed Asse	Depreciation										
	Computer & Software CapEx		-		-		-		-		
	Furniture & Fixtures CapEx		-		-		-		-		
	Equipment CapEx		-		-		-		-		-
	Leasehold Improvements		-		-		-		-		
	Allocation of Fixed Assets		208,560	\$	247,724		39,164		(77,645)		(286,2
nc(Dec) in	Fixed Assets (C)	\$	208,560	\$	247,724	\$	39,164	\$	(77,645)	\$	(286,2
	DGET (=B + C)		11,875,409	\$	11,057,380	\$	(818,029)	\$	11,050,266	\$	(825,1
ים ואדסו	ANGE IN WORKING CAPITAL (=A-B-C)	4	_	4	831,529	Ś	831,529	Ś	_	s	
- 172 010				<u> </u>	052,525	Ť	001,029	Ť		Ť	

Reliability Assessment and Performance Analysis Program

The following table lists the budget for the Reliability Assessments and Performance Analysis program (RAPA).

Reliability Ass		nts and Perforn whole dollars)	nanc	e Analysis					
	2	014 Budget	:	2015 Budget	Increase (Decrease)	20	015 Budget -Prior Draft	-	ariance to Prior aft Over(Under)
Total FTEs		7.60		5.90	(1.70)		5.90		-
Direct Expenses	\$	1,398,882	\$	1,129,294	\$ (269,588)	\$	1,129,294	\$	-
Indirect Expenses	\$	764,881	\$	688,741	\$ (76,140)	\$	680,396	\$	8,345
Other Non-Operating Expenses	\$	-	\$	-	\$ -	\$	_	\$	-
Inc(Dec) in Fixed Assets	\$	37,296	\$	(8,513)	\$ (45,809)	\$	(11,899)	\$	3,386
Total Funding Requirement	\$	2,201,059	\$	1,809,522	\$ (391,537)	\$	1,797,791	\$	11,731

Reliability Ass		nts and Perforn whole dollars)	nanc	e Analysis		
	2	014 Budget	2	2015 Budget		Increase (Decrease)
Total FTEs		7.60		5.90		(1.70)
Direct Expenses	\$	1,398,882	\$	1,129,294	\$	(269,588)
Indirect Expenses	\$	764,881	\$	680,396	\$	(84,485)
Other Non-Operating Expenses	\$	-	\$	-	\$	-
Inc(Dec) in Fixed Assets	\$	37,296	\$	(11,899)	\$	(49,195)
Total Funding Requirement	Ś	2.201.059	Ś	1.797.791	Ś	(403.269)

Program Scope and Functional Description

SERC's Reliability Assessment and Performance Analysis (RAPA) program provides bulk electric system (BES) analysis, data gathering, and analysis of events. RAPA identifies in order to identify bulk electric system—reliability risks to the BES in the SERC footprint, in accordance with the Delegation Agreement and NERC's Rules of Procedure. The RAPA's mission of this program is to produce promote a culture of reliability excellence measurable reliability improvement—within the SERC BES. The program accomplishes this mission by identifying risks to reliability, analyzing performance and prioritizing—through the identification, performance analysis and prioritization of significant risks to reliability, and to facilitate a culture of reliability excellence.

SERC conducts data gathering and analysis to perform an an independent reliability assessment of the BES within the SERC regionRegion, including data gathering and analysis. The assessment program utilizes uses information from its internal data collection sources along with other programs, such as NERC Transmission Availability Data System (TADS), Generating Availability Data Systems (GADS), and Demand Response Availability Data System (DADS) programs. SERC conducts and reports the results of its independent assessments of evaluates the overall reliability, performance, and adequacy of the SERC region Region and reports its results to NERC. SERC's work supports NERC's in support of the NERC obligation to perform similar analysis of the interconnected North American bulk power systemBPSs.

2015 Key Assumptions

Reliability Assessment and Performance Analysis

- Work-loads will increase to support-provide the development of processes, data, and information necessary to drive increasing required to sustain SERC's analytical efforts across the organization. Adjustments to increases will be alleviated by a ditional resources and improved the continued application of project and matrix management procedures will minimize workloads and maximize, which will also improve the utilization of existing resources.
- Additionally, wworkloads are increasing will increase to support requirements for the implementation of risk identification and mitigation requirements. SERC will use Project project management software to tools will be utilized to effectively collaborate, balance workloads, and manage resources effectively.

2015 Goals and Key Deliverables

- Implement and continue to identifyImprove model and data management improvements
 to support reliability risk management and performance analysis reporting.
- Analyze projected, historical, and operational data to observe seasonal system performance.
- Implement new Reliability Assessment Portal improvements to support RAPA information analysis and reporting requirements.
- Complete quarterly TADS, GADS, and DADS data submittals.
- Complete reliability assessment studies and support through the NERC Reliability
 <u>Assessment Subcommittee (RAS). These studies include -</u>(Summer, Winter, PostSeasonal, Long-Term, Scenario, and Probabilistic Reliability Assessments). and
 <u>FRegional planning requirements include (SERC seasonal and long-term operational scenario studies.</u>)
- Complete FERC form 715 and EIA submittals on behalf of SERC entities within specified time frames.
- Continue the development odevelop of the reliability risk identification process to
 determine risk control initiatives and necessary required mitigation actions.
- Publish to stakeholders the reports and notices of 2015 SERC primary reliability risks and 2014 mitigation efforts to stakeholders.

Reliability Assessment and Performance Analysis

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Oother than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 RAPA budget decreased by 1.7.
 - During 2014, SERC reallocated 2.5 FTE positions between the Reliability Assessments and Situation Awareness programs for better alignment, causing a decrease in personnel Personnel costs.
 - SERC reclassified the Technical Writer position that was allocated among the Reliability program areas into General and Administrative, causing a decrease of 0.2 FTE.
 - SERC further repurposed an existing budgeted position into RAPA for an analyst to do the following:
 - o Review perform seasonal assessments review and for accuracy
 - Provide performance analysis and partification.
 - increased sSupport in models validation and model and benchmarking.
 - •o_, along with an increased effort to tTrack and report events data. Finally, SERC reclassified the Technical Writer position that was allocated among the Reliability program areas into General & Administrative, a decrease of 0.2 FTE. These changes caused a net decrease of 1.7 FTEs.
- SERC applied an overall 3% vacancy rate to <u>personnel Personnel costs</u>, further reducing Personnel Expenses, <u>which is offset by</u> <u>the The increase in salaries and benefits for existing FTEs offset this decrease</u>.

Meeting Expenses

SERC's new office location has a large meeting space. <u>Most meetings_and_will</u> be scheduling most meetingsheld in-house or at a <u>Member's member's facilities</u>, substantially reducing the hotel hosting costs and causing a decreaseing in-Meetings Expense.

Operating Expenses

Consultants and contracts expenses increased by \$90,000 from the 2014 budget. Of
this increase, SERC has budgeted \$100,000 for a benchmarking system-system-wide
stability study. This increase is offset by a \$10,000 decrease for the Dynamic Reduction
Study to more align with historical costs.

Indirect Expenses

 Expenses related to indirect programs have been allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

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Reliability Assessment and Performance Analysis Program

The following table lists the funding sources and related expenses for the reliability Reliability

Aassessment and performance Performance analysis Analysis section of the 2015 business

Business plan Plan and Budgetare shown in the table below.

RRC Funding NRC Assessments S		KELIABILI	IY ASSES	SSMEN IS a	na F	PERFORMA						Variance				
### Budget Projection Over(Unider) Budget Over(Unider) Ov	ERO Fundin			2014		2014				2015			2	015 Budget		
### REA Parametris S. 1,938,061	ERO Fundin			Budget		Projection				Budget					Over	(Unde
NRIFC Assessments																
Penalty Sanctions 22,2918 22,2918 193,207 (69,791) 184,952 8.1,	Total NERC		ė	1 029 061	ė	1 029 061	ė		ė	1 616 215	ė	(221 746)	ė	1 612 920	ė	2.4
Total NERC Funding S	Total NERC		ş		۶		ş		Þ		۶		ş		ş	8,2
Testing fees Services & Software Workshops Interest Miscellaneous			\$		\$		\$		\$		\$		\$		\$	11,7
Testing fees Services & Software Workshops Interest Miscellaneous																
Services & Software Workshops Interest Miscellaneous Ottal Funding (A) \$ 2,201,059 \$ 2,201,059 \$ \$. \$ 1,809,522 \$ (391,537) \$ 1,797,791 \$ 11,7 spenses Personnel Expenses										-						
Workshops Interest Miscellaneous S. 2,201,059 S. 2,201,059 S S. 1,809,522 S. (391,537) S. 1,797,791 S. 13, 200 S. 1,200,059 S. 2,201,059 S S. 1,809,522 S. (391,537) S. 1,797,791 S. 13, 200 S. 1,200,059 S. 2,201,059 S S. 1,809,522 S. (391,537) S. 1,797,791 S. 13, 200 S. 1,200,059 S. 1,200,0																
Interest Miscellaneous				-				_		-						
Salar Sala				-				-		-						
Personnel Expenses Salarles Salarles Salarles Salarles Salarles Salarles Payroll Taxes Benefits Spido Benefits Benefits Spido Benefits Benefits Spido Benefits Benefits Spido Benefits Bedauce Benefit		Miscellaneous		-	_			-								
Personnel Expenses Salaries \$ \$818,555 \$ 459,618 \$ (358,937) \$ 553,482 \$ (265,073) \$ 553,482 Payroll Taxes	otal Funding (A)		\$	2,201,059	\$	2,201,059	\$	-	\$	1,809,522	\$	(391,537)	\$	1,797,791	\$	11,7
Personnel Expenses Salaries \$ \$818,555 \$ 459,618 \$ (358,937) \$ 553,482 \$ (265,073) \$ 553,482 Payroll Taxes	expenses															
Payroll Taxes 49.113 27.577 (21.536) 33.209 15.904 33.209 Retirement Costs 95.406 68.737 (26.669) 76.022 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.384 76.022 19.382 77.006 77.407 19.382 77.006 77.		xpenses														
Benefits Retirement Costs 15,313 64,121 51,192 77,077 37,090 77,7407 77,7407 77,007		Salaries	\$		\$		\$		\$		\$		\$			
Retirement Costs 115,313 64,121 (51,192) 77,407 (32,906) 77,407 Total Personnel Expenses																
Meeting Expenses \$ 1,078,387 \$ 620,053 \$ (458,334) \$ 740,120 \$ (338,267) \$ 740,120																
Meeting Expenses Meetings \$ 39,990 \$ 30,260 \$ (9,730) \$ 21,030 \$ (18,660) \$ 21,030 Travel 45,487 45,500 13 43,032 (2,455) 43,032 Total Meeting Expenses \$ 85,477 \$ 75,760 \$ (9,730) \$ 64,062 \$ (21,115) \$ 64,062 Operating Expenses Consultant & Contracts \$ 232,500 \$ 160,000 \$ (72,500) \$ 322,500 \$ 90,000 \$ 322,500 Office Cots \$ 2,518 \$ 2,600 \$ 22,612 94 2,612 94 2,612 Professional Services \$ 1,500 \$ 102,600 \$ (72,2418) \$ 325,112 \$ 90,000 \$ 322,500 \$ 102,600<					_				_		_		_			_
Meetings	Total Person	nnel Expenses	\$	1,078,387	\$	620,053	_\$	(458,334)	_\$_	740,120	\$	(338,267)	<u>\$</u>	740,120		_
Meetings	Manting Fu															
Travel Conference Calls Total Meeting Expenses S	wieeting ex		Ś	39 990	¢	30.260	¢	(9.730)	¢	21 030	Ś	(18 960)	¢	21.030		
Conference Calls Total Meeting Expenses S 85,477 \$ 75,760 \$ (3,717) \$ 64,062 \$ (21,415) \$ 64,062 Operating Expenses Consultants & Contracts Office Rent Office Costs Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 232,508 \$ 160,000 \$ (72,500) \$ 322,500 \$ 90,000 \$ 322,500 Begretation Total Operating Expenses \$ 2,518 \$ 2,600 \$ 82 \$ 2,612 \$ 94 \$ 2,61			,		٠		,		J		,		,			
Operating Expenses Consultants & Contracts Office Rent Office Costs Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 232,508 \$ 160,000 \$ (72,500) \$ 322,500 \$ 90,000 \$ 322,500 By 2 2,612 94 2,612 94 2,612 94 2,612 95 2,612 96 2,612 97 2,612 98 2,612 99 99 2,612 99 99 2,612 99 99 3,125,112 99 99 3,125,112 99 99 4 2,612 99 99 4 2,612 99 99 4 2,612 99 99 5 325,112 99 99 5 325,112 99 99 5 325,112 99 99 5 325,112 99 99 5 325,112 99 99 5 325,112 99 99 6 325,112 99 99 7 5 168,884 99 99 7 5 168,884 99 99 7 5 168,884 99 99 8 325,112 99 99 8 325,112 99 99 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9				-		-				,		(=,:==,		,		
Consultants & Contracts Office Reat Office Reat Office Costs Office Reat Office Costs 2,518 2,600 82 2,612 94 2,612 Professional Services Miscellaneous Depreciation Total Operating Expenses 5 235,018 5 162,600 5 (72,418) 5 325,112 5 90,094 5 325,112 5 104,000 5 322,500 82 7,724,18	Total Meeti	ng Expenses	\$	85,477	\$	75,760	\$	(9,717)	\$	64,062	\$	(21,415)	\$	64,062		_
Consultants & Contracts Office Reat Office Reat Office Costs Office Reat Office Costs 2,518 2,600 82 2,612 94 2,612 Professional Services Miscellaneous Depreciation Total Operating Expenses 5 235,018 5 162,600 5 (72,418) 5 325,112 5 90,094 5 325,112 5 104,000 5 322,500 82 7,724,18																
Office Costs Office Office Costs Office Cost	Operating E															
Office Costs Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 235,018 \$ 162,600 \$ (72,418) \$ 325,112 \$ 90,094 \$ 325,112 \$ 101 Operating Expenses \$ 1,398,882 \$ 858,413 \$ (340,469) \$ 1,129,294 \$ (269,588) \$ 1,129,294 \$ 1 Other Non-Operating Expenses \$ 764,881 \$ 595,997 \$ (168,884) \$ 688,741 \$ (76,140) \$ 680,396 \$ 8,3 Other Non-Operating Expenses \$ 764,881 \$ 595,997 \$ (168,884) \$ 688,741 \$ (76,140) \$ 680,396 \$ 8,3 Other Non-Operating Expenses \$ 764,881 \$ 1,454,410 \$ (709,953) \$ 1,818,035 \$ (345,728) \$ 1,809,690 \$ 8,3 Other Non-Operating Expenses \$ 37,296 \$ 746,649 \$ 709,353 \$ (8,513) \$ (45,809) \$ (11,899) \$ 3,200,000 \$ 1,0			\$	232,500	\$	160,000	\$	(72,500)	\$	322,500	\$	90,000	\$	322,500		
Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 235,018 \$ 162,600 \$ (72,418) \$ 325,112 \$ 90,094 \$ 325,112 \$ Total Direct Expenses \$ 1,398,882 \$ 858,413 \$ (540,469) \$ 1,129,294 \$ (269,588) \$ 1,129,294 \$ Indirect Expenses \$ 764,881 \$ 595,997 \$ (168,884) \$ 688,741 \$ (76,140) \$ 680,396 \$ 8,300 \$ 8,3				2.540		2.000		-				-		2 (12		-
Miscellaneous Depreciation Total Operating Expenses				2,518		2,600		82				94		2,612		
Depreciation S 235,018 \$ 162,600 \$ (72,418) \$ 325,112 \$ 90,094 \$ 325,112 \$																
Total Operating Expenses \$ 235,018 \$ 162,600 \$ 0,72,418 \$ 325,112 \$ 90,094 \$ 325,112 \$ Total Orect Expenses \$ 1,398,882 \$ 858,413 \$ (540,469) \$ 1,129,294 \$ (269,588) \$ 1,129,294 \$ Indirect Expenses \$ 764,881 \$ 595,997 \$ (168,884) \$ 688,741 \$ (76,140) \$ 680,396 \$ 8.2 Other Non-Operating Expenses \$ 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0,				_				_								
Total Direct Expenses \$ 1,398,882 \$ 858,413 \$ (540,469) \$ 1,129,294 \$ (269,588) \$ 1,129,294 \$ (10,100) \$	Total Opera		\$	235,018	\$	162,600	\$	(72,418)	\$	325,112	\$	90,094	\$	325,112	\$	_
Indirect Expenses \$ 764,881 \$ 595,997 \$ 168,884 \$ 688,741 \$ (76,140) \$ 680,396 \$ 8.2					÷										÷	_
Other Non-Operating Expenses \$		Total Direct Expenses	. \$	1,398,882	. \$	858,413		(540,469)	<u>\$</u>	1,129,294	\$	(269,588)	<u>\$</u>	1,129,294	\$	
State Stat	Indirect Exp	enses	\$	764,881	\$	595,997	\$	(168,884)	\$	688,741	\$	(76,140)	\$	680,396	\$	8,3
hange in Assets \$ 37,296 \$ 746,649 \$ 709,353 \$ (8,513) \$ (45,809) \$ (11,899) 3.25 Ixed Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ 3.25 Ixed Assets OTAL BUDGET (=B+C) \$ 2,201,059 \$ 1,487,068 \$ (713,991) \$ 1,809,522 \$ (391,537) \$ 1,797,791	Other Non-	Operating Expenses	\$	-	\$	-	\$	-	\$	-	\$		\$	-		
Need Assets Depreciation Computer & Software CapEx	otal Expenses (B)		\$	2,163,763	\$	1,454,410	\$	(709,353)	\$	1,818,035	\$	(345,728)	\$	1,809,690	\$	8,3
Need Assets Depreciation Computer & Software CapEx	hange in Assets		\$	37,296	\$	746,649	\$	709,353	\$	(8,513)	\$	(45,809)	\$	(11,899)		3,3
Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ 3; **Computer & Software CapEx																
Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ 3.000 \$ (10,809) \$ (10,809																
Furniture & Fixtures CapEx				-				-		-		-		-		
Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ 3,300 Inc(Dec) in Fixed Assets (C) \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ 5 (11,899)				-		-		-		-		-		-		
Leasehold Improvements Allocation of Fixed Assets \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ 3.2 Inc(Dec) in Fixed Assets (C) \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ 3.2 OTAL BUDGET (=B+C) \$ 2,201,059 \$ 1,487,068 \$ (713,991) \$ 1,809,522 \$ (391,537) \$ 1,797,791	Furniture &	Fixtures CapEx		-		-		-		-		-				
Allocation of Fixed Assets \$ 37,296 \$ 32,658 \$ (4,638) (8,513) \$ (45,809) (11,899) 3,3 (45,809) (11,899) 5 (45,809) (11,899) 5 (45,809) (11,899) 5 (45,809) 5 (11,899) 5 (45,809) 5 (11,899) 5 (45,809) 5 (11,899) 5 (45,809) 5 (11,899) 5 (45,809) 5 (11,899) 5 (45,809) 5 (11,899) 5 (45,809) 5 (11,899	Equipment	CapEx		-		-		-		-		-				
nc(Dec) in Fixed Assets (C) \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ OTAL BUDGET (=B+C) \$ 2,201,059 \$ 1,487,068 \$ (713,991) \$ 1,809,522 \$ (391,537) \$ 1,797,791	Leasehold I	nprovements		-		-		-		-		-		-		
tc(Dec) in Fixed Assets (C) \$ 37,296 \$ 32,658 \$ (4,638) \$ (8,513) \$ (45,809) \$ (11,899) \$ OTAL BUDGET (=B+C) \$ 2,201,059 \$ 1,487,068 \$ (713,991) \$ 1,809,522 \$ (391,537) \$ 1,797,791	Allocation	of Fixed Assets	Ś	37.296	s	32.658	s	(4.638)		(8.513)	Ś	(45.809)		(11.899)		3.3
OTAL BUDGET (=B+C) \$ 2,201,059 \$ 1,487,068 \$ (713,991) \$ 1,809,522 \$ (391,537) \$ 1,797,791					_	. ,			_		_		_	. ,,	-	
		(C)													>	
OTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ - \$ 713,991 \$ - \$ - \$ - \$,	2,201,035	,	1,407,000	,	(113,331)	,	23003,322	,	(351,357)	,	2,737,731		
	OTAL CHANGE IN WOR	KING CAPITAL (=A-B-C)	\$		\$	713,991	\$	713,991	\$	-	\$		\$		\$	

		14 Budge	et & Project	tion	. and 2015	Bud	zet			
			SMENTS a							
			2014 Budget		2014 Projection	201 v 2	Variance 4 Projection 014 Budget ver(Under)	2015 Budget	v 2	Variance 015 Budget 2014 Budget Over(Under)
unding	ERO Funding									
	NERC Assessments	\$	1,938,061	\$	1,938,061	\$	-	\$ 1,612,839	\$	(325,2
	Penalty Sanctions		262,998	_	262,998		-	184,952		(78,0
	Total NERC Funding	\$	2,201,059	\$	2,201,059	\$	-	\$ 1,797,791	\$	(403,2
	Membership Dues		-		-		-	-		
	Testing Fees		-		-		-	-		
	Services & Software		-		-		-	-		
	Workshops Interest		-		-		-	-		
	Miscellaneous		-		-		-	-		
otal Fundi		\$	2,201,059	\$	2,201,059	\$		\$ 1,797,791	\$	(403,2
xpenses										
	Personnel Expenses									
	Salaries	\$	818,555	\$	470,723	\$	(347,832)	\$ 553,482	\$	(265,0
	Payroll Taxes		49,113		28,243		(20,870)	33,209		(15,9
	Benefits Retirement Costs		95,406 115,313		75,879 66,188		(19,527) (49,125)	76,022 77,407		(19,3 (37,9
	Total Personnel Expenses	\$	1,078,387	\$	641,033	\$	(437,354)	\$ 740,120	\$	(338,2
										, <i>-</i> ,-
	Meeting Expenses									
	Meetings Travel	\$	39,990	\$	39,990	\$	-	\$ 21,030	\$	(18,9
	Travel Conference Calls		45,487		45,487		-	43,032		(2,4
	Total Meeting Expenses	\$	85,477	\$	85,477	\$		\$ 64,062	\$	(21,4
			-7					 , <u>-</u>		<u>, -, -</u>
	Operating Expenses	_	222		466.001	_	(30 -00:	222 - 22	_	
	Consultants & Contracts Office Rent	\$	232,500	\$	160,000	\$	(72,500)	\$ 322,500	\$	90,0
	Office Costs		2,518		2,600		82	2,612		
	Professional Services		-		-		-			
	Miscellaneous		-		-		-	-		
	Depreciation				-	_		 		
	Total Operating Expenses	\$	235,018	\$	162,600	\$	(72,418)	\$ 325,112	\$	90,0
	Total Direct Expenses	\$	1,398,882	\$	889,110	\$	(509,772)	\$ 1,129,294	\$	(269,
	Indirect Expenses	\$	764,881	\$	562,941	\$	(201,940)	\$ 680,396	\$	(84,4
	Other Non-Operating Expenses	\$	-	\$		\$		\$ 	\$	
otal Exper	ises (B)	\$	2,163,763	\$	1,452,051	\$	(711,712)	\$ 1,809,690	\$	(354,0
hange in A	ssets	\$	37,296	\$	749,008	\$	711,712	\$ (11,899)	\$	(49,
ixed Asset	s									
	Depreciation		-		-		-	-		
	Computer & Software CapEx		-		-		-	-		
	Furniture & Fixtures CapEx		-		-		-	-		
	Equipment CapEx		-		-		-	-		
	Leasehold Improvements		-		-		-	-		
	Allocation of Fixed Assets	\$	37,296	\$	32,176	\$	(5,120)	(11,899)	\$	(49,1
nc(Dec) in	Fixed Assets (C)	\$	37,296	\$	32,176	\$	(5,120)	\$ (11,899)	\$	(49,1
	GET (=B + C)	\$	2,201,059	\$	1,484,227	\$	(716,832)	\$ 1,797,791	\$	(403,2
OTAL CHA	NGE IN WORKING CAPITAL (=A-B-C)	\$	-	\$	716,832	\$	716,832	\$ -	\$	

Training, Education, and Operator Certification Program

The following table summarizes the budget for Training, Education, and Operator Certification,

Training, Ed		and Operator whole dollars)	Cert	ification				
	2	014 Budget	:	2015 Budget	Increase (Decrease)	20	15 Budget -Prior Draft	ariance to Prior aft Over(Under)
Total FTEs		2.81		2.61	(0.20)		2.61	-
Direct Expenses	\$	810,549	\$	754,505	\$ (56,044)	\$	769,473	\$ (14,968)
Indirect Expenses	\$	282,805	\$	304,680	\$ 21,875	\$	300,989	\$ 3,691
Other Non-Operating Expenses	\$	-	\$	-	\$ -	\$		\$ -
Inc(Dec) in Fixed Assets	\$	13,790	\$	(3,766)	\$ (17,556)	\$	(5,264)	\$ 1,498
Total Funding Requirement	\$	1,107,144	\$	1,055,419	\$ (51,725)	\$	1,065,198	\$ (9,779)

Training, Education and Operator Certification (in whole dollars) Increase 2014 Budget 2015 Budget (Decrease) Total FTEs 2.81 (0.20)769,473 Direct Expenses 810,549 (41,076 Indirect Expenses 282,805 300,989 18,184 Other Non-Operating Expenses Inc(Dec) in Fixed Assets 13,790 (5,264)(19,054) 1,107,144 1,065,198 Total Funding Requirement (41,946)

Program Scope and Functional Description

The SERC Training, Education, and Operator Certification program provides education and training necessary to understand and operate the bulk-power-systemBPS. The program-is-bulk-power-systemBPS operating personnel, —including-system-operations-personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel. The program also supports SERC's staff training and development initiative, and facilitates as well as the administrationing theof records necessary to maintain SERC's status as a NERC Continuing Education provider.

