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Approved

2016 Business Plan and Budget V.1

Florida Reliability Coordinating Council, Inc.

Approved:

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Introduction

TOTAL RESOURCES (in whole dollars)				
	2016 Budget	U.S.	Canada	Mexico
Statutory FTEs	30.59			
Non-statutory FTEs	18.06			
Total FTEs	48.65			
Statutory Expenses	\$ 7,316,280			
Non-Statutory Expenses	\$ 8,430,698			
Total Expenses	\$ 15,746,978			
Statutory Inc(Dec) in Fixed Assets	\$ (54,753)			
Non-Statutory Inc(Dec) in Fixed Assets	\$ 261,299			
Total Inc(Dec) in Fixed Assets	\$ 206,546			
Statutory Working Capital Requirement*	(436,070)			
Non-Statutory Working Capital Requirement**	181,296			
Total Working Capital Requirement	(254,774)			
Total Statutory Funding Requirement	\$ 6,825,457			
Total Non-Statutory Funding Requirement	\$ 8,873,293			
Total Funding Requirement	\$ 15,698,750			
Statutory Funding Assessments	\$ 6,628,457	\$ 6,628,457		
Non-Statutory Fees	\$ 8,595,503	\$ 8,595,503		
NEL	224,648	224,648		
NEL%				

*Refer to Table B-1 on page 40 in Section B.

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

Organizational Overview

The Florida Reliability Coordinating Council (FRCC) is a Florida not-for-profit corporation that was formed in 1996 and is one of the eight regions of the North American Electric Reliability Corporation (NERC). The FRCC's mission is to promote and assure the reliability of the bulk power system in Peninsular Florida. The FRCC's Web site is www.frcc.com. The FRCC Region is comprised of all of Florida east of the Apalachicola River. Florida's unique geography and its highly integrated transmission system coupled with its single interface boundary to the rest of the Eastern Interconnection required the development of a reliability focus in the FRCC Region. Membership in the FRCC's Regional Entity Division is open to any entity, without cost, that has a material interest in the reliability of the BES in the FRCC Region. Currently there are 66 Registered Entities within the FRCC Region. The FRCC is governed by a balanced stakeholder Board of Directors, and accomplishes its activities through qualified professional staff and standing committees which also have balanced stakeholder governance.

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

The FRCC Regional Entity Division works to enhance the reliability of the BES in the FRCC Region pursuant to the approved Regional Delegation Agreement (RDA) with NERC, as the Electric Reliability Organization (“ERO”), under the authority of the FERC. The functions performed by the FRCC Regional Entity Division include regional reliability standards development, compliance monitoring and enforcement of reliability standards, reliability assessment and performance analysis, event analysis and reliability improvement, training and education, situation awareness and infrastructure security. The Regional Entity division of the FRCC has one standing committee, the FRCC Regional Entity Committee and Compliance Forum (RECCF). This committee provides input to the FRCC in support of the delegated activities and functions. The RECCF actively participates in the development of the Regional Entity Business Plan and Budget by reviewing and providing comments on assumptions, goals and verbiage to the FRCC staff and to the Board of Directors.

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

The FRCC PC and OC actively participate in the development and approval of their committee’s budget. The budget reflects the activity of each committee’s responsibilities, such as reliability coordination, resource adequacy, stability studies, transmission studies, operations tools, telecommunication tools and infrastructure.

Each year, the total FRCC budget is presented to the FRCC Board of Directors early in the second quarter for informational purposes prior to final approval in June. This process gives all FRCC members advanced indication of the funding level, both statutory and non-statutory, which will be required for the coming fiscal year (January 1 – December 31). This allows for timely inclusion of each member’s funding responsibility in their individual budgeting process. The final budget is presented for approval to the FRCC Board of Directors in June of each year and is then submitted to NERC for approval by the NERC Board of Trustees and then by FERC.

Membership and Governance

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

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

- Non-Investor Owned Utility Wholesale
- Load Serving Entity

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

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

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

As part of its responsibilities, NERC, as the ERO, delegates its authority to Regional Entities to perform certain functions through delegation agreements. On October 21, 2010, FERC approved revised delegation agreements between NERC and the eight (8) Regional Entities that became effective January 1, 2011 and will expire at the end of 2015. These delegation agreements describe the responsibility and authority delegated to the Regional Entities. NERC and the Regional Entities worked collaboratively to revise the delegation agreements to present to the NERC Board of Trustees for approval mid-2015 so that they may be approved by FERC and become effective January 1, 2016. The funding for Regional Entities is approved separately with each Regional Entity submitting its own business plan and budget for consideration by NERC and FERC.

Statutory Functional Scope

The FRCC carries out its delegated functions as outlined and detailed in the delegation agreement. NERC and the Regional Entities will continue to work under the existing regulatory framework governing the establishment and enforcement of reliability standards for the Bulk Power System (BPS). The delegated functions as defined by the NERC Rules of Procedures include:

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

2016 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of shared assumptions (see Exhibit A of the 2016 NERC Business Plan and Budget) developed jointly by NERC and the Regional Entities as part of the annual business plan and budget process. The significant assumptions underlying FRCC’s 2016 business plan include:

- NERC will provide oversight of the Regional Entities performance of their delegated functions to ensure that the delegated responsibilities are adequately performed. NERC will develop, in collaboration with the Regional Entities, goals, measures and reports to assess and evaluate the Regional Entities' performance of their RDAs, NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, Commission requirements, and directives that are in effect pursuant to Section 8C of the RDA. The Regional Entities are expected to continue to have the primary responsibility for day-to-day operations and interactions with Registered Entities. NERC and the Regional Entities will also work to refine and revise procedures and processes to eliminate duplication, increase operational efficiencies, to enhance ERO-wide consistency and to achieve measurable reliability outcomes, consistent with their respective roles and responsibilities.
- Cost pressures may affect some stakeholder resources available to participate in NERC and Regional Entity activities. However, this business plan and budget is based on the assumption of continued industry participation in support of key program areas such as event analysis, reliability assessments and standards development. NERC and the Regional Entities will evaluate projected initiatives involving stakeholder participation to determine the availability and adequacy of industry resources to support these undertakings.
- The effective date for compliance with the CIP Version 5 standards will be April 1, 2016 for High and Medium impact assets and April 1, 2017 for Low impact assets. The transition between V3 to V5 is a mission critical activity in 2015. The Regional Entities must continue to support the ongoing CIP V5 transition plans and should anticipate an expansion in the number of Registered Entities that require guidance during 2015 and 2016. For most CIP activities, the resource demands are expected to increase throughout the planning period.
- The implementation of the risk-based CMEP will require the allocation of dedicated resources from both NERC and the Regional Entities for both compliance and enforcement. Regional Entities should anticipate at least the same level of participation in implementing the risk-based CMEP as they did in developing it under RAI in 2014 and possibly more as they operationally implement its components for the first time in 2015. NERC and the Regional Entities are expected to utilize consistent compliance monitoring practices and focus on higher reliability risks to increase efficiency and mitigate overall compliance costs for registered entities.
- The implementation of a BES Exception Process continues to require the allocation of resources from several FRCC departments. Resources are expected to manage the process execution, technical validation of the definition and exception requests, self-determined notification submittals and periodic reviews of network changes affecting BES determinations as well as requests for registration and certification reviews. However, the long-term impact cannot be fully assessed at this time as the resource requirements will be based on the number and complexity of exception and registration requests received.
- NERC will continue to budget and incur costs to operate and maintain the software applications and systems known as Situational Awareness for FERC, NERC, and Regional Entities ("SAFNrv2"). Additional resource investments may be required to enhance the capabilities of SAFNrv2 throughout the planning period; however, there

will be no increased cost to the Regional Entities. NERC will continue to review the appropriateness of continued funding of existing reliability tools, with any proposed changes thereto subject to review and input from the Regional Entities, appropriate NERC Committees and working groups, and other affected parties.

- NERC and the Regional Entities will collaboratively work to refine existing strategies and governance and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, including software and data systems supporting both NERC and Regional Entity operations. The FRCC will also continue to fund applications and systems to satisfy our regional business needs.
- Improved disaster recovery mechanisms and improved IT security procedures will increase capital and operating costs at the Regional Entities.