2015 Key Assumption

- The ERO goal <u>is</u> to implement Reliability Assurance InitiativeRAI changes <u>by 2016 to that enhance the effectiveness and reflect the attributes of develop</u> a mature compliance <u>Compliance monitoring Monitoring program by 2016 and enhance the program's effectiveness.</u> Achieving this goal will require a robust training component of the human capital management function.
 - SERC will use contract support and shared, common ERO training to defray the cost of training auditors and other key staff on the required qualification and competencies. The resource implications of supporting the development of qualifications requirements (competencies, etc.) for auditors and other key staff positions across the ERO and implementing training as needed will be addressed through contract support and shared, common ERO training for these positions.
- Transitioning SERC to a The ERO goal to transition from the current set of reliability standards to a world-class body of clear, concise reliability Reliability Setandards that

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Training, Education, and Operator Certification

are clear, concise, and will ensure the reliability of the <u>bulk power systemBPS</u> in North America. It will also necessitate great change will generate a large volume of change.

SERC will provide the training required for The resource implications of supporting the communication to and understanding by bulk power systemBPS operating personnel to understand the of these changes will be mitigated by continuing to provide education and training necessary to understand and reliably operate the bulk power system within the context of changes to ERO procedures and programs while continuing to operate the BPS reliability. These procedures and programs that monitor, detect, monitor, report, correct, report, and prevent recurrence of problems with compliance, reliability, and security-issues.

2015 Goals and Key Deliverables

- The SERC Training program will maintain SERC's status as a NERC-certified Continuing Education Provider.
- Additionally, the SERC Training program will support the following goals:
 - Development and delivery of shared, common training on required knowledge, skills and abilities for auditors and other key staff positions across the ERO.
 - Delivery of <u>four4</u> System Operator Conferences to <u>assure ensure</u> that real-time operating personnel have the competencies required to operate the BES with the highest <u>degree of</u> reliability.
 - Delivery of 1one Wide Area Restoration Drill to assure ensure that restoration
 plans and real-time operating personnel have the resources and competencies
 required to recover the BES after a major system disturbance, and to restore
 available resources and load to a stable interconnected operating state
 expeditiously after a major system Disturbance.
 - Delivery of Standards Focused Workshops to promote bulk power systemBPS operating personnel (including system operations personnel, operations support personnel, supervisors and managers, and training personnel) to explain understanding of changed expectations within new or revised Reliability Standards and related procedures and programs.

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Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Oother than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

 During 2014, SERC reclassified the Technical Writer position out of Training and Education, into General and Administrative, causing a decrease. Additionally, SERC applied an overall 3% vacancy rate to personnel Personnel costs, further reducing Personnel Expenses. This decrease is offset by the increase in salaries and benefits for existing FTEs.

Meeting Expenses

SERC's new office location has a large meeting space. <u>Most meetings and will be heldscheduling most meetings</u> in-house or at a <u>Mm</u>ember's facilities, substantially reducing the hotel hosting costs <u>and causing a decreaseing in-Meetings</u> Expense.

Operating Expenses

• There are no significant changes requiring an explanation.

Indirect Expenses

 Expenses related to indirect programs have beengre allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

Training, Education, and Operator Certification Program

The following table shows frunding sources and related expenses for the training Training, education Education, and eperator Operator certification Certification section of the 2015 business Business plan Plan and Budgetare shown in the table below.

| Section A — 2015 Business PlanStatutory Programs Training, Education, and Operator Certification

TRAINING,														
						Variance				Variance				
						4 Projection				2015 Budget			Var	riance to
		2014		2014		014 Budget		2015		v 2014 Budget	2	015 Budget	Pr	ior Draft
		Budget	Р	rojection	0	ver(Under)		Budget		Over(Under)		Draft 1	Ove	er(Under)
unding														
ERO Funding														
NERC Assessments	\$	742,299 97.240	\$	742,299 97.240	\$	-	\$	710,595 85.469	\$	(31,704) (11,771)	\$	724,025 81.818	\$	(13,43
Penalty Sanctions Total NERC Funding	\$	839,539	Ś	839,539	\$		Ś	796,064	Ś	(43,475)	\$	805,843	Ś	(9,77
Total NEIC Fulluling		633,333	_	633,333			,	730,004		(43,473)		803,843		(3,77
Membership Dues												-		-
Testing Fees				-		-		-		-		-		-
Services & Software		-		-		-		-		-		-		-
Workshops		267,605		211,060		(56,545)		259,355		(8,250)		259,355		-
Interest		-		-		-		-		-		-		-
Miscellaneous	_		_		_	(======	_		_		_		_	
otal Funding (A)	\$	1,107,144	,	1,050,599	\$	(56,545)	\$	1,055,419	\$	(51,725)	\$	1,065,198	\$	(9,77
xpenses														
Personnel Expenses														
Salaries	\$	374,069	\$	390,945	\$	16,876	\$	333,898	\$	(40,171)	\$	368,797		(34,89
Payroll Taxes		22,444		23,457		1,013		20,034		(2,410)		22,128		(2,09
Benefits		28,459		38,192		9,733		25,990		(2,469)		26,079		3)
Retirement Costs	_	52,656	_	48,911	_	(3,745)	_	46,584	_	(6,072)	_	51,470		(4,88
Total Personnel Expenses	\$	477,628	\$	501,505	\$	23,877	\$	426,506	\$	(51,122)	\$	468,474		(41,96
Meeting Expenses														
Meetings	\$	183,360	\$	122,063	\$	(61,297)	\$	144,100	\$	(39,260)	\$	144,100		-
Travel		19,241		15,000		(4,241)		18,875		(366)		18,875		-
Conference Calls			_			-		-	_	-		-		
Total Meeting Expenses	\$	202,601	\$	137,063	\$	(65,538)	\$	162,975	\$	(39,626)	\$	162,975		-
Operating Expenses														
Consultants & Contracts	\$	130,000	\$	90,000	\$	(40,000)	\$	163,000	\$	33,000	\$	136,000		27,00
Office Rent		-		-						-		-		-
Office Costs		320		2,000		1,680		2,024		1,704		2,024		-
Professional Services		-		-		-		-		-		-		-
Miscellaneous Depreciation		-		-						-		-		-
Total Operating Expenses	\$	130,320	-	92,000	\$	(38,320)	Ś	165,024	Ś	34,704	\$	138,024	Ś	27,00
			Ť.						Ĭ		=		_	
Total Direct Expenses	\$	810,549	\$	730,568	\$	(79,981)	\$	754,505	\$	(56,044)	\$	769,473	\$	(14,96
Indirect Expenses	\$	282,805	\$	363,086	\$	80,281	\$	304,680	\$	21,875	\$	300,989	\$	3,69
Other Non-Operating Expenses	\$	-	\$	-	\$		\$		\$		\$			
Total Expenses (B)	\$	1,093,354	\$	1,093,654	\$	300	\$	1,059,185	\$	(34,169)	\$	1,070,462	\$	(11,2
Change in Assets	\$	13,790	\$	(43,055)	\$	(56,845)	\$	(3,766)	\$	(17,556)	\$	(5,264)		1,49
ixed Assets Depreciation														
Computer & Software CapEx										-				
Furniture & Fixtures CapEx				-										
Equipment CapEx						-		-				-		
Leasehold Improvements		-		-				-						
Allocation of Fixed Assets	\$	13,790	\$	19,895		6,105		(3,766)	\$	(17,556)		(5,264)		1,49
nc(Dec) in Fixed Assets (C)	\$	13,790	\$	19,895	\$	6,105	\$	(3,766)	\$	(17,556)	\$	(5,264)	\$	
TOTAL BUDGET (=B + C)		1,107,144		1,113,549	\$	6,405	\$	1,055,419	\$	(51,725)	\$	1,065,198	_	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)		, . ,,	ė		Ś			,2	ć	(/: -9/	ė	,,	¢	
OTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$		\$	(62,950)	<u> </u>	(62,950)	\$		<u> </u>		>		<u> </u>	

	Statement of Activities							g Capital		
	2014 TRAINING		& Project							
	TRAINING	, EDUCA	HON and	UP	EKATOK		ariance			Variance
							Projection		20	015 Budget
			2014		2014	v 20	14 Budget	2015	v 2	014 Budget
			Budget	P	rojection	Ov	er(Under)	Budget	С	ver(Under)
Funding	ERO Funding									
	NERC Assessments	\$	742,299	\$	742,299	\$	- \$	724,025	\$	(18,2
	Penalty Sanctions	<u>.</u>	97,240		97,240			81,818		(15,4
	Total NERC Funding	\$	839,539	\$	839,539	\$	- \$	805,843	\$	(33,6
	Membership Dues		_		_		_	_		_
	Testing Fees		_		-		-	-		_
	Services & Software		-		-		-	-		-
	Workshops		267,605		220,160		(47,445)	259,355		(8,2
	Interest		-		-		-	-		-
Total Fund	Miscellaneous	•	1,107,144	_	1,059,699	\$	(47,445) \$	1,065,198	ć	(41,9
i otai i uiic	g (~)		1,107,144	<u>, , , , , , , , , , , , , , , , , , , </u>	1,033,033	<u>, </u>	(47,445) \$	1,003,130	7	(41,5
xpenses										
	Personnel Expenses									
	Salaries Payroll Taxes	\$	374,069 22,444	\$	369,141 22,148	\$	(4,928) \$ (296)	368,797 22,128	\$	(5,2 (3
	Benefits		28,459		30,870		2,411	26,079		(2,3
	Retirement Costs		52,656		51,951		(705)	51,470		(1,1
	Total Personnel Expenses	\$	477,628	\$	474,110	\$	(3,518) \$	468,474	\$	(9,1
	Meeting Expenses									
	Meetings	\$	183,360	\$	136,160	\$	(47,200) \$	144,100	\$	(39,2
	Travel		19,241		15,000		(4,241)	18,875		(3
	Conference Calls	_		_	454.460	_	- (54.444) 6	- 463.075	_	(20.6
	Total Meeting Expenses	\$	202,601	\$	151,160	\$	(51,441) \$	162,975	\$	(39,6
	Operating Expenses		420.000	Ś	120.000			126 000	Ś	
	Consultants & Contracts Office Rent	\$	130,000	\$	130,000	\$	- \$	136,000	\$	6,0
	Office Costs		320		2,000		1,680	2,024		1,7
	Professional Services		-		-		-	-		
	Miscellaneous		-		-		=	=		-
	Depreciation Total Operating Expenses	\$	130,320	\$	132,000	\$	1,680 \$	138,024	\$	7,7
						_				
	Total Direct Expenses	\$	810,549	\$	757,270	\$	(53,279) \$	769,473	\$	(41,0
	Indirect Expenses	\$	282,805	\$	314,564	\$	31,759 \$	300,989	\$	18,1
	Other New Operating Function			\$			- \$		\$	
	Other Non-Operating Expenses	\$			-	\$				
Total Expe	nses (B)	\$	1,093,354	\$	1,071,834	\$	(21,520) \$	1,070,462	\$	(22,8
Change in	Assets	\$	13,790	\$	(12,135)	\$	(25,925) \$	(5,264)	\$	(19,0
Fixed Asse										
	Depreciation Computer & Software CapEx		-		-		=	-		-
	Furniture & Fixtures CapEx		-		-		-	-		-
	Equipment CapEx		-		-		-	-		-
	Leasehold Improvements		-		=		=	-		-
	Allocation of Fixed Assets	\$	13,790	\$	17,980		4,190	(5,264)	\$	(19,0
nc(Dec) in	Fixed Assets (C)	\$	13,790	\$	17,980	\$	4,190 \$	(5,264)	\$	(19,0
	DGET (=B + C)	\$	1,107,144		1,089,814	\$	(17,330) \$	1,065,198	\$	(41,9
	•		•			-				. ,-
TOTAL CH	ANGE IN WORKING CAPITAL (=A-B-C)	\$	-	\$	(30,115)	\$	(30,115) \$	<u> </u>	\$	

Situation Awareness and Infrastructure Security Program

The following table lists the budget for Situation Awareness and Infrastructure Security.

Situation Aw		and Infrastruc	ture	Security				
	20	14 Budget		2015 Budget	Increase (Decrease)	2	015 Budget - Prior Draft	 iance to Prior t Over(Under)
Total FTEs		4.15		5.95	1.80		6.45	(0.50)
Direct Expenses	\$	708,906	\$	984,152	\$ 275,246	\$	1,076,392	\$ (92,240)
Indirect Expenses	\$	417,665	\$	694,578	\$ 276,913	\$	743,823	\$ (49,245)
Other Non-Operating Expenses	\$	-	\$	-	\$ -	\$	-	\$
Inc(Dec) in Fixed Assets		20,365		(8,585)	(28,950)		(13,008)	4,423
Total Funding Requirement	\$	1,146,936	\$	1,670,145	\$ 523,209	\$	1,807,207	\$ (137,062)

Situation Awa	ss and Infrastruc whole dollars)	ture	e Security	
	2014 Budget		2015 Budget	Increase (Decrease)
Total FTEs	4.15		6.45	2.30
Direct Expenses	\$ 708,906	\$	1,076,392	\$ 367,486
Indirect Expenses	\$ 417,665	\$	743,823	\$ 326,158
Other Non-Operating Expenses	\$ -	\$	-	\$ -
Inc(Dec) in Fixed Assets	20,365		(13,008)	(33,373)
Total Funding Requirement	\$ 1,146,936	\$	1,807,207	\$ 660,271

Program Scope and Functional Description

Situation Awareness and Events Analysis (SAEA) activities program identifies and analyzes are performed with the objective that conditions that impact or have the potential tomight impact reliable operations—are recognized and understood. The SERC Situation Awareness and Infrastructure Security program accomplishes this by monitoring sources of information and maintaining communications with stakeholders, NERC, and other organizations. This program identifies initiatives to Mmitigateing and improve reliability improvement initiatives are identified through the process of by analyzing significant bulk electric system (BES) events and existing technical reliability guidance for risks and vulnerabilities that could recur elsewhere within the bulk power systemBPS (BPS).

2015 Key Assumptions

- SERC will continue to work with other Regional SAEA groups to identify conditions or best practices that may result in or contribute to improve reliability improvements within the RES
- SERC will continue outreach efforts to communicate Events Analysis (EA) and Compliance Assessment (CA) reporting importance.
- SERC will share mitigating measures and other <u>BES</u> improvements to the BES with SERC entities and the ERO.
- SERC will continue to review and analyze reliability events with the intent to reduce events that affect the BES reliability. of the BES

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Situation Awareness and Infrastructure Security Program

2015 Goals and Key Deliverables

- Complete process improvements and metric activities.
- Develop Reliability Bulletins and support NERC Lessons Learned initiatives.
- Continue stakeholder outreach efforts that support the program.
- Continue post-event reporting initiatives that promote entity and regulatory organization awareness.
- Evaluate events information to identify risk trends and benchmarking efforts.
- Identify and prioritize risks based on reliability impacts, cost/practicality assessments, projected resources and emerging issues.
- Complete the annual report on SERC Causal Analysis and Lessons Learned.
- Provide <u>the</u> annual report to SERC entities, other <u>regionsRegions</u>, and NERC <u>in-to</u> support <u>ef</u>-engagement objectives.

Situation Awareness and Infrastructure Security Program

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Oother than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 Situation Awareness and Infrastructure Security budget increased by 2.3.
 - During 2014, SERC reclassified 2.5 FTEs from the Reliability Assessments
 program into the Situation Awareness program for Events Analysis work, causing
 an increase in Personnel costs.
 - SERC reclassified the Technical Writer position that was allocated among the Reliability program areas into General and Administrative, causing a decrease of 0.2 FTE.
- SERC applied an overall 3% vacancy rate to Personnel costs, reducing Personnel Expenses. The increase in salaries and benefits for existing FTEs offset this decrease. The increase in personnel expenses is due to the reclassification of 2.5 FTEs in 2014 from the Reliability Assessments program into the Situation Awareness and Infrastructure Security program for Events Analysis work, as well as the increase in salary and benefits for existing FTEs. SERC further reclassified the Technical Writer position out of Situation Awareness, into General and Administrative, causing a decrease of 0.2 FTE.
- As an offset, SERC applied an overall 3% attrition rate to personnel costs, further reducing Personnel Expenses.

Meeting Expenses

SERC's new office location has a large meeting space. Most and will be scheduling
most meetings will be held in-house or at a Mmember's facilities, substantially reducing
the hotel hosting costs and causing a decreasinge in Meetings Expense.

Operating Expenses

• There are no significant changes requiring an explanation.

Indirect Expenses

 Expenses related to indirect programs have beengre, allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

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Section A — 2015 Business PlanStatutory Programs
Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program

The following table shows Ffunding sources and related expenses for the situation awareness Awareness and infrastructure Infrastructure security Security section of the 2015 business Business Plan and Budgetare shown in the table below.

| Section A — 2015 Business PlanStatutory Programs Situation Awareness and Infrastructure Security Program

	SITUATIO	N AWA	RENESS ar	nd IN	IFRASTRUC	TURE	SECURITY							
			2014 Budget		2014 Projection	2014 v 20	Variance 4 Projection 014 Budget ver(Under)		2015 Budget		Variance 2015 Budget v 2014 Budget Over(Under)	2015 Budget Draft 1	Pri	riance to ior Draft er(Under
Funding ERO Fo	diaa													
EKO FI	NERC Assessments	\$	1,003,325	\$	1,003,325	\$		Ś	1,475,301	\$	471,976	\$ 1,605,013	\$	(129,7
	Penalty Sanctions		143,611	_	143,611			_	194,844	_	51,233	202,194		(7,3
Total I	NERC Funding	\$	1,146,936	\$	1,146,936	\$		\$	1,670,145	\$	523,209	\$ 1,807,207	\$	(137,0
	Membership Dues								_		-	_		
	Testing Fees								-		-	-		
	Services & Software		-		-		-		-		-			-
	Workshops		-		-		-		-		-	-		-
	Interest		-		-		-		-		-	-		-
Total Funding (A)	Miscellaneous	\$	1,146,936	\$	1,146,936	\$	-	\$	1,670,145	\$	523,209	\$ 1,807,207	5	(137,0
		3	1,140,550	-	1,140,930	-		-	1,070,145	-	323,209	3 1,807,207		(137,0
Expenses														
Person	nnel Expenses Salaries	\$	505,718	\$	548,525	\$	42,807	Ś	724,538	\$	218,820	\$ 793,986		(69,4
	Payroll Taxes	2	30.343	Þ	32,911	ş	2,568	۶	43,472	Þ	13.129	47,639		(4,1
	Benefits		52,881		67,506		14,625		71,381		18,500	80,208		(8,8)
	Retirement Costs		61,798		67,965		6,167		91,105		29,307	100,903		(9,7
Total F	Personnel Expenses	\$	650,740	\$	716,907	\$	66,167	\$	930,496	\$	279,756	\$ 1,022,736		(92,2
Meeti	ng Expenses													
	Meetings	\$	10,350	\$	10,800	\$	450	\$		\$	(10,350)	\$ -		
	Travel		47,556		47,500		(56)		52,766		5,210	52,766		
	Conference Calls				-				-		-			_
Total I	Meeting Expenses	\$	57,906	\$	58,300	\$	394	\$	52,766	\$	(5,140)	\$ 52,766		-
Opera	ting Expenses													
	Consultants & Contracts	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -		
	Office Rent Office Costs		- 260		900		640		- 890		630	- 890		
	Professional Services		260		900		640		890		630	890		-
	Miscellaneous								-		-			
	Depreciation													
Total 0	Operating Expenses	\$	260	\$	900	\$	640	\$	890	\$	630	\$ 890	\$	-
	Total Direct Expenses	\$	708,906	\$	776,107	\$	67,201	\$	984,152	\$	275,246	\$ 1,076,392	\$	(92,2
Indire	ct Expenses	\$	417,665	\$	567,818	\$	150,153	\$	694,578	\$	276,913	\$ 743,823	\$	(49,2
	Non-Operating Expenses		,	Ś		\$		ś		\$		s -		, ,
	Non-Operating Expenses	\$	-				-	_			 -			
Total Expenses (B)		\$	1,126,571	\$	1,343,925	\$	217,354	\$	1,678,730	\$	552,159	\$ 1,820,215	. \$	(141,4
Change in Assets		\$	20,365	\$	(196,989)	\$	(217,354)	\$	(8,585)	\$	(28,950)	\$ (13,008)		4,4
Fixed Assets														
	ciation													
	uter & Software CapEx				-		-		-		-	-		
	ure & Fixtures CapEx				-		-		-		-	-		
	nent CapEx		-		-		-		-		-	-		
Leaseh	nold Improvements		-		-		-		-			-		
Alloca	tion of Fixed Assets	\$	20,365	\$	31,114		10,749		(8,585)		(28,950)	(13,008)		4,4
nc(Dec) in Fixed A	ssets (C)	\$	20,365	\$	31,114	\$	10,749	\$	(8,585)	\$	(28,950)	\$ (13,008)	\$	_
TOTAL BUDGET (=	B + C)	\$	1,146,936	\$	1,375,039	\$	228,103	\$	1,670,145	\$	523,209	\$ 1,807,207		
TOTAL CHANGE IN	WORKING CAPITAL (=A-B-C)	s	_	s	(228,103)	s	(228,103)	s	-	٠,		s -	٠,	