2016 Goals and Key Deliverables (Regional Entity Division)

- Support NERC's goals that will continue to improve the quality and content of Reliability Standards, including support for enhanced periodic reviews focused on conducting measured, in-depth reviews to further improve the Reliability Standards. Support ERO activities necessary to incorporate Regional Standards into continent-wide standards as appropriate as standards are reviewed through the enhanced periodic review process.
- Continue to encourage stakeholder awareness and participation in the NERC standards development process through educational outreach efforts and participation in Standard Drafting Teams, the NERC Standards Committee and related subcommittees. Following FERC approval, assist the transition of standards to compliance monitoring and enforcement for the purposes of industry and auditor training, or providing information regarding the intent of the standard.
- Assess existing resources, including potentially adjusting skill sets to meet the criteria set forth in the *Compliance Auditor Capabilities and Competency Guide*. Have a training program in place that addresses initial and continuing training for capability and competency development.
- Work with NERC and the other Regional Entities to register entities commensurate with risk to the Bulk Power System (BPS). Support the implementation of any changes resulting from the risk-based registration phase 1 efforts that completed in 2014, continued review of risk-based registration phase 2 in 2015, and review of the certification program that began in 2015.
- Continue the implementation of the BES Exception Process and related activities.
- In collaboration with NERC and the other Regional Entities, support the ongoing CIP V5 transition plans, related training and outreach.
- Improve consistency, quality, and timeliness of compliance monitoring and enforcement activities. Utilize more enforcement discretion for those violations that have minimal impact to the reliability of the BES and provide more focus on those violations that have higher reliability risks.
- Continue to be a strong enforcement authority that is independent, without conflict of interest, objective and fair, using enforcement discretion when warranted and imposing penalties and sanctions that are commensurate with risk.

- Support an ERO culture of reliability excellence. Work with NERC and the other Regional Entities to facilitate a learning environment throughout the industry. Work to improve event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices. Work with NERC and the other Regional Entities to support the sharing of BES event reports through secure means.
- Continue to improve consistency, quality, timeliness and cost effectiveness of NERC and Regional Entity data collection, analysis systems and capabilities through process improvements and more effective coordination and collaboration. Support enhancement of risk analysis capabilities by integrating risk data sources.
- Support the ERO efforts to expand the assessment and performance analysis capabilities in Reliability Assessments to achieve measureable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.
- Support ERO activities to identify key reliability risks and appropriate risk control projects designed to enhance reliability or mitigate risks. Work with NERC and the other Regional Entities and the industry to effectively address security vulnerabilities and threats. During crisis situations, support ERO sharing of information among industry, Regions, and government.

2016 Overview of Cost Impacts

The FRCC's proposed 2016 Regional Entity budgeted expenses and net fixed assets (see page 12) is \$7,261,527, which is a \$99,294 or 1.4% increase over the 2015 budget. The major drivers of this increase are the net effect of:

- Salaries are based on the assumption of a 3% salary increase plus promotions and adjustments, a 3.7% attrition factor in 2016. These are partially offset by an open position from 2015 being replaced by a contract auditor.
- Increased fees by the CEA Agent due to 2016 being an audit year for the RC
- Decreased Compliance Software development changes budgeted

Statutory Accounting Methodology

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

- ERO assessments needed to fund working capital are reflected in the General and Administrative Program within Administrative Services.
- The majority of the Operating Expenses are accounted for within their related department's budget. If an expense cannot be specifically linked to a department, it is included in the General and Administrative Program, within Administrative Services.
- All expenses for the Administrative Services Programs, referred to as indirect expenses for 2016, are allocated to the delegated program areas by their respective FTEs and are shown on one line of each delegated program area Statement of Activities as "Indirect Expenses".

- Capital expenditures are broken out as fixed assets at the end of each statement of activities rather than being included in their related lines in the operating expenses section.
- Expenses include depreciation, but since funding is not being requested for depreciation expense, it has been deducted from the funding requirement for capital expenditures.

2016 Key Deliverables by Program

In 2016, FRCC will achieve the following key deliverables:

- **Reliability Standards Development** — Continue support of NERC in its efforts to improve the quality and content of Reliability Standards including support for enhanced periodic reviews focused on conducting measured, in-depth reviews to further improve the Reliability Standards. Support ERO activities necessary to incorporate Regional Standards into continent-wide standards as appropriate as standards are reviewed through the enhanced periodic review process. Support outreach during standard development and assist in the transition of standards to compliance monitoring and enforcement.
- **Compliance Monitoring and Enforcement** — Continue implementation of the risk-based compliance monitoring and enforcement program using consistent practices focused on higher reliability risks. Ensure timely and thorough mitigation of all violations of mandatory reliability standards with the most focus on those violations that create serious risk to the Bulk Electric System. Promote a strong culture of compliance excellence, reliability improvement, and risk-based methods among all Registered Entities in the FRCC Region.
- **Event Analysis** — Continue to support improved reliability through reporting and categorizing of system events and security incidents. Consistently analyze events and system performance for sequence, cause, and remediation to identify reliability risks and trend, and to inform standards, compliance, and other programs. Work to ensure that the industry is well informed of system events, emerging trends, risk analysis, lessons learned and expected actions. Provide timely written lessons learned and recommendations from events and provide all BPS system event reports to the industry through a secure portal.
- **Critical Infrastructure Protection and Cyber Security** — Facilitate, educate and support Registered Entities in complying with CIP reliability standards and responding to cyber security alerts. Continue to support the transition from CIP V3 to V5 including provision of necessary training to FRCC staff, and providing education and outreach to stakeholders to ensure their understanding of the technical aspects of the requirements.
- **Reliability Assessments** — Provide annual, seasonal, probabilistic, scenario and special reliability assessments of the reliability of the FRCC BES in accordance with definitions and requirements. Support the development and implementation of expanded and enhanced enterprise-based data collection and analysis systems and capabilities for performance analysis. Work with NERC and the other Regional Entities to develop and demonstrate BES performance metrics for the purpose of analyzing and trending reliability improvements and benefits, as well as risk/severity based methods. Work with NERC and the other Regional Entities to support the BES Exception Process execution,

technical validation of the definition and exception requests, self-determined notification submittals, and periodic reviews of network changes affecting BES determinations.

- **Situation Awareness** — Continue to support NERC in maintaining and enhancing the current and future situation awareness capabilities that include near real-time information and communications protocols that meet the needs of FERC, NERC, and the Regional Entities (SAFNrv2). Issue and track security recommendation to protect the Bulk Power System. Share information learned in Situation Awareness with the Events Analysis program to develop relevant lessons learned and identify gaps in standards, compliance effectiveness, registration and risk control effectiveness.
- **Effective Financial Controls** — Continue to provide rigorous cost controls and efficient management of resources to remain an efficient provider of ERO delegated functions.

Long Term Business Planning

NERC and the Regional Entities continue to work together to improve the overall ERO business planning and budgeting process, including long-term resource and financial planning. The 2016 Business Plan and Budget process builds upon the improvements made over the past several years including face-to-face meetings, conference calls and exchanges of documentation among senior management and staff of NERC and Regional Entities regarding budget assumptions, resource requirements, and opportunities to improve operational efficiency and effectiveness.

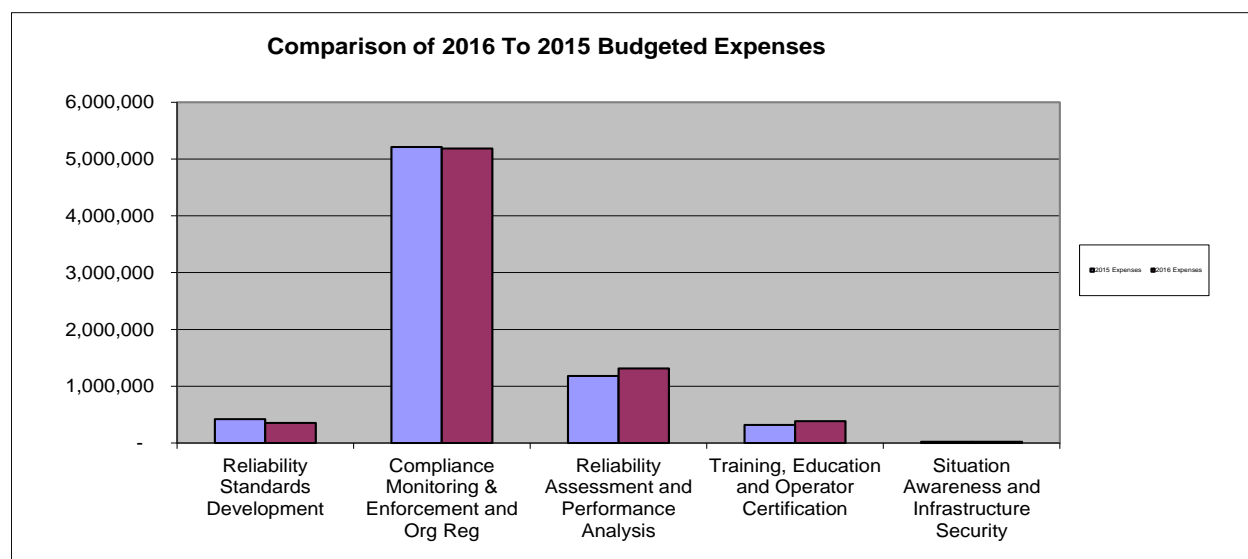
Throughout 2014 and into early 2015, NERC and the Regional Entities worked to develop a common operating model with defined roles and responsibilities that align with business planning goals, objectives, metrics and assumptions for the ERO Enterprise for the 2015-2018 planning period. As part of updating the ERO Strategic Plan, NERC and the Regional Entities consolidated five goals within the existing focus areas of standards; compliance, registration and certification; risks to reliability; and coordination and collaboration. A number of objectives and deliverables expected of the ERO Enterprise were also identified. Four overarching performance metrics were added to assess the overall effectiveness of the ERO Enterprise in addressing risk to the Bulk Electric System and improving BES reliability. These metrics concentrate on measuring progress in achieving reliability results, assuring standards and compliance effectiveness, improving risk mitigation, and program execution. With the ERO Strategic Plan, the developed performance metrics, and the set of common assumptions, the 2016 Business Plan and Budgets of NERC and the Regional Entities will support and complement each other. The Shared Business Plan and Budget Assumptions (Exhibit A of the 2016 NERC Business Plan and Budget) incorporate assumptions affecting resource demands through the 2018 planning horizon.