Section A — 2015 Business PlanStatutory Programs Situation Awareness and Infrastructure Security Program

Part												
Funding Funding Funding Finding Findin		SITUATIO										
												Variance
### ROF Funding Projection							201	4 Projection			2	015 Budget
READ Section				2014		2014	v 2	014 Budget		2015	v	2014 Budget
RRC Fasessments				Budget		Projection	0	ver(Under)		Budget		Over(Under)
NRICR Assessments \$1,003,325 \$ 1,003,325 \$ 5 1,003,225 \$ 6 1,003,225 \$ 6 1,003,225 \$ 6 1,003,225 \$ 6 1,003,225 \$ 1,003,225 \$ 6 1,003,225 \$ 1,003,225 \$ 6 1,003,225 \$ 1,003,225 \$ 6 1,003,225 \$ 1,003,225 \$ 1,003,225 \$ 6 1,003,225 \$ 1,003												
Penalty Sanctions	ERO FL				_		_		_		_	
Total NERC Funding \$ 1,146,936 \$			\$		\$		\$	-	\$		\$	601,6 58,5
Membership Dues	Total N		-		ć		·		-		<u>.</u>	660,2
Testing Fees Services & Software Workshops Interest Miscellaneous	iotain	ieke runung		1,140,530	,	1,140,530	-		-	1,807,207	-	000,2
Services & Software Workshops Interest Miscellaneous				-		-		-		-		
Workshops				-		-		-		-		
Interest Miscellaneous				-		-		-		-		
Miscellaneous				-		-		-		-		
State Stat				-		-		-		-		
Personnel Expenses Salaries Sobotation	Total Funding (A)	Miscertaneous	•	1 1/6 936	-	1 1/6 936	-		-	1 807 207	_	660,2
Personnel Expenses Salaries \$ 505,718 \$ 794,726 \$ 289,008 \$ 793,986 \$ 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	otal runuing (A)			1,140,530	<u> </u>	1,140,530				1,007,207	-	000,2
Salaries \$ 505,718 \$ 794,726 \$ 289,008 \$ 793,988 \$ 2 2												
Payroll Taxes 30,343 47,684 17,341 47,639 80,e1615 50,664 80,208 Retirement Costs 51,798 102,693 40,895 100,903 102,693 40,895 100,903 102,693 40,895 100,903 102,693 40,895 100,903 102,693 40,895 100,903 102,693 40,895 100,903 102,693 40,895 100,903 102,736 5 33 102,693 40,895 100,903 102,736 5 33 102,736 1	Persor											
Retirement Costs			\$		\$		\$		\$		\$	288,2
Retirement Costs 61,798 102,693 40,895 100,903 1												17,2
Meeting Expenses \$ 650,740 \$ 1,048,648 \$ 397,908 \$ 1,022,736 \$ 3 3												27,3 39,1
Meeting Expenses Meetings Travel \$ 10,350 \$ 10,350 \$ 10,350 \$ - \$ 5,766 \$ 52,766 \$ 5	Total D		¢		•		<u> </u>		-		-	371,9
Meetings	Total F	ersonner Expenses		030,740	,	1,040,048	-	357,508	-	1,022,730	-	3/1,3
Meetings	Meeti	ng Expenses										
Conference Calls			\$	10,350	\$	10,350	\$	-	\$	-	\$	(10,3
Total Meeting Expenses \$ 57,906 \$ 57,906 \$ - \$ 52,766 \$								-		52,766		5,2
Operating Expenses		Conference Calls		-				-				
Consultants & Contracts Office Rent Office Costs Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 260 \$ 900 \$ 640 \$ 890 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total N	Meeting Expenses	\$	57,906	\$	57,906	\$		\$	52,766	\$	(5,1
Consultants & Contracts Office Rent Office Rent Office Costs 260 900 640 890 Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 260 \$ 900 \$ 540 \$ 890 \$ \$ Total Direct Expenses \$ 708,906 \$ 1,107,454 \$ 398,548 \$ 1,076,392 \$ 31 Indirect Expenses \$ 417,665 \$ 7777,371 \$ 359,706 \$ 743,823 \$ 33 Other Non-Operating Expenses \$ \$ 1,126,571 \$ 1,884,825 \$ 758,254 \$ 1,820,215 \$ 66 Change in Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 20,365 \$ 44,432 \$ 24,067 \$ (13,008)	Opera	ting Evnences										
Office Rent Office Costs Office Costs Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 260 \$ 900 \$ 640 \$ 890 \$ \$ 640 \$ \$ 890 \$ \$ 640 \$	Орега		¢		ć	_	ć		ć	_	ė	
Office Costs Professional Services Miscellaneous Depreciation 260 900 640 890 Miscellaneous Depreciation -			Ţ	_	Ţ	_	Ţ		Ų		Ÿ	
Professional Services Miscellaneous Depreciation Total Operating Expenses \$ 260 \$ 900 \$ 640 \$ 890 \$ Total Direct Expenses \$ 708,906 \$ 1,107,454 \$ 398,548 \$ 1,076,392 \$ 38 Indirect Expenses \$ 417,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 33 Other Non-Operating Expenses \$ - \$ - \$ - \$ - \$ - \$ 5 Total Expenses (B) \$ 1,126,571 \$ 1,884,825 \$ 758,254 \$ 1,820,215 \$ 66 Change in Assets Depreciation Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 20,365 \$ 44,432 \$ 24,067 \$ (13,008) \$ (10,000				260		900		640		890		6
Miscellaneous Depreciation Total Operating Expenses \$ 260 \$ 900 \$ 640 \$ 890 \$ \$ 33 \$ 33 \$ 1417,655 \$ 778,7371 \$ 359,706 \$ 743,823 \$ 33 \$ 33 \$ 1417,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 33 \$ 34 \$ 147,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 33 \$ 34 \$ 147,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 33 \$ 34 \$ 147,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 33 \$ 34 \$ 147,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 34 \$ 147,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 34 \$ 147,665 \$ 14				-		-		-		-		
Total Operating Expenses \$ 260 \$ 900 \$ 640 \$ 890 \$		Miscellaneous		-		-		-		-		
Total Direct Expenses \$ 708,906 \$ 1,107,454 \$ 398,548 \$ 1,076,392 \$ 31 Indirect Expenses \$ 417,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 32 Other Non-Operating Expenses \$ - \$ - \$ - \$ - \$ - \$ 5 - \$ 5 - \$ 5 otal Expenses (B) \$ 1,126,571 \$ 1,884,825 \$ 758,254 \$ 1,820,215 \$ 60 Other Non-Operating Expenses (B) \$ 1,126,571 \$ 1,884,825 \$ 758,254 \$ 1,820,215 \$ 60 Other Non-Operating Expenses (B) \$ 20,365 \$ (737,889) \$ (758,254) \$ (13,008)		Depreciation		-		-		-		-		
Indirect Expenses \$ 417,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 3.0 Other Non-Operating Expenses \$	Total C	perating Expenses	\$	260	\$	900	\$	640	\$	890	\$	- 6
Indirect Expenses \$ 417,665 \$ 777,371 \$ 359,706 \$ 743,823 \$ 3.000		Total Direct Expenses	Ś	708.906	Ś	1.107.454	Ś	398.548	Ś	1.076.392	Ś	367,4
Other Non-Operating Expenses \$ -		•							=			
Solution	Indired	t Expenses	<u>\$</u>	417,665	<u>\$</u>	777,371	_\$	359,706	<u>\$</u>	743,823	<u>\$</u>	326,
Stange in Assets S 20,365 S (737,889) S (758,254) S (13,008)	Other	Non-Operating Expenses	\$	-	\$		\$		\$		\$	
Stange in Assets S 20,365 S (737,889) S (758,254) S (13,008)	otal Expenses (B)		s	1.126.571	Ś	1.884.825	Ś	758.254	Ś	1.820.215	s	693,6
Depreciation										<u>.</u>		
Depreciation	nange in Assets		<u>,</u>	20,365	<u> </u>	(/3/,889)	<u> </u>	(758,254)	<u> </u>	(13,008)	<u> </u>	(33,3
Computer & Software CapEx Furniture & Fixtures CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ 20,365 \$ 44,432 \$ 24,067 \$ (13,008) \$ (0.000) Inc(Dec) in Fixed Assets (C) \$ 20,365 \$ 44,432 \$ 24,067 \$ (13,008) \$ (0.000) TOTAL BUDGET (=B+C) \$ 1,146,936 \$ 1,929,257 \$ 782,321 \$ 1,807,207 \$ 66	ixed Assets											
Furniture & Fixtures CapEx				-		-		-		-		
Equipment CapEx				-		-		-		-		
Leasehold Improvements				-		-		-		-		
Allocation of Fixed Assets \$ 20,365 \$ 44,432 24,067 (13,008) (13,0				-		-		-		-		
nc(Dec) in Fixed Assets (C) \$ 20,365 \$ 44,432 \$ 24,067 \$ (13,008) \$ (3,007) \$ (10,007)	Leasen	ora improvements		-		-		-		-		
TOTAL BUDGET (=B+C) \$ 1,146,936 \$ 1,929,257 \$ 782,321 \$ 1,807,207 \$ 60	Alloca	tion of Fixed Assets	\$	20,365	\$	44,432		24,067		(13,008)		(33,3
	nc(Dec) in Fixed A	ssets (C)	\$	20,365	\$	44,432	\$	24,067	\$	(13,008)	\$	(33,
OTAL CHANGE IN WORKING CAPITAL (=A-B-C)	OTAL BUDGET (=	3 + C)	\$	1,146,936	\$	1,929,257	\$	782,321	\$	1,807,207	\$	660,2
	OTAL CHANGE IN	WORKING CAPITAL (=A-B-C)	\$	-	\$	(782,321)	\$	(782,321)	\$	_	\$	
			_			<u> </u>		. ,				

Administrative Services

The following table lists the budget for Administrative Services.

		ve Services dollars)					
	20	014 Budget	2015 Budget	Increase (Decrease)	20	15 Budget -Prior Draft	riance to Prior ft Over(Under)
Total FTEs		19.83	24.13	4.30		23.13	1.00
Total Direct Expenses	\$	5,960,127	\$ 6,370,269	\$ 410,142	\$	6,408,412	\$ (38,143)
Inc(Dec) in Fixed Assets	\$	291,347	\$ (78,737)	\$ (370,084)	\$	(112,071)	\$ 33,334
Less: Other Funding Sources	\$	(10,000)	\$ (1,000)	\$ 9,000	\$	(1,000)	\$ -
Total Allocation to Statutory Programs as Indirect Expenses	\$	6,241,474	\$ 6,290,532	\$ 49,058	\$	6,295,341	\$ (4,809)
Funding Requirement for Working Capital	\$	(502,184)	\$ 76,549	\$ 578,733	\$	(217,861)	\$ 294,410

Administrative Services (in whole dollars) Increase 2014 Budget 2015 Budget (Decrease) Total FTEs 19.83 23.13 3.30 5,960,127 6,408,412 448,285 Total Direct Expenses Inc(Dec) in Fixed Assets 291,347 (112,071)(403,418) Less: Other Funding Sources (10,000) (1,000) 9,000 Total Allocation to Statutory Programs as Indirect 6,295,341 53,867 6,241,474 Expenses Funding Requirement for Working Capital (502,184) \$ (217,861) 284,323

Methodology for Allocation of Administrative Services Expenses to Programs Expenses related to indirect programs have-beenare allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

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Technical Committees and Member Forums

The following table lists the budget for Technical Committees and Member Forums.

Technical Comn		es and Member ole dollars)	Foru	ıms				
	2	2014 Budget	20	15 Budget	(Increase Decrease)	015 Budget - Prior Draft	Variance to Prior Draft Over(Under)
Total FTEs		4.83		5.13		0.30	4.13	1.00
Total Direct Expenses	\$	988,258	\$	927,215	\$	(61,043)	\$ 795,692	131,523
Inc(Dec) in Fixed Assets	\$	-	\$	-	\$	-	\$ -	-
Working Capital Requirement	\$	-	\$	-	\$	-	\$ -	-

		s and Member I	Forur	ns		
	2	014 Budget	20	15 Budget	(Increase Decrease)
Total FTEs		4.83		4.13		(0.70)
Total Direct Expenses	\$	988,258	\$	795,692	\$	(192,566)
Inc(Dec) in Fixed Assets	\$	-	\$	-	\$	-
Working Capital Requirement	Ś	_	Ś	_	Ś	_

Program Scope and Functional Description

The Technical Committees and Members' Forums serve to strengthen capabilities within the region Region to plan and operate the bulk electric systems BES reliably and in compliance with reliability Reliability standards Standards. The success of SERC's reliability programs depends on the active and direct participation of its members. The forums are also a source of expertise in the industry for enhancing reliability through technical excellence.

2015 Key Assumptions

- SERC's standing committee and subgroup structure for effective stakeholder involvement will continue in 2015 with each committee maintaining a three-year work plan-of committee activities
- SERC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability
- The ERO goal to identify the most significant risks to reliability, prioritize them, facilitate
 effective solutions and interventions, and monitor results will continue to build the
 efficacy of an expanded toolkit used to address reliability issues.
 - The management of the three-year work plans will focus on resource implications (industry and ERO staff) of appropriately deploying the most appropriate tool for the need, toissue in order to increase the credibility of an expanded available toolkit will be mitigated by focusing the management of the three-year work plans to produce outcomes that address reliability risks. This will help to mitigate the required increase in resources, including industry and ERO staff.

2015 Goals and Key Deliverables

 The SERC Technical Committees and Members' Forums programs will manage committee work according to the Organization and Procedures Manual for SERC Technical Committees. Formatted: Space Before: 6 pt, After: 6 pt

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Technical Committees and Member Forums

- Additionally, t<u>T</u>he SERC Technical Committees and Members' Forums programs will support increased credibility ofpromote an expanded available toolkit that <u>fully</u> understandscomprehends reliability risks <u>throughby doing the following</u>:
 - Conveneing regular meetings of the standing committees each year and of the subordinate groups, as necessary.
 - Providing inputCommunicate to the SERC Board of Directors and SERC staff on issues pertaining to operation, planning and engineering of electric systems and the advancement of the physical and cyber security of the BPS.
 - Provideing a forum for representatives to share experience and provide inputdiscuss issues of operating, planning and engineering, and physical and cyber security issues;
 - Perform Special projects at the request of the SERC Board of Directors.
 - o Participateion_in the establishment of Reliability Standards;
 - Participateion in the measurement of performance relative to Reliability Standards.
 - Promoteion of compliance with Reliability Standards through review and discussion of compliance statistics;
 - Development and exchange of information with respect toabout operating, planning and engineering, and physical and cyber security matters relating tothat affect the reliability and adequacy of the Bulk Power SystemBPS.;
 - Reviewing as necessary activities within the SERC Region on reliability and adequacy, as necessary, in order to meet Reliability Standards;
 - Performing technical functions through the assignment of specific tasks to subordinate groups.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Oother than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

- The FTEs included in the 2015 Technical Committees and Member Forum budget increased by 0.3.
 - SERCThe decrease in personnel expenses is due to the reclassified eation of the Technical Writer position from the Technical Committees and Members Forums program into the General and Administrative program, causing a decrease of 0.2 FTF
 - This decrease is offset by the addition of 0.5 FTE, with a staggered hire date, to assist with CIP uncertainty.
- SERC applied an overall 3% vacancy rate to personnel Personnel costs, further
 reducing Personnel Expenses. This decrease, which is offset by the increase in salaries
 and benefits for existing FTEs.

Meeting Expenses

SERC's new office location has a large meeting space. __and will be scheduling mMost
meetings will be held in-house or at a Mmember's facilities, substantially reducing hosting costs and decreasing staff travel costs causing a decrease in Travel Expense.

Operating Expenses

• There are no significant changes requiring an explanation.

Indirect Expenses

 Expenses related to indirect programs have beengre allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

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Technical Committees and Member Forums

The following table shows Ffunding sources and related expenses for the Technical Committees and Member Forums section of the 2015 business Business plan Plan and Budgetare shown in

Section A — 2015 Business PlanStatutory Programs Technical Committees and Member Forums

Personnel Expenses Salaries \$ 700.576 \$ 601.288 \$ (09.288) \$ 666.420 \$ (34.156) \$ 574.004 \$ 92.205 \$ 80.077 \$ (5.558) \$ 39.985 \$ (2.050) \$ 34.664 \$ 5.3777 \$ 65.352 \$ 11.1580 \$ 65.860 \$ 12.088 \$ 45.420 \$ 20.205 \$ 80.077 \$ (5.558) \$ 39.985 \$ (2.050) \$ 34.664 \$ 5.3777 \$ 65.352 \$ 11.1580 \$ 65.860 \$ 12.088 \$ 45.420 \$ 20.205 \$ 80.078 \$ (19.001) \$ 89.873 \$ (4.198) \$ 76.327 \$ 13.205 \$ (13.100) \$ 89.073 \$ (4.198) \$ 76.327 \$ 13.205 \$ (11.267) \$ 862.138 \$ (28.316) \$ 730.615 \$ 131. \$ (11.267) \$ 862.138 \$ (28.316) \$ 730.615 \$ 131. \$ (11.267) \$ 862.138 \$ (28.316) \$ (28.316) \$ (27.750)		Statement of Act							сариса							
Variance																
Properties Pro			TECHNICAL	COMMINITE	E3 allu	INICIVIDER						Variance				
2014 2014 2014 100 1															V	ariance to
Budget Projection Project				2014		2014				2015	v 2	014 Budget		2015 Budget	P	rior Draft
NEIC Assessments				Budget	P	rojection				Budget						ver(Under)
NRIC Assistantials Portal NIX Chunding Total NIX Chunding Total NIX Chunding Membership Dues Testing fees Service & Software Workshops Interest In																
Penal by Sanctions	ERO Funding															
Nembership Dues			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Membership Dues			_		_		_		_		_		_		_	
Testing fees Services & Software Workshops Interest Workshops Interest	IOTAI NEKC I	unding	_\$_		\$		\$		\$		->		\$		>	
Testing fees Services & Software Workshops Interest Workshops Interest		Memhershin Dues						_		-		_				
Morkshops				-		-		-		-						
Interest		Services & Software		-		-		-		-		-		-		
Miscellaneous S				-		-		-		-		-		-		
protest Funding (A)				-		-		-		-		-		-		
Personnel Expenses Salaries		Miscellaneous	_	<u> </u>	_	<u> </u>	_		_				_		_	
Personel Expenses	otal Funding (A)		\$. \$	<u> </u>	<u>\$</u>		. 5		<u>\$</u>		. 5		\$	
Personel Expense Salaries 5 700,576 5 601,288 5 (99,288) 5 666,420 5 (34,156) 5 574,404 9.2 Parroll Taxes 42,035 36,077 (5,558) 39,985 (2,056) 34,464 5.5 Benefits 5,3772 65,332 11,500 65,860 12,088 45,420 20 Retirement Costs 99,071 75,070 (19,001) 89,873 (4,198) 76,927 13 Total Personel Expenses	rnenses															
Salaries \$700,576 \$601,288 \$ (99,288) \$ 666,420 \$ (34,156) \$ 574,404 \$22, \$ Payroll Taxes \$4,205 \$3,475 \$65,372 \$65,352 \$11,580 \$65,860 \$12,088 \$45,420 \$20, \$ Retirement Cots \$9,4071 \$75,070 \$119,0011 \$88,273 \$14,198 \$76,327 \$13, \$		xnenses														
Payrol Taxes 42,035 36,077 (5,958) 39,985 (2,050) 34,464 5 5 6 6 6 6 6 6 6 6	i ci soillei E		Ś	700,576	\$	601,288	\$	(99,288)	\$	666,420	\$	(34,156)	\$	574,404		92,
Benefits		Payroll Taxes	,		*		-		*		*		-			5,
Meeting Expenses S 899,454 S 777,787 S 1112,667 S 882,138 S 28,316 S 730,615 331																20,
Meeting Expenses Meeting S			_		_								_			13,
Meetings	Total Persor	nnel Expenses	\$	890,454	\$	777,787	\$	(112,667)	\$	862,138	\$	(28,316)	\$	730,615		131,
Meetings																
Travel 75,139 30,000 (45,139) 38,383 (15,756) 38,383 Conference Calls	Meeting Exp			22.200		14 200		(0.000)		25 750		2.450		25.750		
Contraction Contracts Constitution Contracts Contracts Constitution Contracts Contract			Þ		÷		Þ		Þ		Þ		Þ			
Total Meeting Expenses				73,139		30,000		(43,139)		30,303		(30,730)		30,303		
Operating Expenses	Total Meetin		Ś	97,439	Ś	44,300	s	(53.139)	Ś	64,133	Ś	(33,306)	Ś	64.133		
Consultants & Contracts S		•														
Office Costs 3 365 950 585 944 579 944 Professional Services 365 950 585 944 579 944 \$	Operating E															
Office Costs			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
Professional Services Miscellameneus Depredation				-		-		-		-		-		-		
Misscallaneous Depreciation Total Operating Expenses \$ 385, \$ 950, \$ 585, \$ 944, \$ 579, \$ 944, \$ \$ Total Operating Expenses \$ 988,288, \$ 822,037, \$ 165,221, \$ 927,215, \$ (61,043), \$ 795,692, \$ 131, \$ Indirect Expenses \$ 988,288, \$ 823,037, \$ 165,221, \$ 927,215, \$ 61,043, \$ 795,692, \$ 131, \$ Indirect Expenses \$ 9 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9				365		950		585		944		579		944		
Depreciation Total Operating Expenses \$ 385 \$ 823,037 \$ 165,221 \$ 927,215 \$ (61,043) \$ 795,692 \$ 131.				-		-		-		-		-		-		
Total Operating Expenses \$ 365 \$ 950 \$ 585 \$ 944 \$ 577 \$ 944 \$ \$ 707 \$ 707 \$ 944 \$ \$ 707 \$ 707 \$ 947 \$ 947 \$ \$ 947				-		-		-		-		-		-		
Total Direct Expenses \$ 988,258 \$823,037 \$ 165,221 \$ 927,215 \$ (61,043 \$ 795,692 \$ 131. Indirect Expenses \$ (988,258) \$ (823,037) \$ 165,221 \$ (927,215) \$ 61,043 \$ (795,692) Other Non-Operating Expenses \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total Opera		•	365	-	950	-	585	-	944	-	579	_	944	-	
Indirect Expenses	Total Opera	ting expenses	3	303		330	-	363		344	-	3/3	-	344		
Other Non-Operating Expenses S		Total Direct Expenses	\$	988,258	\$	823,037	\$	(165,221)	\$	927,215	\$	(61,043)	\$	795,692	\$	131,
S S S S S S S S S S	Indirect Exp	enses	\$	(988,258)	\$	(823,037)	\$	165,221	\$	(927,215)	\$	61,043	\$	(795,692)	_	
hange in Assets S S S S S S S S S S S S S S S S S S S	Other Non-	Operating Expenses	\$		\$	-	\$		\$		\$		_\$_			
Need Assets Depreciation Computer & Software CapEx	otal Expenses (B)		_\$_		\$		\$		\$		\$		\$		\$	131,
Depreciation	hange in Assets		\$		\$		\$		\$		\$	-	\$			
Computer & Software CapEx Furniture & Filtrares CapEx Equipment CapEx Leasehold Improvements Allocation of Fixed Assets \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	xed Assets															
Furniture & Fixture Captx Equipment Captx Leasehold Improvements Allocation of Fixed Assets \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$				-		-		-		-		-				
Equipment Captx Leasehold Improvements Allocation of Fixed Assets (C) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$				-		-		-		-		-		-		
Leasehold Improvements \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -				-		-		-		-		-		-		
Allocation of Fixed Assets \$				-		-		-		-		-		-		
to(Dec) in Fixed Assets (C)	Leasenold Ir	riproverients		-		-		-		-				-		
OTAL BUDGET (#8+C) \$ - \$ - \$ - \$ - \$ -	Allocation	f Fixed Assets	\$		\$					-				-		
		(c)	\$		\$		\$		\$		\$				\$	
DTAL CHANGE IN WORKING CAPITAL (-A-B-C) <u>\$ - \$ - \$ - \$</u>	c(Dec) in Fixed Assets		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		