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

Detailed Business Plans and Budgets by Program

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

Funding by Program	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Reliability Standards Development	423,143	423,144	353,799	(69,345)	-16.4%
Compliance Monitoring & Enforcement and Org Reg	5,211,874	5,211,874	5,186,867	(25,007)	-0.5%
Reliability Assessment and Performance Analysis	1,182,409	1,182,409	1,312,392	129,983	11.0%
Training, Education and Operator Certification	321,525	325,526	386,376	64,851	20.2%
Situation Awareness and Infrastructure Security	23,281	23,281	22,093	(1,188)	-5.1%
Total Funding All Sources	7,162,233	7,166,234	7,261,527	99,294	1.4%



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

Total FTE's by Program Area	Budget 2015	Projection 2015	Direct FTEs 2016 Budget	Shared FTEs ¹ 2016 Budget	Total FTEs 2016 Budget	Change from 2015 Budget
STATUTORY						
Operational Programs						
Reliability Standards Development	1.71	1.33	1.41		1.41	-0.30
Compliance Monitoring & Enforcement and Org Reg	19.77	18.31	18.83		18.83	-0.94
Reliability Assessment and Performance Analysis	4.39	4.37	1.00	3.71	4.71	0.32
Training, Education and Operator Certification	0.91	1.35		1.09	1.09	0.18
Situation Awareness and Infrastructure Security	0.09	0.08		0.08	0.08	-0.01
Total FTEs Operational Programs	26.87	25.44	21.24	4.88	26.12	-0.75
Administrative Programs						
General & Administrative	4.04	3.71		4.47	4.47	0.43
Total FTEs Administrative Programs	4.04	3.71	0.00	4.47	4.47	0.43
Total FTEs	30.91	29.15	21.24	9.35	30.59	-0.32

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

2015 Statutory Budget and Projection and 2016 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2015 Budget & Projection, and 2016 Budget

STATUTORY					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 6,062,838	\$ 6,062,839	\$ 1	6,628,457	\$ 565,619
Penalty Sanctions	175,000	175,000	(0)	81,000	(94,000)
Total ERO Funding	\$ 6,237,838	\$ 6,237,839	\$ 1	\$ 6,709,457	\$ 471,619
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	24,000	24,000	-	24,000	-
Workshops	90,000	94,000	4,000	92,000	2,000
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 6,351,838	\$ 6,355,839	\$ 4,001	\$ 6,825,457	\$ 473,619
Expenses					
Personnel Expenses					
Salaries	\$ 4,082,307	3,893,875	\$ (188,432)	\$ 4,021,604	\$ (60,703)
Payroll Taxes	253,874	239,653	(14,221)	243,373	(10,501)
Benefits	579,483	627,956	48,473	608,744	29,261
Retirement Costs	666,669	611,856	(54,813)	639,971	(26,698)
Total Personnel Expenses	\$ 5,582,333	\$ 5,373,340	\$ (208,993)	\$ 5,513,692	\$ (68,641)
Meeting Expenses					
Meetings	\$ 69,292	\$ 55,870	\$ (13,422)	\$ 58,176	\$ (11,116)
Travel	191,753	203,058	11,305	191,445	(308)
Conference Calls	9,482	9,485	3	13,027	3,545
Total Meeting Expenses	\$ 270,527	\$ 268,413	\$ (2,114)	\$ 262,648	\$ (7,879)
Operating Expenses					
Consultants & Contracts	\$ 393,718	\$ 495,457	\$ 101,739	\$ 641,975	\$ 248,257
Office Rent	547,586	567,163	19,577	568,158	20,572
Office Costs	132,069	136,759	4,690	132,021	(48)
Professional Services	51,324	31,427	(19,897)	26,406	(24,918)
Miscellaneous	-	-	-	-	-
Depreciation	202,287	196,045	(6,242)	171,380	(30,907)
Total Operating Expenses	\$ 1,326,984	\$ 1,426,851	\$ 99,867	\$ 1,539,940	\$ 212,956
Total Direct Expenses	\$ 7,179,844	\$ 7,068,604	\$ (111,240)	\$ 7,316,280	\$ 136,436
Indirect Expenses	\$ -	\$ -	\$ 0	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 7,179,844	\$ 7,068,604	\$ (111,240)	\$ 7,316,280	\$ 136,436
Change in Assets	\$ (828,006)	\$ (712,765)	\$ 115,241	\$ (490,823)	\$ 337,183
Fixed Assets					
Depreciation	\$ (202,287)	\$ (196,045)	\$ 6,242	\$ (171,380)	\$ 30,907
Total Fixed Asset Purchases	184,676	238,032	53,356	116,627	(68,049)
Change in Fixed Assets	17,611	(41,987)	(59,598)	54,753	37,142
TOTAL BUDGET	\$ 7,162,233	\$ 7,110,591	\$ (51,642)	\$ 7,261,527	\$ 99,294
TOTAL CHANGE IN WORKING CAPITAL	\$ (810,395)	\$ (754,752)	\$ 55,643	\$ (436,070)	\$ 374,325
FTEs	30.91	29.15	(1.76)	30.59	(0.32)

Section A – Statutory Programs
2016 Business Plan and Budget

Reliability Standards Development Program

Reliability Standards Development Program (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	1.71	1.41	(0.30)
Direct Expenses	\$ 370,389	\$ 307,955	\$ (62,434)
Indirect Expenses	\$ 49,808	\$ 47,137	\$ (2,672)
Inc(Dec) in Fixed Assets	\$ 2,946	\$ (1,293)	\$ (4,239)
Total Funding Requirement	\$ 423,143	\$ 353,799	\$ (69,345)

Program Scope and Functional Description

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

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

While the FRCC may develop separate Regional Reliability Standards, the preference is to support the development of continent wide reliability standards. The FRCC staff follows and participates in NERC's Standards Development Process. This includes FRCC standards staff participation at the NERC Standards Committee, the NERC Standards Committee Process Subcommittee, and NERC standards drafting teams as appropriate. In addition, the FRCC supports and encourages stakeholder awareness and participation in the NERC standards development process through educational outreach efforts at workshops, webinars and committee meetings.

2016 Key Assumptions

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

1. The number of continent-wide projects contained in NERC's Reliability Standards Development Plan is expected to remain at the 2015 level.
2. Continent-wide standards projects will consist primarily of conducting enhanced periodic reviews to improve the content and quality of standards, responding to identified risks to reliability, and addressing FERC directives that may arise.

3. The number of interpretation requests is expected to remain low, however the guidance requests associated with the implementation of Standards may increase.
4. Activity associated with FRCC Regional Reliability Standards development is expected to remain low. Regional standards will be incorporated, as appropriate, into continent-wide standards as variances as part of the enhanced periodic review activities.
5. NERC and the Regional Entities will continue to provide communication and outreach opportunities as standards are developed and following FERC approval of new and revised standards.

2016 Goals and Key Deliverables

The Standards Program objectives for 2016 are outlined below:

- Continue to follow and participate in NERC Standards Development Process. This includes FRCC standards staff participation in the NERC Standards Committee, the NERC Standards Committee Process Subcommittee and on NERC standards drafting teams as appropriate.
- Continue to encourage stakeholder awareness and participation in the NERC standards development process.
- Continue to monitor the need for development of Regional Reliability Standards that are required by NERC Reliability Standards or are needed for reliability within the FRCC region.
- Assist the FRCC members and Registered Entities in following and understanding NERC standards development activities by increasing education and outreach programs to include:
 - Development and presentation at Workshops, Webinars and committee meetings to address continent-wide and regional reliability issues.
 - Develop and deliver project level communications, education and training for new or revised reliability standards.
 - Review, analyze and identify potential regional concerns associated with NERC Reliability Standards under development.
 - Establish a stronger relationship with the FRCC Regional Entity Committee to fully vet and identify any concerns and assist in articulating the concern to standard drafting teams as appropriate.