			et & Proje				in Working				
	1	ECHNICAL (
							/ariance				Variance
							4 Projection				15 Budget
			2014		2014		014 Budget		2015		014 Budget
unding			Budget	P	rojection	0	rer(Under)		Budget	0	ver(Under)
unung	ERO Funding										
	NERC Assessments	\$	-	\$	-	\$	-	\$	-	\$	-
	Penalty Sanctions	_	-		-				-		
	Total NERC Funding	\$	<u> </u>	\$	<u> </u>	\$	<u> </u>	\$		\$	
	Membership Dues										
	Testing Fees				-		-		-		
	Services & Software		-		-		-		-		
	Workshops		-		-		-		-		
	Interest		-		-		-		-		
otal Fund	Miscellaneous	\$		\$		\$		\$		\$	
otal Fund	ing (A)	3	<u> </u>	->	<u> </u>	3	-	3		3	
xpenses											
	Personnel Expenses										
	Salaries	\$	700,576	\$	520,206	\$	(180,370)	\$	574,404	\$	(126,1
	Payroll Taxes Benefits		42,035		31,212		(10,823)		34,464		(7,5
	Retirement Costs		53,772 94,071		46,907 68,690		(6,865) (25,381)		45,420 76,327		(8,3 (17,7
	Total Personnel Expenses	\$	890,454	\$	667,015	\$	(223,439)	\$	730,615	\$	(159,8
		·									
	Meeting Expenses		22.200		22.200				25.750		2.4
	Meetings Travel	\$	22,300 75,139	\$	22,300 30,000	\$	(45,139)	\$	25,750 38,383	\$	3,4 (36,7
	Conference Calls		73,133		30,000		(43,139)		30,303		(30,7
	Total Meeting Expenses	\$	97,439	\$	52,300	\$	(45,139)	\$	64,133	\$	(33,3
		·									
	Operating Expenses Consultants & Contracts	\$	-	\$		\$	-	\$	_	\$	
	Office Rent	\$	-	>	-	\$	-	\$	-	\$	
	Office Costs		365		950		585		944		5
	Professional Services		-		-		-		-		
	Miscellaneous		-		-		-		-		
	Depreciation		-		-				-		
	Total Operating Expenses	\$	365	\$	950	\$	585	\$	944	\$	5
	Total Direct Expenses	\$	988,258	\$	720,265	\$	(267,993)	\$	795,692	\$	(192,5
	Indirect Expenses	\$	(988,258)	\$	(720,265)	\$	267,993	\$	(795,692)	\$	192,5
	Other Non-Operating Expenses	\$		\$	<u> </u>	\$		\$	-	\$	
otal Expe	nses (B)	\$		\$		\$		\$		\$	
change in	Assets	\$		\$		\$		\$		\$	
ixed Asse	ts										
	Depreciation		-		-		-		-		
	Computer & Software CapEx		-		-		-		-		
	Furniture & Fixtures CapEx		-		-		-		-		
	Equipment CapEx Leasehold Improvements		-		-		-		-		
	Allocation of Fixed Assets	\$	-	\$	-				-		
nc(Dec) in	Fixed Assets (C)	\$		\$		\$		\$		\$	
	DGET (=B+C)	\$	-	\$		\$		\$	-	\$	
	ANGE IN WORKING CAPITAL (=A-B-C)	s	-	Ś	-	\$		\$		s	
OTAL CHA											

General and Administrative

The following table lists the General and Administrative budget.

Gen		nd Administrat hole dollars)	ive					
	20	14 Budget		2015 Budget	Increase (Decrease)	2	015 Budget - Prior Draft	Variance to Prior Draft Over(Under)
Total FTEs		15.00		19.00	4.00		19.00	-
Total Direct Expenses	\$	4,240,339	\$	4,700,115	\$ 459,776	\$	4,827,781	(127,666)
Inc(Dec) in Fixed Assets	\$	291,347	\$	(78,737)	\$ (370,084)	\$	(112,071)	33,334
Working Capital Requirement	\$	(512,184)	\$	75,549	\$ 587,733	\$	(218,861)	294,410

General and Administrative (in whole dollars) Increase 2014 Budget 2015 Budget (Decrease) Total FTEs 15.00 19.00 4,240,339 \$ 4,827,781 587,442 Total Direct Expenses 291,347 (112,071)Inc(Dec) in Fixed Assets (403,418) (512,184) \$ Working Capital Requirement (218,861)293,323

Program Scope and Functional Description

The SERC gGeneral and Aadministrative function provides the following:

- executive <u>Executive</u> management of the corporation
- Executive management of the SERC office and other administrative support programs
- and provides eCoordinated and consistent outreach to stakeholders and members-

2015 Key Assumptions

- Each of the delegated functional areas will evolve with continued emphasis on effective execution, efficiency, transparency, and consistency.
- Continued focus will be placed on facilitating <u>activities that enhance</u> reliability <u>enhancing</u> <u>activities</u>.
- Increase outreach and communication with members/stakeholders in order to ensure <u>SERC's the</u> effectiveness of <u>SERC</u>.

2015 Goals and Key Deliverables

- Continue high—quality performance of delegated functions while levelizing resource requirements.
- Provide training and education to members/stakeholders to improve efficiency of interactions with SERC staff.

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Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Oother than ERO Assessments)

Miscellaneous Funding includes reimbursement from the other regional Regional Eentities for the costs associated with the Goordinator Coordinator position.

Personnel Expenses

- The 2015 budget reflects the following:
 - (1) Ttwo new positions which were repurposed from previously budgeted positions for a Communications and Outreach Specialist and an Internal Training Coordinator;.
 - -<u>and (2) tT</u>wo staff positions were reclassified from the Reliability Standards, Compliance Monitoring and Enforcement, Reliability Assessments, Training and Education, and Technical Committees programs into the General <u>and</u> Administrative program.
- SERC applied an overall 3% vacancy rate to <u>personnel Personnel costs</u>, decreasing Personnel Expenses, which is offset by the increase in salaries and benefits for existing ETEs
- All <u>personnel Personnel</u> costs for the other administrative functions, including Information Technology, Legal, Finance, and Human Resources, are recorded within General and Administrative to <u>protect the confidentiality ofkeep</u> individual compensation information <u>confidentialef employees in these programs</u>.

Meeting Expenses

- SERC increased the budgeted 2015 meetings expense by \$13,345, as the amount budgeted historically has been low as compared to actual expenses incurred.
- SERC lincrease in the travel budget by \$23,296 to support travel related to the
 Coordinator position and due to additional off-site meetings, and travel related to the
 coordinator position.

Operating Expenses

- Consultants and contractors decreased by \$95,000. The budget includes ongoing training and development of SERC's management team and development of a communications plan, at a reduced level.
- Office rent increased by \$44,948 due to the increase in square footage obtained in the new office space to accommodate additional in-house meetings
- In the 2014 budget, Office Costs included a one-time expenditure of \$72,000 for the purchasinge of office furniture and equipment for the new office space, which was a one time cost, which caused. This expenditure primarily explains the majority of the decrease of \$45,861 in 2015. The off-setting increases or decreases are to better align the budget with historical costs for subscriptions, dues, postage, shipping, copying, equipment repairs, bank charges, property tax, and merchant credit card fees.
- Professional fees increased by \$10,000 for corporate insurance coverage to better-align the budget with historical costs.
- Depreciation expense increased \$232,751199,417 due to an increase in the capital
 assets purchased in previous years. These capital assets which will incur a full year of
 depreciation in 2015.

Indirect Expenses

 Expenses related to indirect programs have beengre allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

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Section A — 2015 Business PlanStatutory Programs

General and Administrative

Fixed Asset Additions

- Computer and Software capital expenditures includes enhancements to the Compliance portal. The 2014 budget included several large projects, causing the decrease decreasing the 2015 budget byef \$150,667.
- Increase in Equipment of \$30,000 is for the purchase of additional servers for data analysis systems.
- SERC incurred all expenses related to the relocation of the office space in 2014, causing a decrease in Leasehold Improvements of \$50,000.

| Section A — 2015 Business Plan<u>Statutory Programs</u> General and Administrative

General and Administrative

The following table shows Ffunding sources and related expenses for the general General and administrative Administrative section of the 2015 business Business plan Plan and Budgetare shown in the table below.

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| Section A — 2015 Business Plan<u>Statutory Programs</u> General and Administrative

		GEN	et & Proje	ΔDI	MINISTRAT		ř.								
		GLI	ILINAL and	וטא	VIII VIII VIII VIII VIII VIII VIII VII		Variance				Variance				
							4 Projection				2015 Budget			Va	riance to
			2014		2014	v 20	014 Budget		2015		v 2014 Budget	20	15 Budget	Pi	rior Draft
			Budget		Projection	Ov	ver(Under)		Budget	_	Over(Under)		Draft 1	Ov	rer (Under
Funding	ERO Funding														
	NERC Assessments	Ś	(788,684)	Ś	(788.684)	Ś		Ś	(211,451)	Ś	577.233	Ś	(505,861)	Ś	294,4
	Penalty Sanctions		, . ,	. <u> </u>				Ė		_		_	-		
1	Total NERC Funding	\$	(788,684)	\$	(788,684)	\$		\$	(211,451)	\$	577,233	\$	(505,861)	\$	294,4
	Membership Dues														
	Testing Fees								-		-				
	Services & Software		-		-		-		-		-				
	Workshops		-		-		-		-		-		-		
	Interest														
Total Fundin	Miscellaneous	5	276,500 (512,184)	Ś	290,750	<u> </u>	14,250	-	287,000 75,549	_	10,500 587,733	Ś	287,000 (218,861)	<u> </u>	294,4
rotai Fundin	g (A)	_\$_	(512,184)		(497,934)	->	14,250	•	75,549	->	587,733	,	(218,861)	->	294,4
Expenses															
-	Personnel Expenses	,	2 242 145	ė	2 490 915	ć	147.670	ė	2 562 007	ė	220.842	ė	2.641.420		170
	Salaries Payroll Taxes	\$	2,342,145 140,529	\$	2,489,815 149,389	\$	147,670 8,860	\$	2,562,987 153,779	\$	220,842 13,250	\$	2,641,430 158,486		(78,4 (4,7
	Benefits		163,447		194,511		31,064		212,610		49,163		212,810		(4,7
	Retirement Costs		322.636		317.596		(5.040)		349.012		26,376		359,994		(10,9
1	Total Personnel Expenses	\$	2,968,757	\$	3,151,311	\$	182,554	\$	3,278,388	\$	309,631	\$	3,372,720		(94,3
	Mosting European														
	Meeting Expenses Meetings	\$	47,185	\$	66,621	\$	19,436	\$	60,530	\$	13,345	\$	60,530		
	Travel	,	82,503	~	70,000	~	(12,503)	7	105,799	,	23,296	7	105,799		
	Conference Calls		48,000		48,000		-		48,000				48,000		
1	Total Meeting Expenses	\$	177,688	\$	184,621	\$	6,933	\$	214,329	\$	36,641	\$	214,329		
	Operating Expenses														
,	Consultants & Contracts	\$	180,000	\$	205,731	\$	25,731	\$	85,000	\$	(95,000)	\$	85,000		
	Office Rent	*	419,861	•	412,224	*	(7,637)	*	464,809	*	44,948	-	464,809		
	Office Costs		250,380		406,212		155,832		204,519		(45,861)		204,519		
	Professional Services		25,000		35,000		10,000		35,000		10,000		35,000		
	Miscellaneous		-		10,000		10,000		-		-				-
	Depreciation	_	218,653	_	275,000	_	56,347	s	418,070	<u>_</u>	199,417	_	451,404	_	(33,3
	Total Operating Expenses	\$	1,093,894	\$	1,344,167	\$	250,273	->	1,207,398	\$	113,504	\$	1,240,732	->	(33,3
	Total Direct Expenses	\$	4,240,339	\$	4,680,099	\$	439,760	\$	4,700,115	\$	459,776	\$	4,827,781	\$	(127,6
	ndirect Expenses	\$	(4,255,339)	\$	(4,680,099)	\$	(424,760)	\$	(4,700,115)	\$	(444,776)	\$	(4,827,781)	\$	127,6
	Other Non-Operating Expenses	\$	15,000	Ś	7.000	<u> </u>	(8,000)	<u> </u>		<u> </u>	(15,000)	Ś			
			15,000		7,000			_		_	(15,000)	_			
Total Expens	es (B)	\$	-	\$	7,000	\$	7,000	\$		\$		\$		\$	
Change in As	ssets	\$	(512,184)	\$	(504,934)	\$	7,250	\$	75,549	\$	587,733	\$	(218,861)	_	294,4
Fixed Assets															
	Depreciation		(218,653)		(275,000)		(56,347)		(418,070)		(199,417)		(451,404)		33,3
	Computer & Software CapEx		460,000		460,000		-		309,333		(150,667)		309,333		
	Furniture & Fixtures CapEx		-		-		-				-		-		
	Equipment CapEx								30,000		30,000		30,000		
	easehold Improvements		50,000		155,125		105,125				(50,000)		-		
,	Allocation of Fixed Assets	\$	(291,347)	\$	(340,125)		(48,778)		78,737		370,084		112,071		(33,
nc(Dec) in Fi	ixed Assets (C)	\$		\$		\$		\$		\$		\$		\$	(33,
TOTAL BUDG	ET (=B + C)	\$	-	\$	7,000	\$	7,000	\$	-	\$	-	\$	-		
	IGE IN WORKING CAPITAL (=A-B-C)	\$	(512,184)	Ś	(504,934)	\$	7,250	\$	75,549	\$	587,733	\$	(218,861)	\$	294,

Penalty Sanctions												
Funding Fundin			GEN					.800				
Part								/ariance			,	/ariance
Budget Projection Over(Under) Budget Over(Under)							201	4 Projection			20	15 Budget
ROF Funding NIRC Assessments S (788,684) S (788,684) S S S S S S S S S				2014		2014	v 20	014 Budget		2015	v 20	014 Budget
RRO Funding NRC Assessments S (788,684) S (788,684) S S (505,861) S 282,8				Budget	F	Projection	O\	ver(Under)		Budget	0\	ver(Under)
NRC Assessments 5 (788,684) \$ (788,684) \$. \$ (505,861) \$ 282,8 Pearly Spantchors Total NERC Funding 5 (788,684) \$ \$ (505,861) \$ 282,8 Pearly Spantchors Total NERC Funding 5 (788,684) \$ \$ (505,861) \$ 282,8 Pearly Spantchors Total NERC Funding Total N	Funding	ERO Funding										
Membership Dues			\$	(788,684)	\$	(788,684)	\$	-	\$	(505,861)	\$	282,82
Membership Dues Testing Fees Services & Software Workshops Interest Miscellaneous 276,500 299,500 23,000 228,700 10,5 10,000 10,0				-		-				-		-
Testing Fees Services & Software Workshops Interest Workshops Interest Miscellaneous 276,500 299,500 23,000 287,000 10,50		Total NERC Funding	<u>\$</u>	(788,684)	\$	(788,684)	\$		<u>\$</u>	(505,861)	\$	282,82
Services & Software				-		-		-		-		-
Morkshops				-		-		-		-		
Interest Miscellaneous 276,500 299,500 23,000 287,000 10,5				-		-		_		-		-
Miscellaneous 276,500 299,500 23,000 287,000 10,00 10,000 1						-		-		-		-
Personnel Expenses				276,500		299,500		23,000		287,000		10,50
Personnel Expenses Salaries S. 2,342,145 S. 2,669,072 S. 326,927 S. 2,641,430 S. 299.2 Payroll Taxes 140,529 160,144 19,615 158,486 17.9 Benefits 163,447 247,230 83,783 212,2810 49.3 Retirement Costs 222,636 384,637 42,001 359,994 37.3 Total Personnel Expenses S. 2,968,757 S. 3,441,083 S. 472,326 S. 3,372,720 S. 403,9 Meeting Expenses Meeting Expenses Meeting Expenses Meeting Expenses Meeting Expenses S. 2,968,757 S. 3,441,083 S. 472,326 S. 3,372,720 S. 403,9 Total Meeting Expenses S. 47,185 S. 1,685 S. 4,500 S. 60,530 S. 13,3 Total Meeting Expenses S. 177,688 S. 169,685 S. (8,003 S. 214,329 S. 36,6 Operating Expenses Consultants & Contracts S. 180,000 S. 147,700 S. (32,300) S. 50,00 S. 49,000 Office Rent 419,861 378,855 (41,006 464,809 44,9 Office Costs S. 25,000 30,000 S. 500 S. 500 S. 60,000 Miscellaneous Total Direct Expenses S. 1,093,894 S. 1,179,024 S. 85,130 S. 1,240,732 S. 146,88 Total Operating Expenses S. 1,093,894 S. 1,179,024 S. 85,130 S. 1,240,732 S. 146,88 Total Direct Expenses S. 1,093,894 S. 1,179,024 S. 85,130 S. 1,240,732 S. 146,88 Total Direct Expenses S. 1,093,894 S. 1,179,024 S. 85,130 S. 4,227,781 S. 572,48 Indirect Expenses S. 1,093,894 S. 1,179,024 S. 85,130 S. 4,227,781 S. 572,48 Other Non-Operating Expenses S. 15,000 S. 10,000 S. 5,000 S. 0,000 S. 7, 28 Other Non-Operating Expenses S. 15,000 S. 10,000 S. 10,000 S. 0,000 S. 0,00	Total Fun	ding (A)	\$	(512,184)	\$	(489,184)	\$	23,000	\$	(218,861)	\$	293,32
Personnel Expenses Salaries \$2,342,145 \$2,669,072 \$326,927 \$2,641,430 \$299.2	Expenses											
Payroll Taxes Benefits 140,529 160,144 19,615 158,486 17,9	Expenses	Personnel Expenses										
Benefits		Salaries	\$		\$		\$		\$		\$	299,28
Retirement Costs 32,636 364,637 42,001 359,994 373 373 375 3												17,95
Meeting Expenses \$ 2,968,757 \$ 3,441,083 \$ 472,326 \$ 3,372,720 \$ 403,95												49,36
Meeting Expenses 47,185 5 1,685 4,500 \$ 60,530 \$ 13,3 70,000 \$ 13,3 105,799 \$ 23,2 23,2 23,2 23,2 23,2 23,2 23,2 23,			_		_				_			37,35
Meetings		Total Personnel Expenses	\$	2,968,757	<u> </u>	3,441,083	<u> </u>	472,326	<u> </u>	3,372,720	<u> </u>	403,96
Travel 8,2,503 70,000 (12,503) 105,799 23.2 Conference Calls 48,000 48,000 - 48,000												
Conference Calls			\$		\$		\$		\$		\$	13,34
Total Meeting Expenses \$ 177,688								(12,503)				23,29
Operating Expenses			<u>¢</u>		ć		-	(8 003)	٠.		•	36.64
Consultants & Contracts		• •		177,000	<u>,</u>	103,003	-	(0,003)	,	214,325	,	30,04
Office Rent Office Costs Office Costs 419,861 378,855 (41,006) 320,939 (45,809) 44,809 (45,809) 44,900 (45,809) 44,809 (45,809) 44,809 (45,809) 46,809 (45,809) 46,809 (45,809) 46,509 (45,8												
Office Costs Professional Services 250,380 362,469 112,089 204,519 (45,8) Professional Services Depreciation 25,000 30,000 5,000 35,000 10,0 Depreciation 218,653 260,000 41,347 451,404 232,7 Total Operating Expenses \$ 1,093,894 \$ 1,179,024 \$ 85,130 \$ 1,240,732 \$ 146,8 Total Direct Expenses \$ 4,240,339 \$ 4,789,792 \$ 549,453 \$ 4,827,781 \$ 587,4 Indirect Expenses \$ (4,255,339) \$ (4,789,792) \$ (534,453) \$ (4,827,781) \$ (572,40) Other Non-Operating Expenses \$ 15,000 \$ 10,000 \$ (5,000) \$ - \$ (15,00) Total Expenses (B) \$ - \$ 10,000 \$ (10,000) \$ (218,861) \$ 293,3 Fixed Assets \$ (512,184) \$ (499,184) \$ 13,000 \$ (218,861) \$ 293,3 Fixed Assets \$ (512,184) \$ (499,184) \$ 13,000 \$ (218,861) \$ 293,3 Fixed Assets \$ (512,184) \$ (499,184) \$ 13,000 \$ (451,404) (232,7 <td></td> <td></td> <td>\$</td> <td></td> <td>\$</td> <td></td> <td>\$</td> <td></td> <td>\$</td> <td></td> <td>\$</td> <td></td>			\$		\$		\$		\$		\$	
Professional Services Miscellaneous 25,000 30,000 5,000 35,000 10,000 Miscellaneous 218,653 260,000 41,347 451,404 232,7 Total Operating Expenses \$1,093,894 \$1,179,024 \$85,130 \$1,240,732 \$146,80 \$1,000 \$4,789,792 \$549,453 \$4,827,781 \$587,400 \$10,000 \$10,												
Depreciation 218,653 260,000 41,347 451,404 232,77 Total Operating Expenses \$1,093,894 \$1,179,024 \$85,130 \$1,240,732 \$146,8 Total Direct Expenses \$4,240,339 \$4,789,792 \$549,453 \$4,827,781 \$587,4 Indirect Expenses \$4,255,339 \$4,789,792 \$534,453 \$4,827,781 \$572,4 Other Non-Operating Expenses \$15,000 \$10,000 \$5,000 \$- \$ \$15,000 Total Expenses (B) \$5.000 \$10,000 \$10,000 \$0.000 \$0.000 \$0.000 Change in Assets \$15,184 \$499,184 \$13,000 \$1218,861 \$293,3 Fixed Assets \$15,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 Total Expenses (B) \$15,12184 \$10,000												10,00
Total Operating Expenses \$ 1,093,894 \$ 1,179,024 \$ 85,130 \$ 1,240,732 \$ 146,8 Total Direct Expenses \$ 4,240,339 \$ 4,789,792 \$ 549,453 \$ 4,827,781 \$ 587,4 Indirect Expenses \$ (4,255,339) \$ (4,789,792) \$ (534,453) \$ (4,827,781) \$ (572,40) Other Non-Operating Expenses \$ 15,000 \$ 10,000 \$ (5,000) \$ - \$ (15,000) Total Expenses (B) \$ - \$ 10,000 \$ 10,000 \$ - \$ (15,000) Change in Assets \$ (512,184) \$ (499,184) \$ 13,000 \$ (218,861) \$ 293,300 Fixed Assets Depreciation (218,653) (260,000) (41,347) (451,404) (232,700) Computer & Software CapEx 460,000 460,000 - 309,333 (150,600) Equipment CapEx				-		-		-		-		-
Total Direct Expenses \$ 4,240,339 \$ 4,789,792 \$ 549,453 \$ 4,827,781 \$ 587,4 Indirect Expenses \$ (4,255,339) \$ (4,789,792) \$ (534,453) \$ (4,827,781) \$ (572,4 Other Non-Operating Expenses \$ 15,000 \$ 10,000 \$ (5,000) \$ - \$ (15,000) \$ - \$ (15,000) \$ (10,000) \$ - \$ (10,000) \$ (10,000) \$ - \$ (10,000) \$ (10,000) \$ - \$ (10,000) \$ (10,000) \$ - \$ (10,000)			•		٠.		_		-		•	
Indirect Expenses \$ (4,255,339) \$ (4,789,792) \$ (534,453) \$ (4,827,781) \$ (572,40) \$ (15,000) \$ (15		Total Operating Expenses										
Other Non-Operating Expenses \$ 15,000 \$ 10,000 \$ (5,000) \$ - \$ (15,000)		Total Direct Expenses	\$	4,240,339	\$	4,789,792	\$	549,453	\$	4,827,781	\$	587,44
Total Expenses (B) \$ - \$ 10,000 \$ 10,000 \$ - \$ \$ Change in Assets \$ (512,184) \$ (499,184) \$ 13,000 \$ (218,861) \$ 293,3 Fixed Assets Depreciation (218,653) (260,000) (41,347) (451,404) (232,7 Computer & Software CapEx 460,000 460,000 - 309,333 (150,6 150,6 Furniture & Fixtures CapEx - 2 - 3 - 30,000 30,0 30,0 Equipment CapEx - 3 - 3 - 30,000 30,0 30,0 30,0 Leasehold Improvements 50,000 155,125 105,125 - 3 112,071 403,4 Inc(Dec) in Fixed Assets (C) \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ TOTAL BUDGET (=B+C) \$ - \$ 10,000 10,000 \$ - \$ \$ - \$ \$ - \$		Indirect Expenses	\$	(4,255,339)	\$	(4,789,792)	\$	(534,453)	\$	(4,827,781)	\$	(572,44
Change in Assets \$ (512,184) \$ (499,184) \$ 13,000 \$ (218,861) \$ 293,3 Fixed Assets Depreciation (218,653) (260,000) (41,347) (451,404) (232,7 Computer & Software CapEx 460,000 460,000 - 309,333 (150,6 Furniture & Fixtures CapEx 30,000 30,000 30,0 Leasehold Improvements 50,000 155,125 105,125 - (50,0 Allocation of Fixed Assets \$ (291,347) \$ (355,125) (63,778) 112,071 403,4 Inc(Dec) in Fixed Assets (C) \$ - \$ \$ - \$ \$ - \$ \$ -		Other Non-Operating Expenses	\$	15,000	\$	10,000	\$	(5,000)	\$		\$	(15,00
Depreciation (218,653) (260,000) (41,347) (451,404) (232,7	Total Expe	enses (B)	\$		\$	10,000	\$	10,000	\$		\$	_
Depreciation (218,653) (260,000) (41,347) (451,404) (232,7	Change in	Assets	Ś	(512.184)	Ś	(499.184)	Ś	13.000	Ś	(218.861)	Ś	293,32
Depreciation (218,653) (260,000) (41,347) (451,404) (232,7						<u>, , , , , , , , , , , , , , , , , , , </u>		-,		, ,,,,,,		
Computer & Software CapEx	Fixed Ass			(0.10.6=-:		(0.50.00-:		/** a /=:				(000
Furniture & Fixtures CapEx Equipment CapEx								(41,347)				(232,75
Equipment CapEx 30,000 30,0 Leasehold Improvements 50,000 155,125 105,125 - (50,0 Allocation of Fixed Assets \$ (291,347) \$ (355,125) (63,778) 112,071 403,4 Inc(Dec) in Fixed Assets (C) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$				460,000		460,000		-		309,333		(150,66
Leasehold Improvements 50,000 155,125 105,125 - (50,000) Allocation of Fixed Assets \$ (291,347) \$ (355,125) (63,778) 112,071 403,40 Inc(Dec) in Fixed Assets (C) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - TOTAL BUDGET (=B+C) \$ - \$ 10,000 \$ 10,000 \$ - \$ -				-		-		-		30,000		30.00
Allocation of Fixed Assets \$ (291,347) \$ (355,125) (63,778) 112,071 403,4 (10.00) (10.				50,000		155,125		105,125		-		(50,00
Inc(Dec) in Fixed Assets (C) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$												
TOTAL BUDGET (=B+C) \$ - \$ 10,000 \$ 10,000 \$ - \$		Allocation of Fixed Assets	\$	(291,347)	\$	(355,125)		(63,778)		112,071		403,41
	Inc(Dec) ii	n Fixed Assets (C)	\$		\$		\$	-	\$		\$	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C) \$ (512,184) \$ (499,184) \$ 13,000 \$ (218,861) \$ 293,3	TOTAL BU	DGET (=B + C)	\$	-	\$	10,000	\$	10,000	\$	-	\$	-
	TOTAL CH	ANGE IN WORKING CAPITAL (=A-B-C)	\$	(512,184)	\$	(499,184)	\$	13,000	\$	(218,861)	\$	293,32
FTES 15.00 19.00 4.00 19.00 4.												4.

Legal and Regulatory

The following table lists the Legal and Regulatory budget.

	•	nd Regulatory hole dollars)				
	20	14 Budget	2015 Budget	Increase (Decrease)	015 Budget - Prior Draft	Variance to Prior Draft Over(Under)
Total FTEs		_	_	-	-	-
Total Direct Expenses	\$	36,900	\$ 31,605	\$ (5,295)	\$ 31,605	-
Inc(Dec) in Fixed Assets	\$	-	\$ -	\$	\$ -	-
Working Capital Requirement	\$	-	\$ -	\$ -	\$ -	-

	_	nd Regulatory hole dollars)			
	20	14 Budget	2	015 Budget	Increase (Decrease)
Total FTEs		-		-	-
Total Direct Expenses	\$	36,900	\$	31,605	\$ (5,295)
Inc(Dec) in Fixed Assets	\$	-	\$	1	\$ -
Working Capital Requirement	\$		\$		\$ -

Program Scope and Functional Description

SERC maintains legal counsel in-house and has hires outside legal consultants. These legal resources te-provide the following legal services:

- Provide legal advice to the CEO, Board of Directors, and staff on legal and regulatory matters that affecting SERC.
- ; rReview items filed with governmental agencies for legal sufficiency.
- ; and rReview contracts and corporate documents, as needed.
 - The objectives are to provide legal services, such as the following:
- __Ensure continuing recognition of SERC as a regional Regional entity Entity.

.__

- Obtain regulatory approvals for new and revised regional reliability Reliability standards Standards on a timely basis.
- Review legal documents, including notices of penalty, required to be filed with FERC.
- Provide legal support for contested compliance actions, and other assistance, as needed.
- Provide legal counsel as needed during compliance Compliance and enforcement Enforcement proceedings, as needed.
- Interface with the appropriate authorities regarding responses/fillings to related governmental/regulatory directives/orders.
- Review all contracts and changes to personnel policies.
- · Coordinate outside legal support.

2015 Key Assumptions

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Section A — 2015 Business PlanStatutory Programs

Legal and Regulatory

- Support enforcement action cycle time.
- <u>Limit (or keep unchanged)</u> <u>The number of incoming violations</u>. <u>will remain steady</u>
- Conduct Nno hearings are conducted.

2015 Goals and Key Deliverables

- Work with Enforcement to support processing violations.
- Support corporate legal needs.
- Work with NERC and other Regions on revisions to Regional Delegation Agreements.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Oother than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

 There are no significant changes requiring an explanation. There are no FTEs included in the Legal and Regulatory program. All in-house attorneys are recorded under the General and Administrative program.

Meeting Expenses

• There are no significant changes requiring an explanation.

Operating Expenses

• There are no significant changes requiring an explanation.

Indirect Expenses

 Expenses related to indirect programs have beengre allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

| Section A — 2015 Business Plan<u>Statutory Programs</u> Legal and Regulatory

Legal and Regulatory

The following table shows funding sources and related expenses for the general and administrative Legal and Regulatory section of the 2015 business plan Plan and Budgetare shown in the table below.

		LEG	AL and R	EGUL	ATORY										
						٧	/ariance			V	ariance				
						2014	Projection			201	5 Budget			Varia	nce t
			2014		2014		14 Budget		2015		14 Budget		L5 Budget	Prior	
unding		E	ludget	Pr	ojection	Ov	er(Under)	_	Budget	Ove	er(Under)	_	Draft 1	Over(Unde
	ERO Funding														
	NERC Assessments	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
	Penalty Sanctions Fotal NERC Funding	5	-	Ś	-	5		5	-	5		Ś	-	Ś	_
	-	3		<u> </u>		<u> </u>	<u>-</u>	->		<u> </u>	-	->_	<u> </u>	>	_
	Membership Dues		-		-		-		-		-		-		
	Testing Fees Services & Software		-		-						-		-		
	Workshops		- :												
	Interest		-		-		-		-		-		-		
	Miscellaneous		-		-		-		-		-		-		
otal Fundin	g (A)	\$		\$		\$		\$		\$	<u> </u>	\$		\$	
xpenses															
F	Personnel Expenses Salaries	\$		\$		\$		\$		\$		\$			
	Payroll Taxes	ş		Y		Ļ	-	ب		Ÿ		ب	-		
	Benefits		-		-		-		-		-		-		
	Retirement Costs		-		-			_	-				-		
1	Fotal Personnel Expenses	\$	_	\$		\$		\$		\$	<u> </u>	\$			
- 1	Meeting Expenses														
	Meetings Travel	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
	Conference Calls														
1	Total Meeting Expenses	\$		\$	-	\$	-	\$		\$	-	\$	-		
,	Operating Expenses														
,	Consultants & Contracts	\$		\$		\$		\$		\$		\$			
	Office Rent	•	-	*	-	*	-	*	-	*	-	*	-		
	Office Costs		1,900		1,600		(300)		1,605		(295)		1,605		
	Professional Services Miscellaneous		35,000		25,000		(10,000)		30,000		(5,000)		30,000		
	Depreciation		- :												
1	Total Operating Expenses	\$	36,900	\$	26,600	\$	(10,300)	\$	31,605	\$	(5,295)	\$	31,605	\$	
	Total Direct Expenses	\$	36,900	\$	26,600	\$	(10,300)	\$	31,605	\$	(5,295)	\$	31,605	\$	
1	ndirect Expenses	\$	(36,900)	\$	(26,600)	\$	10,300	\$	(31,605)	\$	5,295	\$	(31,605)	\$	_
(Other Non-Operating Expenses	\$		\$		\$		\$		\$		\$			
otal Expens	ses (B)	\$		\$		\$		\$		\$		\$		\$	
hange in As	ssets	\$		\$		\$		\$		\$		\$			
ixed Assets															
1	Depreciation		-		-		-		-		-		-		
	Computer & Software CapEx		-		-				-		-		-		
	Furniture & Fixtures CapEx Equipment CapEx														
	Leas ehold Improvements		-		-				-		-		-		
,	Allocation of Fixed Assets	\$		\$	-										
nc(Dec) in Fi	ixed Assets (C)	\$	-	\$		\$		\$		\$		\$		\$	_
OTAL BUDG	SET (=B+C)	\$		\$		\$	-	\$		\$		\$			

Funding			AL and R		and 2015	Budge					
Funding				EGUL	AIORY						
Funding							ariance				ariance
Funding			2014		2014		Projection 14 Budget		2015		5 Budget 14 Budge
Funding		1	2014 Budget		ojection		er(Under)		Budget		r(Under)
	RERO Funding NERC Assessments	\$		\$	_	\$	_	\$		\$	_
	Penalty Sanctions	Ş	-	ڔ	-	۶		٠	_	۶	
	Total NERC Funding	\$	-	\$	-	\$	-	\$	-	\$	-
	Membership Dues		_		-		-		_		-
	Testing Fees		-		-		-		-		-
	Services & Software Workshops		-		-		-		-		-
	Interest		-		-		-		-		_
	Miscellaneous		-		-		-		-		-
Total Fundi	ng (A)	\$	-	\$	-	\$	-	\$	-	\$	
Expenses											
	Personnel Expenses	_		ć		٠.		,		٠.	
	Salaries Payroll Taxes	\$	-	\$	-	\$	-	\$	-	\$	-
	Benefits		-		-		-		-		-
	Retirement Costs		-		-		-		-		
	Total Personnel Expenses	\$	-	\$	-	\$		\$	-	\$	
	Meeting Expenses										
	Meetings Travel	\$	-	\$	-	\$	-	\$	-	\$	-
	Conference Calls		-		-				-		-
	Total Meeting Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
	Operating Expenses										
	Consultants & Contracts	\$	-	\$	-	\$	-	\$	-	\$	-
	Office Rent		-		-		-		-		-
	Office Costs Professional Services		1,900 35,000		1,600 30,000		(300) (5,000)		1,605 30,000		(2 (5,0
	Miscellaneous		-		-		- (3,000)		-		(5,0
	Depreciation		-		-		-		-		-
	Total Operating Expenses	\$	36,900	\$	31,600	\$	(5,300)	\$	31,605	\$	(5,2
	Total Direct Expenses	\$	36,900	\$	31,600	\$	(5,300)	\$	31,605	\$	(5,2
	Indirect Expenses	\$	(36,900)	\$	(31,600)	\$	5,300	\$	(31,605)	\$	5,2
	Other Non-Operating Expenses	\$	-	\$		\$		\$	_	\$	
Total Expen	nses (B)	\$	-	\$	-	\$	-	\$	-	\$	
Change in A	Assets	\$	-	\$	-	\$	-	\$	-	\$	
Fixed Asset	:s										
	Depreciation		-		-		-		-		-
	Computer & Software CapEx		-		-				-		-
	Furniture & Fixtures CapEx Equipment CapEx		-		-				-		-
	Leas ehold Improvements		-		-				-		-
	Allocation of Fixed Assets	\$	-	\$	-				-		
Inc(Dec) in I	Fixed Assets (C)	\$		\$	-	\$		\$		\$	
TOTAL BUD	GET (=B + C)	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL CHA	NGE IN WORKING CAPITAL (=A-B-C)	\$		\$		\$		\$		\$	

Information Technology

The following table lists the Information Technology budget.

1		ation Technolog whole dollars)	(y				
	2	!014 Budget		2015 Budget	Increase (Decrease)	015 Budget - Prior Draft	Variance to Prior Draft Over(Under)
Total FTEs		-		-	-	-	-
Total Direct Expenses	\$	638,870	\$	590,626	\$ (48,244)	\$ 632,626	(42,000)
Inc(Dec) in Fixed Assets	\$	-	\$	-	\$	\$	-
Working Capital Requirement	\$	_	\$	-	\$	\$ -	-

Int		on Technolog ole dollars)	у		
	201	4 Budget		2015 Budget	Increase (Decrease)
Total FTEs		-		-	-
Total Direct Expenses	\$	638,870	\$	632,626	\$ (6,244)
Inc(Dec) in Fixed Assets	\$	-	\$	-	\$ -
Working Capital Requirement	\$	-	\$	_	\$ -

Program Scope and Functional Description

The Information Technology (IT) department of SERC offers network services including design and maintenance for the SERC IT infrastructure, as well as project and vendor management for all current and future technology_related contracts. The IT group at SERC supports other staff and SERC members with the portal systems and core technology infrastructure. Current SERC projects include:

- Hosting, development, and maintainenance for SERC Portals, Compliance Issues
- Compliance Issues Tracking System (CITS) and Intranet SharePoint system.
- Maintaining equipment for the Operating Committee hot-line.
- Maintain Ttelecommunication circuits, including SERC's internal conference bridge and the
- Operating Committee hotline service.
- Provideing and maintaining web_based solutions for meetings and collaboration solution.
- Maintaining the document management system.
- Maintain theing data storage and back-up system through Storage Area Network (SAN).

Several years ago, NERC and the eight (8) Regional Entities formed an executive management group (known as the ERO EMG) which works to develophas, among other things, concentrated on developing enterprise-wide IT applications to improve; thus, improving efficiency and consistency across NERC and the Regional Entities. As the ERO EMG identifies and prioritizes enterprise-wide projects are identified and prioritized by the ERO EMG, the sey projects 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. SERC will be a leading influence in the IT Steering Group (ITSG). (IT-Steering Group)-working to further support the ERO EMG

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Section A — 2015 Business PlanStatutory Programs Information Technology

initiative.__to improving efficiency and consistency across NERC and the Regional Entities. SERC, Northeast Power Coordinating Council (NPCC) and Florida Reliability Coordinating Council (FRCC) together develop and maintain share development and maintenance of the Portal and CITS (Compliance Issues Tracking). This allows for a common system and allows cost sharing.

SERC supports the NERC PMO in its efforts to provide IT tools across the ERO Enterprise. SERC's budget assumesmakes assumptions on the availability of new and existing and new IT tools from both the PMO and from other sources. To the extent that If the required IT tools are not available as planned, SERC could incur additional costs to ensure its core responsibilities are fulfilled.

NERC and the Regional Entities will collaboratively work to refine existing strategies, governance and procurement practices applicable to the development, operation and maintenance of enterprise architecture, software and data systems supporting both NERC and Regional Entity operations. NERC's business plan and budget will include ongoing funding support for the development, operation and maintenance of NERC and Regional Entity approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved business plan and budget.

The NERC IT budget does not supplant SERC'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._ SERC's 2015 budget assumes that the agreed-upon ERO Enterprise applications will be available, providing greater efficiencies. Based on this assumption, SERC's budget includes only necessary, anticipated expenditures.

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2015 Key Assumptions

- FRCC, NPCC, and SERC will continue to work together on the Compliance Portal, enabling SERC to share the total costs of maintenance and development.
- The ERO Project Management Office (PMO) will deliver necessary IT tools for key business processes, for which SERC will be expected to pay a pro-rata share.
- The ERO will be working on continue to design and development of an ERO wide Compliance Tool.

2015 Goals and Key Deliverables

- Coordinate with NERC ITSG on IT projects affecting that affect the ERO.
- Maintain IT and telecommunications systems and resources for efficient utilization of use by SERC personnel.
- Implement updated communications tools and technologies.
- Continue to improve SERC's <u>Protected Entity Information (PEI)</u>.PEI infrastructure to allow data transfer to and from <u>our_SERC's</u> Entities.
- Work with SERC internal areas to develop analytic tools.

Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

• There are no significant changes requiring an explanation. All personnel for Information Technology are included under the General and Administrative program.

Meeting Expenses

• There are no significant changes requiring an explanation.

Operating Expenses

 Consultants & Contracts decreased There are no significant changes requiring an explanation \$38,754 primarily due to an anticipated decrease in participation in the scheduled checkout tool.

Indirect Expenses

 Expenses related to indirect programs have been are allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

| Section A — 2015 Business Plan<u>Statutory Programs</u> Information Technology

Information Technology
The following table shows Ffunding sources and related expenses for the information
Information Technology section of the 2015 business plan Plan and Budgetare shown

| Section A — 2015 Business Plan<u>Statutory Programs</u> Information Technology

	۷		et & Proje				500								
		IIVI	ORIVIATIO	N 1L	CHIVOLOG		/ariance				Variance				
						2014	4 Projection			20	15 Budget			Var	iance t
			2014		2014	v 20	014 Budget		2015	v 2	014 Budget	20	15 Budget	Pri	or Dra
			Budget	P	rojection	Ov	rer(Under)		Budget	0	ver(Under)		Draft 1	Ove	r(Unde
unding	_														
ERO Fu	nding NERC Assessments	\$		\$		\$		\$		\$		\$		\$	
	Penalty Sanctions	>		>		Þ	-	>		>	-	>		>	
Total N	ERC Funding	\$		Ś		Ś		Ś	-	Ś	-	Ś		Ś	
	Membership Dues		-		-				-		-		-		
	Testing Fees		-		-		-		-		-		-		
	Services & Software		-		-		-		-		-		-		
	Workshops Interest		-		-		-				-		-		
	Miscellaneous														
otal Funding (A)	Miscerancous	\$	-	Ś		Ś		Ś	-	Ś	-	Ś		Ś	
xpenses															
Person	nel Expenses			Ś				,							
	Salaries Payroll Taxes	\$	-	>		\$		\$		\$		\$			
	Benefits														
	Retirement Costs										-				
Total Po	ersonnel Expenses	\$		\$	-	\$	-	\$	-	\$	-	\$	-		
	- F														
weetin	g Expenses Meetings	Ś		Ś		\$		\$		Ś		\$			
	Travel	,		,		,		,		,	-	,			
	Conference Calls								-		-				
Total M	leeting Expenses	\$		\$	-	\$	-	\$		\$	-	\$	-		
Onerat	ing Expenses														
	Consultants & Contracts	\$	441,530	\$	432,530	\$	(9,000)	\$	402,776	\$	(38,754)	\$	444,776		(42,0
	Office Rent		-		-				-		-		-		
	Office Costs		197,340		119,792		(77,548)		187,850		(9,490)		187,850		
	Professional Services		-		-				-		-		-		
	Miscellaneous Depreciation		-		-				-		-		-		
Total O	perating Expenses	\$	638,870	\$	552,322	\$	(86,548)	\$	590,626	\$	(48,244)	\$	632,626	Ś	(42,0
														=	
	Total Direct Expenses	\$	638,870	\$	552,322	\$	(86,548)	\$	590,626	\$	(48,244)	\$	632,626	\$	(42,0
Indirect	t Expenses	\$	(638,870)	\$	(552,322)	\$	86,548	\$	(590,626)	\$	48,244	\$	(632,626)	\$	42,
Other I	Non-Operating Expenses	\$	-	\$		\$		\$	-	\$	-	\$	-		
otal Expenses (B)		\$	-	\$		\$		\$	-	\$	-	\$	-	\$	
hange in Assets		\$	_	Ś	_	ś	-	ś	_	s	_	Ś			
		_													
ixed Assets	1-41														
Deprec	iation ter & Software CapEx		-												
	re & Fixtures CapEx														
	nent CapEx														
	old Improvements		-		-				-		-		-		
Allocat	ion of Fixed Assets	\$	-	\$	_			\$		\$	-	\$	_		
nc(Dec) in Fixed As		\$		Ś		\$		\$		· s		5		5	
OTAL BUDGET (=B		\$		\$		\$		\$		Ś		\$		<u> </u>	
Jobbot. (=D		*		*		*		~		*		*			
	WORKING CAPITAL (=A-B-C)	Ś													

			et & Projec				et				
			2014		2014	V 2014 v 20	ariance Projection 14 Budget		2015 Pudant	201 v 20	ariance 15 Budget 14 Budget
Funding			Budget	P	rojection	Ov	er(Under)		Budget	Ov	er(Under)
. uug	ERO Funding										
	NERC Assessments	\$	-	\$	-	\$	-	\$	-	\$	-
	Penalty Sanctions Total NERC Funding	\$		ć		<u> </u>		<u> </u>	-	ć	
	Total NERC Fulluling	,		-				-		<u>, , </u>	
	Members hip Dues		-		-		-		-		
	Testing Fees Services & Software		-		-		-		-		
	Workshops		-		-		-		-		
	Interest		-		-		-		-		
	Miscellaneous		-				-		-		-
Total Fund	ling (A)	\$		\$		\$		\$	-	\$	-
Expenses											
	Personnel Expenses										
	Salaries	\$	-	\$	-	\$	-	\$	-	\$	
	Payroll Taxes Benefits		-		-		-		-		
	Retirement Costs		-		-		-		-		
	Total Personnel Expenses	\$	-	\$	-	\$	-	\$	-	\$	
	Meeting Expenses										
	Meetings	\$	-	\$	-	\$	-	\$	-	\$	
	Travel		-		-		-		-		
	Conference Calls	_	-	_	-	_	-	_	-		
	Total Meeting Expenses	\$		\$		\$		\$		\$	
	Operating Expenses										
	Consultants & Contracts Office Rent	\$	441,530	\$	441,530	\$	-	\$	444,776	\$	3,2
	Office Costs		197,340		119,792		(77,548)		187,850		(9,4
	Professional Services		-		-		-		-		
	Miscellaneous		-		-		-		-		
	Depreciation Total Operating Expenses	\$	638,870	\$	561,322	\$	(77,548)	\$	632,626	Ś	(6,2
	Total Direct Expenses	\$	638,870	\$	561,322	\$	(77,548)	\$	632,626	\$	(6,2
	Indirect Expenses	\$	(638,870)	\$	(561,322)	\$	77,548	\$	(632,626)	\$	6,2
	Other Non-Operating Expenses	\$	-	\$	-	\$	-	\$	-	\$	
Total Expe	mana (D)			,		ς.		ś		ς.	
ıotaı Expe	mses (D)	\$	-	\$		<u> </u>		>	-	<u> </u>	-
Change in	Assets	\$		\$		\$		\$		\$	
Flored A											
Fixed Asse	Depreciation		_		_		_		_		
	Computer & Software CapEx		-		-		-		-		
	Furniture & Fixtures CapEx		-		-		-		-		-
	Equipment CapEx Leasehold Improvements		=		=		-		=		-
	Leasenora improvements		-		-				-		-
	Allocation of Fixed Assets	\$	-	\$	-		-	\$	-	\$	-
Inc(Dec) in	Fixed Assets (C)	\$		\$		\$		\$		\$	
	DGET (=B+C)	\$	-	\$		\$	-	\$	-	\$	
	ANGE IN WORKING CAPITAL (=A-B-C)										
		\$	_	¢	_	\$		Ś	_	¢	

Human Resources

The following table lists the Human Resources budget.