Reliability Standards Development Program

Funding sources and related expenses for the reliability standards section of the 2016 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
Reliability Standards Development					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 412,007	\$ 412,007	\$ 0	\$ 349,426	\$ (62,580)
Penalty Sanctions	\$ 11,137	\$ 11,137	\$ 0	4,373	(6,764)
Total ERO Funding	\$ 423,143	\$ 423,144	\$ 1	\$ 353,799	\$ (69,345)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 423,143	\$ 423,144	\$ 1	\$ 353,799	\$ (69,345)
Expenses					
Personnel Expenses					
Salaries	\$ 225,465	\$ 177,267	\$ (48,198)	\$ 192,583	\$ (32,882)
Payroll Taxes	14,021	10,935	(3,086)	11,218	(2,803)
Benefits	32,602	28,309	(4,293)	29,362	(3,240)
Retirement Costs	36,074	27,438	(8,636)	28,968	(7,106)
Total Personnel Expenses	\$ 308,162	\$ 243,949	\$ (64,213)	\$ 262,131	\$ (46,031)
Meeting Expenses					
Meetings	\$ 2,606	\$ 1,105	\$ (1,501)	\$ 1,221	\$ (1,385)
Travel	17,469	12,625	(4,844)	8,992	(8,477)
Conference Calls	203	172	(31)	1,234	1,031
Total Meeting Expenses	\$ 20,278	\$ 13,902	\$ (6,376)	\$ 11,447	\$ (8,831)
Operating Expenses					
Consultants & Contracts	\$ 7,381	\$ 7,017	\$ (364)	\$ 6,446	\$ (935)
Office Rent	21,993	18,799	(3,194)	19,153	(2,840)
Office Costs	7,681	6,925	(756)	5,187	(2,494)
Professional Services	3,261	1,639	(1,622)	1,423	(1,838)
Miscellaneous	-	-	-	-	-
Depreciation	1,633	1,690	57	2,168	535
Total Operating Expenses	\$ 41,949	\$ 36,070	\$ (5,879)	\$ 34,377	\$ (7,572)
Total Direct Expenses	\$ 370,389	\$ 293,921	\$ (76,468)	\$ 307,955	\$ (62,434)
Indirect Expenses	\$ 49,808	\$ 37,772	\$ (12,036)	\$ 47,137	\$ (2,672)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 420,197	\$ 331,693	\$ (88,504)	\$ 355,092	\$ (65,106)
Change in Assets	\$ 2,946	\$ 91,451	\$ 88,505	\$ (1,293)	\$ (4,239)
Fixed Assets					
Depreciation	\$ (1,633)	\$ (1,690)	\$ (57)	\$ (2,168)	\$ (535)
Total Fixed Asset Purchases	4,579	4,566	(13)	875	(3,704)
Change in Fixed Assets	\$ (2,946)	\$ (2,876)	\$ 70	\$ 1,293	\$ 4,239
TOTAL BUDGET	\$ 423,143	\$ 334,569	\$ (88,574)	\$ 353,799	\$ (69,345)
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 88,575	\$ 88,575	\$ -	\$ -
FTEs	1.71	1.33	(0.38)	1.41	(0.30)

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	19.77	18.83	(0.94)
Direct Expenses	\$ 4,658,890	\$ 4,609,179	\$ (49,711)
Indirect Expenses	\$ 575,856	\$ 629,490	\$ 53,634
Inc(Dec) in Fixed Assets	\$ (22,872)	\$ (51,802)	\$ (28,930)
Total Funding Requirement	\$ 5,211,874	\$ 5,186,867	\$ (25,007)

Program Scope and Functional Description

Monitoring, evaluating, investigating and enforcing compliance with Reliability Standards by owners, operators and users of the BES, as well as the development and adoption of the reliability standards themselves, are at the core of FRCC's mission. Reliable operation of the BES is in the public interest, because it will benefit all owners, operators and users of the BES, and, ultimately, all users and consumers of electric power in the FRCC Region.

Compliance and Enforcement activities are carried out by the FRCC compliance staff and are independent of all users, owners and operators of the BES. Compliance activities are governed by the delegation agreement between NERC and the FRCC. Through a risk-based program of monitoring, evaluating, enforcing, and if necessary, the imposition of penalties and sanctions for noncompliance with Reliability Standards, FRCC will strive to increase the level of reliable operation of the BES in the FRCC Region.