	Human Reso							
	2014 Bu	dget	201	5 Budget	Increase (Decrease)	5 Budget - ior Draft	Variance to P Draft Over(Ur	-
Total FTEs				-	-	-		-
Total Direct Expenses	\$	10,360	\$	81,308	\$ 70,948	\$ 81,308		-
Inc(Dec) in Fixed Assets	\$		\$	-	\$	\$ -		-
Working Capital Requirement	\$	-	\$	-	\$ -	\$ -		-

		n Resources nole dollars)		
	201	14 Budget	2015 Budget	Increase (Decrease)
Total FTEs		-	-	-
Total Direct Expenses	\$	10,360	\$ 81,308	\$ 70,948
Inc(Dec) in Fixed Assets	\$	-	\$ -	\$ -
Working Capital Requirement	\$	-	\$ -	\$ -

Program Scope and Functional Description

The SERC human resources function is responsible for recruiting recruit stellar employees, maintaining appropriate salaries and benefits based on industry data, provideing for employee training programs, and updateing the employee handbook.

2015 Key Assumptions

- Provide competitive compensation and benefits.
- <u>Provide a 3.0% Aa</u>verage salary increase of 3.0%. This assumption is reflected in the salary expense budget for all program areas.
- Assume a 3.0% vacancy attrition rate applied to total Personnel Expenses.
- Assume an lincreased expectation for staff training.
- SERC will eEnsure that Sstaff develops and maintains the appropriate professional credentials to remain up to datecurrent with industry standards and trends.

2015 Goals and Key Deliverables

- · Attract, develop and retain highly competent and motivated staff.
- Continuously rReview compensation and benefits continually in targeted classifications.
- Increase employee retention.

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Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

• There are no significant changes requiring an explanation.

Personnel Expenses

• There are no significant changes requiring an explanation. All personnel for Human Resources are included under the General and Administrative program.

Meeting Expenses

• There are no significant changes requiring an explanation.

Operating Expenses

The lincrease in Consultants and Contracts is to support two studies: for a total cash
value compensation and benefit study and an employee climate survey to be performed.
SERC historically performs these studies every other two years.

Indirect Expenses

Expenses related to indirect programs have beengre allocated proportionately to the
direct programs for 2015, based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

| Section A — 2015 Business Plan<u>Statutory Programs</u> Human Resources

Human Resources

The following table shows fFunding sources and related expenses for the hHuman rResources section of the 2015 bBusiness pPlan and Budgetare shown in the table below.

| Section A — 2015 Business Plan<u>Statutory Programs</u> Human Resources

	201	4 buuge	t & Proje			13 Du	aget								
			HUMAN I	RESC	DURCES										
			2014		2014	2014	Variance 4 Projection 014 Budget		2015	20	Variance 15 Budget 014 Budget	20	15 Budget		nce t
			Budget	Pr	rojection	Ov	ver(Under)		Budget	0	ver(Under)		Draft 1	Over	Und
unding	"														
	ERO Funding NERC Assessments	\$		Ś		\$		\$		\$		\$		\$	
	Penalty Sanctions	7		,	-	7		7		,		7		7	
	Total NERC Funding	\$	-	\$		\$		\$	-	\$		\$		\$	
	Membership Dues														
	Testing Fees				-										
	Services & Software										-				
	Workshops		-		-						-		-		
	Interest		-		-				-		-		-		
otal Fundi	Miscellaneous	<u>\$</u>		Ś		Ś		\$		5		Ś		Ś	
	s (~)							<u>, </u>						-	_
xpenses	Personnel Expenses														
	Salaries	\$		\$		\$		\$		\$		\$			
	Payroll Taxes	-	-	_	-	-		-		*		*	-		
	Benefits		-		-		-		-				-		
	Retirement Costs	_	-	_	-	_	-	_	-	_	-		-		
	Total Personnel Expenses	\$		\$		\$		\$		\$	-	\$			
	Meeting Expenses														
	Meetings Travel	\$	-	\$	-	\$		\$	-	\$	-	\$	-		
	Conference Calls														
	Total Meeting Expenses	Ś		Ś		Ś		\$		Ś		Ś			_
	Operating Expenses														
	Consultants & Contracts	\$		\$	60,000	\$	60,000	\$	70,000	Ś	70,000	\$	70,000		
	Office Rent		-												
	Office Costs		360		1,300		940		1,308		948		1,308		
	Professional Services Miscellaneous		10,000		10,000				10,000		-		10,000		
	Depreciation														
	Total Operating Expenses	\$	10,360	\$	71,300	\$	60,940	\$	81,308	\$	70,948	\$	81,308	\$	
	Total Direct Expenses	\$	10,360	\$	71,300	\$	60,940	\$	81,308	\$	70,948	\$	81,308	•	
	Indirect Expenses	<u>\$</u>		\$		<u>\$</u>		\$	(81,308)	Ś		Ś		ś	_
	indirect expenses	3	(10,360)	,	(71,300)	->	(60,940)	,	(81,308)	,	(70,948)	>_	(81,308)	,	
	Other Non-Operating Expenses	\$		\$	-	\$		\$		\$	-	\$			
otal Exper	nses (B)	\$	-	\$	-	\$	-	\$		\$	-	\$		\$	
hange in A	Assets	\$		\$		\$		\$		\$	_	\$			
ixed Asset	•-														
ixea Asset	Depreciation														
	Computer & Software CapEx														
	Furniture & Fixtures CapEx		-		-				-		-		-		
	Equipment CapEx		-		-				-		-		-		
	Leasehold Improvements		-		-				-				-		
	Allocation of Fixed Assets	\$		\$		\$	-		-		-	\$	-		
nc(Dec) in	Fixed Assets (C)	\$		\$		\$		\$		\$		\$		\$	
OTAL BUD	OGET (=B + C)	\$		\$		\$	-	\$	-	\$	-	\$			
יחדאו רשא	ANGE IN WORKING CAPITAL (=A-B-C)	Ś		4		¢		4		Ś		٠.		4	

	2	014 Budge				15 Bu	dget				
			HUMAN I	RESC	DURCES		/ariance			.,	ariance
							rariance Projection				ariance .5 Budget
			2014		2014		14 Budget		2015		14 Budget
			Budget	Pr	rojection		er(Under)		Budget		er(Under)
unding											
	ERO Funding NERC Assessments	\$		\$		\$		\$		\$	
	Penalty Sanctions	٠	-	٠	-	٠	-	۶	-	ې	-
	Total NERC Funding	\$	-	\$	-	\$	-	\$	-	\$	-
	Membership Dues										
	Testing Fees		-		-		-		-		-
	Services & Software		_		-		_		_		-
	Workshops		-		-		-		-		-
	Interest		-		-		-		-		-
	Miscellaneous		-	_			-			_	-
otal Fund	ing (A)	\$		\$		\$		\$		\$	
xpenses	Paramate and a second										
	Personnel Expenses Salaries	\$	_	Ś	_	\$	_	\$	_	\$	-
	Payroll Taxes	Ý	-	Ÿ	_	Ÿ	-	Ÿ	-	~	_
	Benefits		-		-		-		-		-
	Retirement Costs		-		-		-		-		-
	Total Personnel Expenses	\$	-	\$	<u> </u>	\$	-	\$	-	\$	-
	Meeting Expenses										
	Meetings	\$	-	\$	-	\$	-	\$	-	\$	-
	Travel		-		-		-		-		-
	Conference Calls Total Meeting Expenses	\$		\$		\$		\$		\$	
		3	<u> </u>	3	<u> </u>	<u> </u>	-	3	<u> </u>		
	Operating Expenses			_	60.000	_	50.000	_	70.000	_	70.0
	Consultants & Contracts Office Rent	\$	-	\$	60,000	\$	60,000	\$	70,000	\$	70,0
	Office Costs		360		1,300		940		1,308		9.
	Professional Services		10,000		7,500		(2,500)		10,000		-
	Miscellaneous		-		-		-		-		-
	Depreciation		-		-						-
	Total Operating Expenses	\$	10,360	\$	68,800	\$	58,440	\$	81,308	\$	70,9
	Total Direct Expenses	\$	10,360	\$	68,800	\$	58,440	\$	81,308	\$	70,9
	Indirect Expenses	\$	(10,360)	\$	(68,800)	\$	(58,440)	\$	(81,308)	\$	(70,9
	Other Non-Operating Expenses	\$		\$		\$		\$		\$	_
otal Expe	ncoc (R)	•		•		4		Ś		¢	
				<u>,</u>				<u>,</u>		-	
Change in	Assets	\$		Ş		\$		\$		\$	_
ixed Asse	ts										
	Depreciation		-		-		-		-		-
	Computer & Software CapEx		-		-		-		-		-
	Furniture & Fixtures CapEx Equipment CapEx		-		-				-		-
	Leasehold Improvements		-		-				-		-
	Allocation of Fixed Assets	\$		\$		\$	_		_		_
(Dr -) :		\$									
	Fixed Assets (C) DGET (=B + C)	\$		\$		\$	<u>-</u>	\$ \$		\$ \$	-
		,	-	,	-	•	-	•	-	•	-
	ANGE IN WORKING CAPITAL (=A-B-C)	_		\$		\$		\$		Ś	

Finance and Accounting

The following table lists the Finance and Accounting budget.

Fi		d Accounting	g				
	2014	Budget	:	2015 Budget	Increase (Decrease)	15 Budget - rior Draft	Variance to Prior Draft Over(Under)
Total FTEs		-					
Total Direct Expenses	\$	45,400	\$	39,400	\$ (6,000)	\$ 39,400	
Inc(Dec) in Fixed Assets	\$	-	\$		\$	\$	-
Working Capital Requirement	\$	10,000	\$	1,000	\$ (9,000)	\$ 1,000	-

Program Scope and Functional Description

The objectives are to provide the financial and accounting services for SERC by doing the following through:

- Provideing payroll and expense administration.
- Prepareing quarterly financial statements.
- Developing SERC's Business Plan and Budget.
- Fileing federal and state tax and other forms required of non-profit corporations.
- Reviewing and improveing fiscal controls and complete a year-end external audit.

2015 Key Assumptions

- · Current accounting systems and controls are adequate.
- There are Nno major changes in accounting regulations.

2015 Goals and Key Deliverables

- Prepare and review monthly, quarterly and annual financial statements.
- Exercise budgetary controls.
- Process payroll and expense reports.
- Maintain necessary internal controls.
- Continue improvements in the annual business planning process within SERC and the ERO.

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Funding Sources and Requirements — Explanation of Increase (Decrease)

Funding Sources (Other than ERO Assessments)

A decrease of \$9,000 in interest is to better reflect historical earnings accurately.

Personnel Expenses

• There are no significant changes requiring an explanation. All personnel for Finance and Accounting are included under the General and Administrative program.

Meeting Expenses

• There are no significant changes requiring an explanation.

Operating Expenses

• There are no significant changes requiring an explanation.

Indirect Expenses

 Expenses related to indirect programs have beengre allocated proportionately to the direct programs for 2015 based on the number of FTEs in those programs.

Other Non-Operating Expenses

• There are no significant changes requiring an explanation.

Fixed Asset Additions

• There are no significant changes requiring an explanation.

| Section A — 2015 Business Plan<u>Statutory Programs</u> Finance and Accounting

Finance and Accounting

The following table shows Ffunding sources and related expenses for the Finance and Aaccounting and finance section of the 2015 bBusiness pPlan and Budgetare shown in the table below.

| Section A — 2015 Business Plan<u>Statutory Programs</u> Finance and Accounting

		14 Budge			OUNTING		·							
			2014 Budget		2014	2014 v 20	/ariance I Projection I 14 Budget er(Under)		2015 Budget	20 v 2	Variance 015 Budget 014 Budget ver(Under)	2015 Budg Draft 1	et	Variance to Prior Draf Over(Unde
unding			Judget		ojection		critoriaci		Duuget		vertondery			Overtonae
ERO F	unding													
	NERC Assessments	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
Total	Penalty Sanctions NERC Funding	-		_		-		٠.		٠.		•	<u> </u>	ś .
TOTAL	-	-		-		-	<u> </u>	,	<u> </u>	,		-	<u> </u>	,
	Membership Dues		-		-		-		-		-		-	
	Testing Fees Services & Software		-						-		-		-	
	Workshops												-	
	Interest		10,000		4,000		(6,000)		1,000		(9,000)	1,	000	
	Miscellaneous		-				-		-		-		-	
otal Funding (A)		\$	10,000	\$	4,000	\$	(6,000)	\$	1,000	\$	(9,000)	\$ 1,	000	\$
xpenses														
	nnel Expenses													
	Salaries	\$	-	\$	-	\$	-	\$		\$	-	\$	-	
	Payroll Taxes		-		-		-		-		-		-	
	Benefits Retirement Costs		-		-		-				-		-	
Total	Personnel Expenses	4		Ś		\$	<u>-</u> -	5		Ś		<u>\$</u>	-	
				<u> </u>		<u> </u>		<u> </u>		<u> </u>				
Meeti	ing Expenses	\$,								
	Meetings Travel	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
	Conference Calls										-		-	
Total I	Meeting Expenses	\$	-	\$	-	\$	-	\$	-	\$	-	\$		
Opera	ting Expenses Consultants & Contracts	\$		\$		\$		\$		\$		\$		
	Office Rent	,		ş		Þ		ş		ş		ş		
	Office Costs		10,000		12,000		2,000		13,000		3,000	13,	000	
	Professional Services		35,400		45,860		10,460		26,400		(9,000)	26,	400	
	Miscellaneous		-		-		-		-		-		-	
T-4-1	Depreciation	_		_	-	\$	12,460	_		Ś	- (5 000)	4 20	-	s
iotai	Operating Expenses	\$	45,400	\$	57,860			\$	39,400		(6,000)		400	•
	Total Direct Expenses	\$	45,400	\$	57,860	\$	12,460	\$	39,400	\$	(6,000)	\$ 39,	400	\$
Indire	ct Expenses	\$	(45,400)	\$	(53,860)	\$	(8,460)	\$	(39,400)	\$	6,000	\$ (39,	400)	\$
											-			
Other	Non-Operating Expenses	\$	-	\$	-	\$		\$		\$	-	\$		
otal Expenses (B)	1	\$	-	\$	4,000	\$	4,000	\$		\$		\$	-	\$
hange in Assets		5	10,000	5		5	(10,000)	5	1,000	5	(9,000)	S 1.	000	
mange in Assets		۶	10,000	•		-	(10,000)	,	1,000	,	(5,000)	y 1,	000	
ixed Assets														
	ciation													
Comp	uter & Software CapEx		-		-						-		-	
	ure & Fixtures CapEx		-		-				-		-		-	
	ment CapEx hold Improvements		-		-									
Lease	nora miprovements		-		-								-	
Alloca	ition of Fixed Assets	\$	-	\$	-	\$	-		-		-		-	
nc(Dec) in Fixed A	ussets (C)	\$	-	\$	-	\$		\$		\$	-	\$	_	\$.
OTAL BUDGET (=		\$		\$	4,000	\$	4,000	\$		\$		\$	_	
	I WORKING CAPITAL (=A-B-C)		10,000	5				\$	1,000	5	(9,000)		000	s .
		٠.				Ś						\$ 1.		

	Statement of Activit				, and 201						
		FIN	IANCE and	d AC	COUNTING	ì					
			2014 Budget	2014 Projection		2014 v 20	Variance Projection 14 Budget er(Under)		2015 Budget	Variance 2015 Budget v 2014 Budget Over(Under)	
Funding											
	ERO Funding NERC Assessments	\$		\$		\$		\$		\$	
	Penalty Sanctions	Ş	-	٠	-	ې		ڔ	-	ې	
	Total NERC Funding	\$	-	\$	-	\$	-	\$	-	\$	-
	Membership Dues		_		-		-		-		-
	Testing Fees		-		-		-		-		-
	Services & Software		-		-		-		-		-
	Workshops		-		-		-		-		-
	Interest		10,000		1,500		(8,500)		1,000		(9,0
Total Fund	Miscellaneous	\$	10,000	Ś	1,500	\$	(8,500)	\$	1,000	\$	(9,0
			10,000		1,500	-	(0,500)		1,000	7	(5,0
Expenses	Developed Evanges										
	Personnel Expenses Salaries	\$	_	\$	_	\$	_	\$	_	\$	_
	Payroll Taxes	Y	_	Ÿ	_	Ÿ	_	Ÿ	_	Ÿ	
	Benefits		-		-		-		-		
	Retirement Costs		-		-		-		-		
	Total Personnel Expenses	\$	-	\$	-	\$	-	\$	-	\$	
	Meeting Expenses										
	Meetings	\$	-	\$	-	\$	-	\$	-	\$	
	Travel		-		-		-		-		
	Conference Calls		-		-		-		-		
	Total Meeting Expenses	\$	-	\$		\$		\$		\$	
	Operating Expenses										
	Consultants & Contracts	\$	-	\$	-	\$	-	\$	-	\$	-
	Office Rent		-		-		-		-		
	Office Costs		10,000		12,000		2,000		13,000		3,0
	Professional Services		35,400		30,860		(4,540)		26,400		(9,0
	Miscellaneous Depreciation		-		-		-		-		-
	Total Operating Expenses	\$	45,400	\$	42,860	\$	(2,540)	\$	39,400	\$	(6,0
	Total Direct Expenses	\$	45,400	\$	42,860	\$	(2,540)	\$	39,400	\$	(6,0
		_									
	Indirect Expenses	\$	(45,400)	\$	(41,360)	\$	4,040	\$	(39,400)	\$	6,0
	Other Non-Operating Expenses	\$	-	\$		\$	-	\$	-	\$	
Total Expe	nses (B)	\$	-	\$	1,500	\$	1,500	\$	-	\$	
Change in	Assets	\$	10,000	Ś		Ś	(10,000)	Ś	1,000	Ś	(9,0
	· · · · · ·		10,000	Ť		Ť	(10,000)	Ť		Ť	(3)0
ixed Asse											
	Depreciation		-		-		-		-		
	Computer & Software CapEx		-		-				-		
	Furniture & Fixtures CapEx Equipment CapEx		-		-				-		
	Leasehold Improvements		-		-				-		
	Allocation of Fixed Assets	\$	-	\$	-	\$	-		-		
nc(Dec) in	Fixed Assets (C)	\$	-	\$		\$		\$	-	\$	
	DGET (=B+C)	\$		\$	1,500	\$	1,500	\$		\$	
		•			,		•				
	ANGE IN WORKING CAPITAL (=A-B-C)	Ś	10,000	Ś	_	\$	(10,000)	\$	1,000	\$	(9,0

Section B – Supplemental Financial Information 2015 Business Plan and Budget

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Section B — Supplemental Financial Information Reserve Balance

Table B-1 - Working Capital Reserve Analysis 2014-2015

Working Capital Reserve Analysis 2014-2015 STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2013	\$ 2,749,029
Plus: 2014 Funding (from LSEs or designees) Plus: 2014 Other funding sources	15,788,999 537,810
Less: 2013 Projected expenses & capital expenditures	(15,613,887
Projected Working Capital Reserve (Deficit), December 31, 2014	\$ 3,461,951
Desired Working Capital Reserve, December 31, 2015	\$ 3,538,500
Minus: Projected Working Capital Reserve, December 31, 2014	3,461,951
Increase(decrease) in funding requirement to achieve Working Capital Reserve	\$ 76,549
2015 Expenses and Capital Expenditures	\$ 15,995,840
Less: Penalty Sanctions ² Less: Other Funding Sources Adjustment to achieve desired Working Capital Reserve	(1,787,000) (554,355) 76,549
2015 ERO Assessment	\$ 13,731,034

As documented in the April 23, 2008 minutes, the SERC Board of Directors has approved the establishment of a cash reserve equal to up to 10% of its budgeted annual statutory operating costs, with the understanding that should it become necessary to spend any of the reserve funds, the President shall provide a report detailing such expenditures at the next regular meeting of the Board of Directors. The reserve was established for

 $^{^{\}rm 2}$ Represents collections on or prior to June 30, 2014.

Working Capital Reserve Analysis 2014-2015	_	
STATUTORY		
Beginning Working Capital Reserve (Deficit), December 31, 2013	\$	2,749,029
Plus: 2014 Funding (from LSEs or designees)		15,788,999
Plus: 2014 Other funding sources		566,660
Less: 2014 Projected expenses & capital expenditures		(16,076,827)
Projected Working Capital Reserve (Deficit), December 31, 2014	\$	3,027,861
5		
Desired Working Capital Reserve, December 31, 2015	\$	2,810,000
Minus: Projected Working Capital Reserve, December 31, 2014		3,027,861
Increase(decrease) in funding requirement to achieve Working Capital Reserve	\$	(217,861)
2015 Expenses and Capital Expenditures	\$	16,247,822
Less: Penalty Sanctions ⁵ Less: Other Funding Sources		(1,742,000)
Adjustment to achieve desired Working Capital Reserve		(554,355) (217,861)
2015 ERO Assessment	<u> </u>	13,733,606
2013 LNO Assessment		13,733,000
As documented in the April 23, 2008 minutes, the SERC Board of Directors has approved the establishment of a cash reserve equal to up to 10% of its budgeted annual statutory operating costs, with the understanding that		
should it become necessary to spend any of the reserve funds, the President shall provide a report detailing such expenditures at the next regular meeting of the Board of Directors. The reserve was established for contingencies.		
² Represents collections on or prior to June 30, 2014.		

Explanation of Changes in Reserve Policy from Prior Years

In July 2013, the SERC Board approved the establishment of a working capital policy. Any excess income greater than two months of statutory operating costs will be treated as a temporary increase in SERC's operating reserve. Any expenditures from the increased working capital are subject to SERC's applicable policies and procedures, including approval limits, signature authorities, and disclosure in SERC's quarterly variance report.

Persuant to SERC's Working Capital and Operating Reserve policies, the \$2,810,0003,538,500 desired working capital reserve included in the-SERC's 2015 Business Plan and Budget (shown in Table B-1) is comprised of \$1,600,000 as an operating reserve and \$1,210938,0500 as a temporary increase to the operating reserve.

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Breakdown by Statement of Activity Sections

The following detailed schedules are in support the information in of the Statement of Activities and Capital Expenditures, Fixed Assets Expenditures and Change in Working Capital, shown on page 11, of the 2015 RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

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Penalty Sanctions

Penalty monies received on or prior to prior to June 30, 2014 are to be used to offset assessments in the 2015 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, 2014 through June 30, 2015 will be used to offset assessments in the 2016 Budget.

All penalties received prior to July 1, 2014 are detailed below, including the amount, and date received.

Allocation Method: Penalty sanctions received have beenare allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & <a href="https://www.and.com/and-com/

Table B-2 - Penalty Sanctions Received

Penalty Sanctions Received On or Prior to June 30, 2014	Date Received	Amount Received
Penalty payment 1	7/1/2013	\$ 5,000
Penalty payment 2	8/6/2013	12,000
Penalty payment 3	9/6/2013	10,000
Penalty payment 4	9/6/2013	12,000
Penalty payment 5	9/6/2013	175,000
Penalty payment 6	10/2/2013	13,000
Penalty payment 7	12/2/2013	24,000
Penalty payment 8	12/2/2013	41,000
Penalty payment 9	12/2/2013	14,000
Penalty payment 10	1/3/2014	30,000
Penalty payment 11	1/31/2014	198,000
Penalty payment 12	1/31/2014	175,000
Penalty payment 13	1/31/2014	250,000
Penalty payment 14	1/31/2014	120,000
Penalty payment 15	1/31/2014	350,000
Penalty payment 16	1/31/2014	110,000
Penalty payment 17	1/31/2014	50,000
Penalty payment 18	1/31/2014	5,000
Penalty payment 19	1/31/2014	40,000
Penalty payment 20	1/31/2014	15,000
Penalty payment 21	1/31/2014	45,000
Penalty payment 22	3/5/2014	48,000
Penalty payment 23	5/5/2014	30,000
Penalty payment 24	6/5/2014	15,000

Total Penalties Received

\$ 1,787,000

Penalty Sanctions Received On or Prior to June 30, 2014	Date Received	Amount Received
Penalty payment 1	7/1/2013	\$ 5,000
Penalty payment 2	8/6/2013	12,000
Penalty payment 3	9/6/2013	10,000
Penalty payment 4	9/6/2013	12,000
Penalty payment 5	9/6/2013	175,000
Penalty payment 6	10/2/2013	13,000
Penalty payment 7	12/2/2013	24,000
Penalty payment 8	12/2/2013	41,000
Penalty payment 9	12/2/2013	14,00
Penalty payment 10	1/3/2014	30,00
Penalty payment 11	1/31/2014	198,00
Penalty payment 12	1/31/2014	175,00
Penalty payment 13	1/31/2014	250,00
Penalty payment 14	1/31/2014	120,00
Penalty payment 15	1/31/2014	350,00
Penalty payment 16	1/31/2014	110,00
Penalty payment 17	1/31/2014	50,00
Penalty payment 18	1/31/2014	5,00
Penalty payment 19	1/31/2014	40,00
Penalty payment 20	1/31/2014	15,00
Penalty payment 21	1/31/2014	45,00
Penalty payment 22	3/5/2014	48,00
Total Penalties Received		\$ 1,742,00

Table B-3 - Supplemental Funding

Outside Funding Breakdown By Program (Excludir Sanction)	ng Penalty	Budget 2014	F	Projection 2014		Budget 2015	2015	Variance Budget v 20: Budget
Compliance Monitoring, Enforcement & Org. Regi		45.000		46.000				/40 =0
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP	\$	16,000 16,000	\$	16,000	\$	3,500 3,500	\$	(12,50
Miscellaneous - CEA function in SPP		16,000		16,000		3,500		(12,50
Total	\$	32,000	\$	32,000	\$	7,000	\$	(25,00
Reliability Assessment and Performance Analysis								
Total	\$	-	\$	-	\$	-	\$	-
Fraining and Education								
Workshops		267,605		211,060		259,355		(8,25
Total	\$	267,605	\$	211,060	\$	259,355	\$	(8,25
Situation Awareness and Infrastructure Security								
Total	\$	-	\$	-	\$	-	\$	
General and Administrative								
Interest Income	\$	10,000	ė	4,000	\$	1,000	ċ	(9,00
Miscellaneous Income	\$	276,500	Þ	290,750	Þ	287,000	Ş	10,50
Miscendifeous filcome		270,300		230,730		207,000		
Total	\$	286,500	\$	294,750	\$	288,000	\$	1,50
Total Outside Funding	\$	321,000	\$	537,810	\$	554,355	\$	(31,75
Outside Funding Breakdown By Program (Excludir Sanction)	ng Penalty	Budget 2014	F	Projection 2014		Budget 2015	2015	Variance Budget v 20 Budget
Compliance Monitoring, Enforcement & Org. Regi								
Miscellaneous - CEA function in FRCC	istration \$		\$	25,500	\$	3,500	\$	
		16,000 16,000	\$	25,500 20,000	\$	3,500 3,500	\$	
Miscellaneous - CEA function in FRCC		16,000	\$		\$		\$	(12,50
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total	\$	16,000		20,000		3,500		(12,50
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total	\$	16,000 32,000		20,000		3,500		(12,50
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total	\$ <u>\$</u>	16,000 32,000	\$	20,000	\$	3,500	\$	(12,50
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total	\$ <u>\$</u>	16,000 32,000	\$	20,000	\$	3,500	\$	(12,50
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total	\$ <u>\$</u>	16,000 32,000 267,605	\$	20,000	\$	7,000	\$	(12,50)
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Fraining and Education Workshops Total	\$ _ <u>\$</u>	16,000 32,000 - 267,605	\$	20,000	\$	3,500 7,000 - - 259,355	\$	(12,50)
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Fraining and Education Workshops Total	\$ _ <u>\$</u>	16,000 32,000 267,605 267,605	\$	20,000	\$	3,500 7,000 - - 259,355	\$	(12,50)
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Fraining and Education Workshops Total Situation Awareness and Infrastructure Security Total	\$ 	16,000 32,000 267,605 267,605	\$	20,000 45,500 - 220,160 220,160	\$	3,500 7,000 - 259,355 259,355	\$	(12,50C) (25,0C)
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Fraining and Education Workshops Total Situation Awareness and Infrastructure Security Total General and Administrative	\$ _ <u>\$</u> _ <u>\$</u>	16,000 32,000 267,605	\$ \$	20,000 45,500 - 220,160 220,160	\$ \$	3,500 7,000	\$ \$	(12,500 (25,000 - (8,25) (8,25)
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Fraining and Education Workshops Total Situation Awareness and Infrastructure Security Total Seneral and Administrative Interest Income	\$ 	16,000 32,000 - 267,605 267,605	\$ \$	20,000 45,500 - 220,160 220,160	\$ \$	3,500 7,000 - 259,355 259,355	\$	(8,25 (9,00
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Fraining and Education Workshops Total Situation Awareness and Infrastructure Security Total General and Administrative	\$ _ <u>\$</u> _ <u>\$</u>	16,000 32,000 267,605	\$ \$	20,000 45,500 - 220,160 220,160	\$ \$	3,500 7,000	\$ \$	(8,25 (9,00
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Fraining and Education Workshops Total Situation Awareness and Infrastructure Security Total Seneral and Administrative Interest Income	\$ _ <u>\$</u> _ <u>\$</u>	16,000 32,000 267,605 267,605	\$ \$	20,000 45,500 - 220,160 220,160	\$ \$	3,500 7,000 - 259,355 259,355	\$ \$	(8,25 (8,25 (9,00
Miscellaneous - CEA function in FRCC Miscellaneous - CEA function in SPP Total Reliability Assessment and Performance Analysis Total Training and Education Workshops Total Situation Awareness and Infrastructure Security Total General and Administrative Interest Income Miscellaneous Income	\$ \s\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	16,000 32,000 267,605 267,605 10,000 276,500 286,500	\$ \$	20,000 45,500 - 220,160 220,160	\$ \$	3,500 7,000 - 259,355 259,355	\$ \$	(12,50 (12,50 (25,00 - (8,25 (8,25 - (9,00 10,50 (31,75

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Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Miscellaneous funding included in Compliance Monitoring, Enforcement and Organization Registration includes the costs associated with SERC performing Cross-Regional Compliance Monitoring of Registered Entity functions performed by other Regional Entity organizations. The costs associated with any Cross-Regional Compliance Monitoring performed by SERC with respect to affiliated Registered Entity functions of another Regional Entity are to be funded by payments from the Regional Entity contracting with SERC for such services, in accordance with the contract between SERC and the other Regional Entities. The 2015 budgeted amount includes projected direct costs plus an appropriate allocation of SERC's General and-entity. Administrative costs, as required by the contracts with FRCC and Southwest Power Pool (SPP).

Miscellaneous funding included in General and Administrative includes the reimbursement from the other $\frac{1}{2}$ egional $\frac{1}{2}$ egional $\frac{1}{2}$ includes the reimbursement from the other $\frac{1}{2}$ egional $\frac{1}{2}$ egional $\frac{1}{2}$ includes the reimbursement from the other $\frac{1}{2}$ egional \frac

				_			3011000			
Personnel Expe	nses		Budget 2014		Projection 2014		Budget 2015	Variance 015 Budget v 014 Budget	Variance %	
Total Salaries		\$	10,187,444	\$	9,162,486	\$	9,717,873	\$ (469,571)	-4.69	
Total Payroll Taxes			611,246		549,749		583,072	(28,174)	-4.69	
Total Benefits			941,806		958,793		938,825	(2,981)	-0.3	
Total Retirement			1,394,422		1,198,071		1,325,619	(68,803)	-4.9	
Total Personnel Costs		\$	13,134,918	\$	11,869,099	\$	12,565,389	\$ (569,529)	-4.3	
FTEs			79.20		68.22		78.70	(0.50)	-0.6	
Cost per FTE								4		
	Salaries	Ş	128,629	\$	134,304	Ş	123,480	(5,149)	-4.0	
	Payroll Taxes		7,718		8,058		7,409	(309)	-4.0	
	Benefits		11,891		14,054		11,929	38	0.3	
	Retirement		17,606		17,561		16,844	(762)	-4.3	
Total Cost per	FTE	\$	165,845	\$	173,978	\$	159,662	\$ (6,183)	-3.7	
Personnel Expe	nses		Budget 2014		Projection 2014		Budget 2015	Variance 015 Budget v 014 Budget	Variance %	
Total Salaries		\$	10,187,444	\$	9,484,545	\$	9,917,409	\$ (270,035)	-2.7	
Total Payroll Taxes			611,246		569,071		595,045	(16,201)	-2.7	
Total Benefits			941,806		1,053,407		936,874	(4,932)	-0.5	
Total Retirement			1,394,422		1,291,529		1,353,043	(41,379)	-3.0	
Total Personnel Costs		\$	13,134,918	\$	12,398,552	\$	12,802,371	\$ (332,547)	-2.5	
FTEs			79.20		74.18		78.70	(0.50)	-0.6	
Cost per FTE										
•	Salaries	\$	128,629	\$	127,853	\$	126,015	(2,614)		
•	Payroll Taxes	\$	128,629 7,718	\$	7,671	\$	126,015 7,561	(2,614) (157)		
•		\$,	\$,	\$,	. , ,	-2.0' -2.0' 0.1'	

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

17,606

165,845 \$

Total Personnel Expenses decreased due to the reduction of 0.5 FTE compared to the 2014 budget, off-set by an increase in salaries of 3.0% and benefits for existing FTEs. The budget also reflects a 3.0% vacancy rate applied to all Personnel costs.

17,410

167,134 \$

17,192

162,673 \$

(414)

(3,172)

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Retirement

\$

Total Cost per FTE

-2.4%

-1.9%

Consultants and Contracts	Budget 2014		Projection 2014		Budget 2015		Variance 015 Budget v 2014 Budget	Variance 1
Reliability Standards	\$ -	\$	-	\$	=	\$	=	
Compliance Monitoring and Enforcement and Organization								
Registration and Certification	245,000		275,000		134,333		(110,667)	-45
Reliability Assessment and Performance Analysis	232,500		160,000		322,500		90,000	39
Training and Education	130,000		90,000		163,000		33,000	25
Situation Awareness and Infrastructure Security								
Situation Awareness	-		-		-		-	
Critical Infrastructure Protection	-		-		-		-	
Total Situation Awareness and Infrastructure Security	-		-		-		-	
Committee and Member Forums	-		-		-		-	
General and Administrative	180,000		205,731		85,000		(95,000)	-53
Legal and Regulatory	-		-		-			
Information Technology	441,530		432,530		402,776		(38,754)	-9
Human Resources	-		60,000		70,000		70,000	100
Accounting and Finance	-		-		-		-	
Consultants Total	\$ 1,229,030	Ś	1,223,261	Ś	1,177,609	Ś	(51,421)	-4
Consultants and Contracts	Budget 2014		Projection 2014		Budget 2015		Variance 015 Budget v 2014 Budget	Variance
Reliability Standards	\$ =	\$	=	\$	=	\$	=	
Compliance Monitoring and Enforcement and Organization								
Registration and Certification	245,000		245,000		134,333		(110,667)	-4
Reliability Assessment and Performance Analysis	232,500		160,000		322,500		90,000	3
Training and Education	130,000		130,000		136,000		6,000	
Situation Awareness and Infrastructure Security								
Situation Awareness	=		=		=		-	
Critical Infrastructure Protection	-		=		-		-	
Total Situation Awareness and Infrastructure Security	-		-		-		-	
Committee and Member Forums	=		=		=		=	
General and Administrative	180,000		147,700		85,000		(95,000)	-5
Legal and Regulatory	-		-		-		-	
nformation Technology	441,530		441,530		444,776		3,246	
Human Resources	-		60,000		70,000		70,000	100
			•		-		-	
Accounting and Finance	-		-		-		-	

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Explanation of Significant Variances – 2015 Budget versus 2014 Budget

A decrease of \$110,667 in the Compliance program reflects a reduction in two areas:

- is-\$80,000 previously budgeted in 2014 for Enforcement due to the 2014 budget included contractor support, in lieu of <u>hiring</u> FTEs
- for Enforcement of \$80,000, which was eliminated in the 2015 budget. The remaining
 decrease of \$30,667 is because due to more software development projects in 2015 are
 being capitalized in 2015. Any development project over SERC's capitalization policy is
 included as a capitalized asset.

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An increase of \$90,000 in the Reliability Assessments program is comprised consists of these budget items:

- ___ef 1) SERC has budgeted \$100,000 for a benchmarking system wide stability study
- ; and 2) aA decreasing offset of \$10,000 decrease for the Dynamic Reduction Study to more align with historical costs,

An decrease of \$95,000 in the General and Administrative program is for reflects a reduction in two areas:

- __the amount for eOngoing training and development of SERC's management team
- , and dDevelopment of a communications plan,

An increase of \$70,000 in the-human Resources program is for a compensation and benefit study and an employee climate survey, which are historically_both-performed every ether-two years.

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Table B-6 - Office Rent

Rent		Budget 2014	P	rojection 2014		Budget 2015		Variance 15 Budget v 014 Budget	Variance %
Office Rent Utilities Maintenance	\$	419,861 - -	\$	412,224 - -	\$	464,809 - -	\$	44,948 - -	10.71%
Total Office Rent	\$	419,861	\$	412,224	\$	464,809	\$	44,948	10.71%
Rent		Budget 2014	P	rojection 2014		Budget 2015		Variance 15 Budget v 014 Budget	Variance %
Office Beat	\$	410.001	ċ	378,855	ċ	464,809	\$	44,948	10.71%
Office Rent Utilities Maintenance	Ţ	419,861 - -	Þ	376,633 - -	Y	404,809 - -	Y	- - -	10.717

Explanation of Significant Variances – 2015 Budget versus 2014 Budget
Office rent increased by \$44,948 due to additional space obtained in the new office space.

Table B-7 - Office Costs

Office Costs		Budget 2014	Projection 2014		Budget 2015	Variance 2015 Budget v 2014 Budget	Variance %
Telephone	\$	146,628	174,236	\$	144,684	\$ (1,944)	-1.339
Telephone Answering Srv		-	-		-	-	
Internet		7,608	7,000		6,588	(1,020)	-13.419
Office Supplies		84,580	198,526		44,530	(40,050)	-47.359
Computer Supplies and Maintenance							
Computers		61,500	61,500		95,800	34,300	55.779
Computer Supplies		41,950	56,642		35,960	(5,990)	-14.28
Maintenance & Service Agreements Software		-	13.650		50.850	(26.200)	-17.32
Network Supplies		77,150 12,000	13,650		50,850	(26,300) (12,000)	-17.32
Publications & Subscriptions		4,980	10,000		10,657	5,677	114.00
·			8.000		,	•	45.17
Dues		5,316	-,		7,717	2,401	
Postage		1,500	600		500	(1,000)	-66.67
Express Shipping		4,500	4,000		3,500	(1,000)	-22.22
Copying		10,000	6,000		6,000	(4,000)	-40.00
Reports		-	-		-	-	
Stationary/Forms		-	-		-	-	
Equipment Repair/Service Contracts		9,688	10,500		10,765	1,077	11.12
Bank Charges		-	1,000		1,000	1,000	
Taxes		-	5,000		5,000	5,000	
Merchant Card Fees		10,000	6,500		7,000	(3,000)	-30.00
Total Office Costs	Ś	477.400	563,154		420 554	\$ (46,849)	-9.81
Total Office Costs	Ş	477,400	563,154	· >	430,551	\$ (46,849)	-9.81
Office Costs		Budget	Projection		Budget	Variance 2015 Budget v	Variance %
Office Costs		Budget 2014	Projection 2014		Budget 2015		Variance %
	\$			\$		2015 Budget v 2014 Budget	Variance %
Telephone	\$	2014	2014	\$	2015	2015 Budget v 2014 Budget	
Telephone Telephone Answering Srv	\$	2014	2014	\$	2015	2015 Budget v 2014 Budget	-1.33
Telephone Telephone Answering Srv Internet Office Supplies	\$	146,628	2014 174,236	\$	2015 144,684	2015 Budget v 2014 Budget \$ (1,944)	-1.33 -13.41
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance	\$	2014 146,628 - 7,608 84,580	2014 174,236 - 7,000 168,120	\$	2015 144,684 - 6,588 44,530	2015 Budget v 2014 Budget \$ (1,944) - (1,020) (40,050)	-1.33 -13.41 -47.35
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers	\$	2014 146,628 - 7,608 84,580 61,500	2014 174,236 - 7,000 168,120 61,500	\$	2015 144,684 - 6,588 44,530 95,800	\$ (1,944) - (1,020) (40,050) 34,300	-1.33 -13.41 -47.35 55.77
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers	\$	2014 146,628 - 7,608 84,580	2014 174,236 - 7,000 168,120	\$	2015 144,684 - 6,588 44,530	2015 Budget v 2014 Budget \$ (1,944) - (1,020) (40,050)	-1.33 -13.41 -47.35 55.77
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements	\$	2014 146,628 - 7,608 84,580 61,500 41,950	2014 174,236 - 7,000 168,120 61,500 44,642	\$	2015 144,684 - 6,588 44,530 95,800 35,960	\$ (1,944) - (1,020) (40,050) 34,300 (5,990)	-1.33 -13.41 -47.35 55.77 -14.28
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements Software	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150	7,000 168,120 61,500 44,642	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300)	-1.33 -13.41 -47.35 55.77 -14.28
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements Software Network Supplies	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000	2014 174,236 7,000 168,120 61,500 44,642 13,650	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000)	-1.33 -13.41 -47.35 55.77 -14.28 -17.32 -100.00
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980	2014 174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677	-1.33 -13.41 -47.35 55.77 -14.28 -17.32 -100.00 114.00
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316	2014 174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401	-1.33 -13.41 -47.35 55.77 -14.28 -17.32 -100.00 114.00 45.17
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computer Supplies Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316 1,500	2014 174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 600	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000)	-1.33 -13.41 -47.35 55.77 -14.28 -100.00 114.00 45.17 -66.67
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage Express Shipping	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316 1,500 4,500	2014 174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 600 4,000	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500 3,500	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000) (1,000)	-1.33 -13.41 -47.35 55.77 -14.28 -17.32 -100.00 114.00 45.17 -66.67 -22.22
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage Express Shipping	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316 1,500	2014 174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 600	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000)	-1.33 -13.41 -47.35 55.77 -14.28 -100.00 114.00 45.17 -66.67
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computer Supplies Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage Express Shipping Copying	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316 1,500 4,500	2014 174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 600 4,000	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500 3,500	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000) (1,000)	-1.33 -13.41 -47.35 55.77 -14.28 -17.32 -100.00 114.00 45.17 -66.67 -22.22
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computer Supplies Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage Express Shipping Copying Reports	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316 1,500 4,500 10,000	174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 600 4,000 6,000	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500 3,500 6,000	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000) (1,000)	-1.33 -13.41 -47.35 55.77 -14.28 -17.32 -100.00 114.00 45.17 -66.67 -22.22
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computer Supplies Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage Express Shipping Copying Reports	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316 1,500 4,500 10,000	174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 600 4,000 6,000	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500 3,500 6,000	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000) (1,000)	-1.33 -13.41 -47.35 55.77 -14.28
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computer Supplies Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage Express Shipping Copying Reports Stationary/Forms	\$	2014 146,628 	174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 600 4,000 6,000	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500 3,500 6,000 -	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000) (1,000) (4,000)	-1.33 -13.41 -47.35 55.77 -14.28 -100.00 114.00 45.17 -66.67 -22.22 -40.00
Telephone Telephone Answering Srv Internet Office Supplies Computer Supplies and Maintenance Computers Computers Maintenance & Service Agreements Software Network Supplies Publications & Subscriptions Dues Postage Express Shipping Copying Reports Stationary/Forms Equipment Repair/Service Contracts	\$	2014 146,628 - 7,608 84,580 61,500 41,950 - 77,150 12,000 4,980 5,316 1,500 4,500 10,000 - 9,688	174,236 - 7,000 168,120 61,500 44,642 13,650 - 10,000 8,000 6,000 9,663	\$	2015 144,684 - 6,588 44,530 95,800 35,960 - 50,850 - 10,657 7,717 500 3,500 6,000 10,765	\$ (1,944) - (1,020) (40,050) 34,300 (5,990) - (26,300) (12,000) 5,677 2,401 (1,000) (1,000) (4,000)	-1.33 -13.41 -47.35 55.77 -14.28 -100.00 114.00 45.17 -66.67 -22.22 -40.00

477,400 Explanation of Significant Variances – 2015 Budget versus 2014 Budget

Office supplies decreased by \$40,050 from 2014. The 2014 budget included a one-time expense for office furnishings infer the new office space, which was a one time expense.

519,411 \$

430,551 \$

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Total Office Costs

-9.81%

A net decrease of \$9,990 in Computer, Supplies and Maintenance is comprised consists of the following one-time purchases for the new office space in 2014:

- <u>and a dDecrease</u>: \$5,990 decrease in computer supplies, of \$5,990, a. \$26,300 decrease in software, of \$26,300, and \$12,000 a decrease in networking supplies of \$12,000 all for the new office in 2014, for a total, which were one time purchases decrease of \$44,290.

Table B-8 - Professional Services

Professional Services		Budget 2014	Р	rojection 2014		Budget 2015	201	/ariance 5 Budget v 14 Budget	Variance %
Candidate Search	\$	10.000	Ś	10.000	Ś	10.000	Ś	_	0.00%
Outside Legal	Ą	50,000	ŗ	35,000	Ļ	40,000	Y	(10,000)	-20.00%
Accounting & Auditing Fees		35,400		45,860		26,400		(9,000)	-25.42%
Insurance Commercial		25,000		35,000		35,000		10,000	40.00%
Total Services	\$	120,400	\$	125,860	\$	111,400	\$	(9,000)	-7.48%
		Budget	P	rojection		Budget	201	/ariance 5 Budget v	
Professional Services		2014		2014		2015	20	14 Budget	Variance %
Candidate Search	\$	10,000	\$	7,500	\$	10,000	\$	-	0.00%
Outside Legal		50,000		40,000		40,000		(10,000)	-20.00%
Accounting & Auditing Fees		35,400		30,860		26,400		(9,000)	-25.42%
Insurance Commercial		25,000		30,000		35,000		10,000	40.00%

Explanation of Significant Variances - 2015 Budget versus 2014 Budget

The Ddecrease in Legal of \$10,000 and the increase in Insurance of \$10,000 is to better align with historical costs. The decrease in Accounting fees is due to a reduction in cost from a change in the expense reporting platform.

Table B-9 – Other Non
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perating Expenses

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Other Non-Operating Expenses	Budget 2014	Projection 2014		Budget 2015		Variance 2015 Budget v 2014 Budget		Variance %
Interest Expense	\$ -	\$	_	\$		\$	-	
Line of Credit Payment	-		-		-		-	
Office Relocation	15,000		7,000		-		(15,000)	-100.00%
Total Non-Operating Expenses	\$ 15,000	\$	7,000	\$	-	\$	(15,000)	100.00%
	Budget				Budget	2015	Variance Budget v 2014	
Other Non-Operating Expenses	2014	Pr	ojection 2014		2015	2013	Budget V 2014	Variance %
Other Non-Operating Expenses Interest Expense	\$ _	\$	•	\$	· ·	\$		Variance %
	\$ 2014	·	2014	\$	· ·			Variance %
Interest Expense	\$ 2014	·	2014	\$	· ·			-100.00%

Explanation of Significant Variances – 2015 Budget versus 2014 Budget

In 2014, SERC included \$15,000 $\underline{\text{for a moving company as a for}}$ one-time costs related to the relocation of office space, $\underline{\text{for a moving company}}$.

Table B-10 – 2015 Budget with 2016-2017 Projection

	20					d 2017 Budge	in Workin ets					
		2015 Budget		2016 Projection		\$ Change 16 v 15	% Change 16 v 15		2017 Projection		\$ Change 17 v 16	% Change 17 v 16
Funding												
ERO Funding		40 704 004		40 707 646		6 500	0.050/		40 700 000		(4 7 070)	
NERC Assessments Penalty Sanctions	\$	13,731,034	\$	13,737,616	\$	6,582 (1,787,000)	0.05%	\$	13,720,338	Ş	(17,278)	-0.1
Total NERC Funding	Ś	15,518,034	Ś	13,737,616	Ś	(1,787,000)	-11.5%	Ś	13,720,338	Ś	(17,278)	-0.1
			· -			(-):)		_			(=: ,=: +)	
Membership Dues		-				-					-	
Testing Fees		-				-						
Services & Software		-				-					-	
Workshops		259,355		259,355		-	0.00%		259,355		-	0.0
Interest		1,000		1,000		-	0.00%		1,000			0.0
Miscellaneous	_	294,000	_	406,350	Ś	112,350	38.21%	_	351,418	_	(54,933)	-13.5
otal Funding (A)	\$	16,072,389	\$	14,404,321	\$	(1,668,068)	-10.4%	\$	14,332,110	\$	(72,211)	-0.5
xpenses												
Personnel Expenses												
Salaries	\$	9,717,873	\$	9,709,127	\$	(8,746)	-0.1%	\$	9,700,389	\$	(8,738)	-0.1
Payroll Taxes		583,072		582,548		(524)	-0.1%		582,023		(524)	-0.1
Benefits		938,825		956,193		17,368	1.9%		973,883		17,690	1.9
Retirement Costs		1,325,619		1,324,426		(1,193)	-0.1%		1,323,234		(1,192)	-0.1
Total Personnel Expenses	\$	12,565,389	\$	12,572,294	\$	6,905	0.1%	\$	12,579,529	\$	7,235	0.1
Meeting Expenses												
Meeting expenses Meetings	\$	273,110	\$	275,841	\$	2,731	1.0%	\$	284.116		8,275	3.0
Travel	Þ	585,639	Þ	603,208	Ş	17,569	3.0%	Þ	621,304		18,096	3.0
Conference Calls		48,000		48,000		17,309	0.0%		48,000		10,050	0.0
Total Meeting Expenses	\$	906,749	\$	927,049	Ś	20,300	2.2%	\$	953,421	Ś	26,371	2.8
,				,		,						
Operating Expenses												
Consultants & Contracts	\$	1,177,609	\$	1,020,432		(157,177)	-13.3%	\$	1,224,720		204,288	20.0
Office Rent		464,809		514,267		49,458	10.6%		525,804		11,537	2.2
Office Costs		430,551		434,857		4,306	1.0%		439,205		4,349	1.0
Professional Services		111,400		112,514		1,114	1.0%		115,889		3,375	3.0
Miscellaneous						-						
Depreciation	\$	418,070	\$	354,993	Ś	(63,077)	-15.1%	Ś	210,317	Ś	(144,676)	-40.8
Total Operating Expenses	3	2,602,439		2,437,063	,	(165,376)	-6.4%	<u>, </u>	2,515,936	,	78,873	3.2
Total Direct Expenses	\$	16,074,577	\$	15,936,406	\$	(138,171)	-0.9%	\$	16,048,885	\$	112,479	0.7
Indirect Expenses	\$	-	\$	-	\$	-		\$	-	\$	-	
Other Non-Operating Expenses	\$		\$		\$			\$		\$		
	\$	16,074,577	\$	15.036.406	\$	(420.474)	-0.9%	\$	16 040 005	\$	112 470	0.:
otal Expenses (B)				15,936,406		(138,171)			16,048,885		112,479	
hange in Assets	\$	(2,188)	\$	(1,532,085)	\$	(1,529,897)	69922.2%	\$	(1,716,775)	\$	(184,690)	12.:
ixed Assets									-			
Depreciation	\$	(418,070)	\$	(354,993)	\$	63,077	-15.1%	\$	(210,317)	\$	144,676	-40.
Computer & Software CapEx		309,333		100,000		(209,333)	-67.7%		100,000		-	0.0
Furniture & Fixtures CapEx		-		-		-					-	
Equipment CapEx Leasehold Improvements		30,000		-		(30,000)	-100.0%					
Allocation of Fixed Assets									-			
nc(Dec) in Fixed Assets (C)	\$	(78,737)	\$	(254,993)	\$	(176,256)	223.9%	\$	(110,317)	\$	144,676	-56.
OTAL BUDGET (=B + C)	\$	15,995,840	\$	15,681,413	\$	(314,427)	-2.0%	\$	15,938,568	\$	257,155	1.0
OTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$	76,549	\$	(1,277,092)		(1,353,641)	-1768.3%	\$	(1,606,458)		(329,366)	25.8
, ,	,					••••						

Section C – Non-Statutory Activities 2015 Business Plan and Budget

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Section C — 2015 Non-Statutory Business Plan and Budget Activities

Nor	Increase		
	2014 Budget	2015 Budget	(Decrease)
Total FTEs	-	-	-
Direct Expenses	-	-	-
Indirect Expenses	-	-	•
Inc(Dec) in Fixed Assets	-	-	-
Total Funding Requirement	-	-	-

SERC does <u>not</u> provide any non-statutory functions at this time, although SERC may in the future consider providing non-statutory functions from time to time as appropriate and as permitted by its Board and applicable statutes and regulations.

Section D – Additional Consolidated Financial Statements

2015 Business Plan and Budget

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<u>Section D – Additional Consolidated Financial Statements</u>

Section D

2015 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Mary										Statutory	Activities					
March Marc	Statement of Activities and Capital Expenditures by Program 2015 Budget	Total	Statutory Total	Statutory	Statutory Total		Organization Registration and Certification (Section)	and Performance Analysis		Infrastructure Security			Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
MEL CAMPATINISM \$1,71,103 \$1,71,104 \$1,0																
The Property Common Com																
Marchen March Ma												(211,451)				
Part																
Training from the Control of March 1988 19	Total NERC Funding	15,518,034	15,518,034	_	15,518,034	681,119	10,772,635	1,809,522	796,064	1,670,145		(211,451)				
Second	Membership Dues															
Second	Testing Fees															
Marcal 1,00																
Marcal 1,00	Workshops	259,355	259,355		259,355				259,355							
Marcine Marc			1.000													1.000
Freed Expense	Miscellaneous	294,000	294,000		294,000	-	7,000					287,000	-			
Name	otal Funding (A)	16,072,389	16,072,389		16,072,389	681,119	10,779,635	1,809,522	1,055,419	1,670,145		75,549				1,000
Payed Tarse \$1,072 \$10,072 \$10,072 \$10,072 \$10,072 \$10,072 \$10,072 \$10,000 \$																
Incidence 19,815 19,825													-			
Marcin Processes 1,175,68 1,125,63 1																
Trial Processing Segretary 1266,389 126																
Metring Expenses Metring 27,110 27,110 27,110 1,120 1																
Meeting 77,110 77,110 77,110 77,110 71,110	Total Personnel Expenses	12,565,389	12,565,389		12,565,389	372,876	5,954,865	740,120	426,506	930,496	862,138	3,278,388				<u> </u>
Meeting 77,110 77,110 77,110 77,110 71,110	Meeting Evenner															
Tarel SS, 639 SS, 639 SS, 639 C, 129 131,455 41,012 18,175 12,766 18,181 10,779 Conference Cités 42,000 45,000		272 110	272 110		272 110		21 700	21.020	144 100		25 750	60 520				
Companies 48,000										52 766						
Total Perfect Expenses Operating Expenses Op						7,323	313,433	43,032	10,075	32,700	30,303					
Consultant & Con						7 220	241.155	64.063	163.075	F2 766	64 122					
Comparison 1,177,609 1,177,609 1,177,609 1,14,333 12,250 16,10,00 - 85,000 - 40,276 70,000 - 10,000	rotal meeting expenses	500,745	300,743		300,743	7,329	341,133	64,062	102,573	32,760	64,133	214,323				
Office Rent 464,809 464,809 464,809 464,809	Operating Expenses															
Office clasts 48,0551 48,0551 48,0551 48,0551 48,0551 1.5799 1.51799 1.512 2,024 880 944 294,539 1,665 187,850 1.308 1.13,000 1.00 1.00 1.00 1.00 1.00 1.00 1.00							134,333	322,500	163,000					402,776	70,000	
Professions Services 111,400 111,400 111,400 111,000 110,000 1.0						-										
Miscalinanesis Depresidation 418,070 418,070 418,070 418,070 Total Operating Expenses 26,074,977 16,074,577 16,074,577 180,025 64,064,152 12,112,244 774,505 984,152 127,115 14,070,115 11,005 590,626 81,308 19,400 Indirect Expenses 10,074,577 16,074						-		2,612	2,024	890	944			187,850		
Depreciation		111,400			111,400							35,000	30,000		10,000	
Total Operating Expenses						-							-			
Total Offere Expenses 16,074,577 16,074,577 16,074,577 16,074,577 180,055 6,456,152 1,193,294 754,065 994,152 927,215 4,790,115 31,605 590,628 81,308 39,400 Indirect Expenses				-					-				-		-	
Deliver Expenses	Total Operating Expenses	2,602,439	2,602,439		2,602,439		160,132	325,112	165,024	890	944	1,207,398	31,605	590,626	81,308	39,400
Other Non-Operating Expenses 1	Total Direct Expenses	16,074,577	16,074,577		16,074,577	380,205	6,456,152	1,129,294	754,505	984,152	927,215	4,700,115	31,605	590,626	81,308	39,400
as Expenses (8) 15,074,577 1	Indirect Expenses				-	304,680	4,377,590	688,741	304,680	694,578	(927,215)	(4,700,115)	(31,605)	(590,626)	(81,308)	(39,400)
ange in Assets [2,188] [2,188] [2,188] [2,188] [1,766] [5,4307] [8,513] [1,766] [5,585] [75,549] 1,000 of Assets Degreciation (418,070)	Other Non-Operating Expenses			-												
ed Assets Depresiation (418,070) (41	otal Expenses (B)	16,074,577	16,074,577	-	16,074,577	684,885	10,833,742	1,818,035	1,059,185	1,678,730						
ed Assets Depresiation (418,070) (41																
Depresiation (\$18,070) (hange in Assets	(2,188)	(2,188)		(2,188)	(3,766)	(54,107)	(8,513)	(3,766)	(8,585)	-	75,549	-	-	-	1,000
Depresiation (\$18,070) (xed Assets															
Computer & Software Capics		(418.070)	(418.070)		(418.070)							(418.070)				
Furthure A Pattures Capix Equipment Capix Equipment Capix Equipment Capix Leasehold Improvements																
Equipment Capic 20,000 2												,				
Leashed Improvements		30,000	30,000		30 000							30 000				
ABCCHONG Fixed Assets (1,766) (54,107) (8,513) (3,766) (8,518) 79,737	Leasehold Improvements															
[Dec] in Fixed Assets (C) [78,727] (78,727] . (78,727] (3,766) (54,107) (3,513) (2,766) (6,585)						(3,766)	(54,107)	(8,513)	(3,766)	(8,585)		78,737				
TAL BUDGET (18 + C) 15,995,440 15,995,440 15,995,440 (881,119 10,779,435 1,809,522 1,055,419 1,670,145	c(Dec) in Fixed Assets (C)	(78,737)	(78,737)		(78,737)	(3,766)	(54,107)	(8,513)	(3,766)	(8,585)		-			-	
TAL CHANGE IN WORKING CAPITAL (FA-B-C) 76,549 76,549 76,549 76,549 1,000																
	DIALBODGE! (=B+C)	15,335,840	15,995,840	_	15,595,840	b81,119	10,779,635	1,809,522	1,055,419	1,6/0,145	-	-	-			
FTE: 78.70 78.70 · 78.70 2.61 37.50 5.90 2.61 5.95 5.13 15.00 · · · · ·	OTAL CHANGE IN WORKING CAPITAL (=A-B-C)	76,549	76,549		76,549							75,549				1,000
FTE: 78.70 78.70 · 78.70 · 78.70 2.61 37.50 5.90 2.61 5.95 5.13 19.00 · · · · ·																
	FTEs	78.70	78.70		78.70	2.61	37.50	5.90	2.61	5.95	5.13	19.00				

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				Statutory Activities												Function
Statement of Activities and Capital Expenditures by Program 2015 Budget	Total	Statuton Total	Non- Statutory Total	Statuten Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Muman Baroures	Accounting and Finance	Non-Statute
anding	Iotal	Statutory Iotal	IOTAL	Statutory lotal	(Section 300)	400 & 500)	(section acc)	(Section 900)	(Section 1000)	Forums	Administrative	Legal and Regulatory	information recinology	numan resources	Accounting and Finance	Non-Statute
ERO Funding																
NERC Assessments	13,733,606	13,733,606		13,733,606	461,216	9,836,374	1,612,839	724,025	1,605,013		(505,861)					
Penalty Sanctions	1,742,000	1,742,000		1,742,000	66,144	1,206,892	184,952	81,818								
Total NERC Funding	15,475,606	15,475,606		15,475,606	527,360	11,043,266	1,797,791	805,843			(505,861)					
Mark and the Control																
Membership Dues	-	-														
Testing Fees	-	-						-				-				
Services & Software	-	-						-				-				
Workshops	259,355	259,355	-	259,355		-	-	259,355								
Interest	1,000	1,000	-	1,000		-	-		-		-	-		-	1,000	
Miscellaneous	294,000	294,000		294,000		7,000					287,000					
otal Funding (A)	16,029,961	16,029,961		16,029,961	527,360	11,050,266	1,797,791	1,065,198	1,807,207		(218,861)				1,000	
penses																
Personnel Expenses																
Salaries	9,917,409	9,917,409	-	9,917,409	215,330	4,769,980	553,482	368,797	793,986	574,404	2,641,430					
Payroll Taxes	595,045	595,045		595,045	12,920	286,199	33,209	22,128	47,639	34,464	158,486					
Benefits	936,874	936,874		936,874	22,389	473,946	76,022	26,079		45,420	212,810					
Retirement Costs	1,353,043	1,353,043		1,353,043	30,319	656,623	77,407	51,470		76,327	359,994					
Total Personnel Expenses	12,802,371	12,802,371	-	12,802,371	280,958	6,186,748	740,120	468,474		730,615	3,372,720		-	-		_
-																
Meeting Expenses																
Meetings	273,110	273,110		273,110		21,700	21,030	144,100		25,750	60,530					
Travel	585,639	585,639		585,639	7,329	319,455	43,032	18,875	52,766	38,383	105,799					
Conference Calls	48,000	48,000		48,000					-		48,000					
Total Meeting Expenses	906,749	906,749		906,749	7,329	341,155	64,062	162,975	52,766	64,133	214,329					
Operating Expenses																
Consultants & Contracts	1,192,609	1,192,609		1,192,609		134,333	322,500	136,000			85,000		444,776	70,00		
Office Rent	464,809	464,809		464,809		,		,			464,809		,	,		
Office Costs	430,551	430,551		430,551		15,799	2,612	2,024		944	204,519	1,605	187,850	1,300	8 13,000	
Professional Services	111,400	111,400		111,400		10,000	2,012	2,024	690	344	35,000	30,000		10,000		
Miscellaneous	111,400	111,400		111,400		10,000					33,000	30,000		10,000	0 20,400	
	451 404	451 404		451 404							451 404					
Depreciation Total Operating Expenses	2,650,773	2,650,773	-	2,650,773		160,132	325,112	138,024	890	944	1,240,732	31,605	632,626	81,300	8 39,400	
Total Direct Expenses	16,359,893	16,359,893		16,359,893	288,287	6,688,035	1,129,294	769,473	1,076,392	795,692	4,827,781	31,605	632,626	81,30	8 39,400	
Indirect Expenses		-	-	-	243,328	4,439,876	680,396	300,989	743,823	(795,692)	(4,827,781)	(31,605	(632,626)	(81,300	8) (39,400)	
_																
Other Non-Operating Expenses					-	•	-	-			•	-				
tal Expenses (B)	16,359,893	16,359,893	-	16,359,893	531,615	11,127,911	1,809,690	1,070,462	1,820,215							
ange in Assets	(329,932)	(329,932)	-	(329,932)	(4,255)	(77,645)	(11,899)	(5,264)	(13,008)		(218,861)				1,000	_
ed Assets																
Depreciation	(451,404)	(451,404)	-	(451,404)							(451,404)					
Computer & Software CapEx	309,333	309,333		309,333							309,333					
Furniture & Fixtures CapEx	-	-														
Equipment CapEx	30,000	30,000		30,000							30,000					
Leasehold Improvements		-														
Allocation of Fixed Assets			-	-	(4,255)	(77,645)	(11,899)	(5,264)	(13,008)		112,071					
(Dec) in Fixed Assets (C)	(112,071)	(112,071)		(112,071)	(4,255)	(77,645)		(5,264)								
TAL BUDGET (=B + C)	16,247,822	16,247,822		16,247,822	527,360	11,050,266	1,797,791	1,065,198	1,807,207				-			
TAL CHANGE IN WORKING CAPITAL (=A-B-C)	(217,861)	(217,861)	-	(217,861)							(218,861)				1,000	_

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Statement of Financial Position

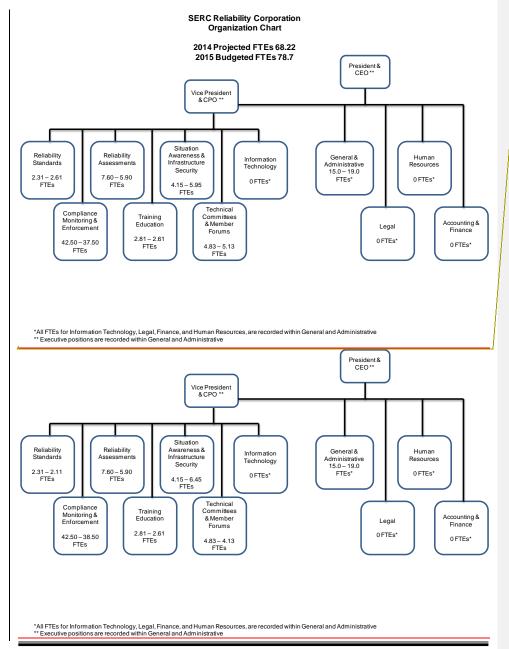
- As of December 31, 2013, per audit
- As of December 31, 2014, projected
- As of December 31, 2015, as budgeted

	inancial Position jection, and 2015 Budget		
	JTORY		
	(Per Audit) 31-Dec-13	Projected 31-Dec-14	Budget 31-Dec-15
ASSETS Cash	7,685,935	8,553,984	8,244,651
Trade Accounts receivable, net of allowance for uncollectible accounts of \$0	68,691	68,691	68,691
Other Receivables	-	-	-
Prepaid expenses and other current assets	172,214	172,214	172,214
Security deposit	-	-	-
Cash value of insurance policies	-	-	-
Property and equipment	662,477	322,352	401,089
Total Assets	8,589,317	9,117,241	8,886,645
LIABILITIES AND NET ASSETS			
Liabilities	1 010 105	1.010.195	1 010 105
Accounts payable and accrued expenses	1,019,185	1,019,185	1,019,185
Deferred income	11,610	11,610	11,610
Deferred penalty income	2,306,573	1,787,000	
Regional assessments	-	-	-
Deferred compensation	-	-	-
Accrued retirement liabilities	412,321	409,018	498,943
Accrued incentive compensation	1,428,122	1,112,772	1,234,905
Total Liabilities	5,177,811	4,339,585	2,764,643
Net Assets - unrestricted	4,659,665	4,777,656	6,122,002
Total Liabilities and Net Assets	9,837,476	9,117,241	8,886,645

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Statement of Financial Position 2013 Audited, 2014 Projection, and 2015 Budget STATUTORY										
	(Per Audit) 31-Dec-13	Projected 31-Dec-14	Budge 31-Dec-15							
ASSETS Cash	7,685,935	8,119,894	7,810,561							
Trade Accounts receivable, net of allowance for uncollectible accounts of \$0	68,691	68,691	68,691							
Other Receivables	-	-	-							
Prepaid expenses and other current assets	172,214	172,214	172,214							
Security deposit	-	-	-							
Cash value of insurance policies	-	-	-							
Property and equipment	662,477	307,352	419,42							
Total Assets	8,589,317	8,668,151	8,470,889							
LIABILITIES AND NET ASSETS Liabilities										
Accounts payable and accrued expenses	1,019,185	1,019,185	1,019,185							
Deferred income	11,610	11,610	11,610							
Deferred penalty income	2,306,573	1,742,000								
Regional assessments	-	-	-							
Deferred compensation	-	-	-							
Accrued retirement liabilities Accrued incentive compensation	412,321 1,428,122	461,596 1,196,957	509,22 1,307,92							
Total Liabilities	5,177,811	4,431,348	2,847,94							
Net Assets - unrestricted	4,659,665	4,236,803	5,622,94							
Total Liabilities and Net Assets	9,837,476	8,668,151	8,470,88							

Organizational Chart



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