The NERC Compliance Monitoring and Enforcement Program (CMEP) is the program used by the FRCC to monitor, assess, and enforce compliance with Reliability Standards within the FRCC Region. The FRCC compliance staff works with the compliance staff of the other Regional Entities and with NERC to achieve as much consistency and transparency as possible in the implementation of the CMEP. The development and implementation of the risk-based compliance monitoring and enforcement environment will focus on those risks that are most important to the reliability of the BES.

2016 Highlights Compliance Monitoring and Enforcement Processes

The implementation of risk-based compliance monitoring and enforcement will include an analysis of risk to develop an appropriate compliance oversight plan for each Registered Entity. Balancing Authorities and Transmission Operators will continue under the periodic 3 year audit schedule. The review of a Registered Entity's inherent risk, and a review of its internal controls (if desired), will be considered in the development of its specific compliance oversight plan. Compliance staff will continue a strong outreach program to assist registered entities in their understanding of the risk-based compliance program as well as the details of the transition from CIP V3 to V5 reliability standards.

Registration and Certification

The FRCC has registered the organizations responsible for complying with Reliability Standards in accordance with Section 500 of the NERC Rules of Procedure. Currently there are 66 Registered Entities with a total of 247 registered functions. Maintaining a complete and accurate registration database will be an ongoing activity. The FRCC will develop, maintain and provide to NERC accurate information on entity registration within the FRCC Region with updates as changes occur. The proposed changes to eliminate three functional entities from the NERC Registry will likely take place during 2015. FRCC will implement the changes associated with the Phase 1 work of the Risk Based Registration initiative. Phase 2 of the registration review process will take place during 2015 and may have impacts in 2016. FRCC staff will be supporting and participating in the evaluation of appropriate levels of registration of Registered Entities. FRCC will also be participating in the review of the Certification Program and to the extent changes are recommended and approved, will implement those changes in 2016.

Enforcement and Mitigation

The FRCC has implemented risk-based enforcement and actions may include the imposition of remedial action directives, sanctions and penalties for those risks that pose a more serious risk to reliability. The FRCC will utilize other enforcement disposition methods, such as FFT or Compliance Exceptions for those violations that pose minimal and moderate risks to the reliability of the BES. Mitigation of violations of the approved Reliability Standards, and the prevention of recurrence, remains central to the FRCC's reliability focus. Registered Entities found in violation of a Reliability Standard will be required to fully mitigate the violation regardless of the type of enforcement actions taken.

2016 Key Assumptions

- Audits are expected to continue under the current three year schedule for BA's and TOP's. With 2015 being a transition year for implementing risk-based compliance monitoring and enforcement, we have developed our 2016 budget with the following assumptions: to conduct four (4) on-site certification reviews, update 55 IRAs, perform six (6) ICEs, complete four (4) O & P on-site audits, perform six (6) CIP on-site audits, perform two (2) O & P and two (2) CIP on-site audits as part of the MRRE coordinated activities, implement self-certification of approximately forty-eight (48) entities not scheduled for audit in 2016, and perform a spot check of all applicable entities that CIP-002-5 pertains to.
- Reliability risk profiles for all Registered Entities will be developed and audit scopes will be tailored to the risk profiles which may increase the depth and complexity of some audits and decrease the depth and complexity of others. The consistent approach to audit scope methodology developed as part of the RAI will be used in early 2015 and 2016.
- Integration of the assessment of Registered Entity internal controls programs as part of the compliance monitoring program will allow NERC and the Regional Entities to further prioritize risk based compliance monitoring activities. Greater emphasis on internal controls provides positive incentives for industry to demonstrate effective management of compliance programs that are focused on reliability, as well as place downward pressure on compliance resource requirements for industry, NERC and the Regional Entities.
- The use of spot checks and self-certifications is expected to increase as risk-based monitoring is implemented, but that should have little effect on FRCC's overall resource requirements.

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- The approval of CIP V5 is anticipated to significantly increase the compliance monitoring and outreach activities. The effective date for compliance with the CIP Version 5 standards will be April 1, 2016 for High and Medium impact assets and April 1, 2017 for Low impact assets. The transition between V3 to V5 will be a mission critical activity for the ERO Enterprise in 2015. FRCC plans to support the ongoing CIP V5 transition plans and anticipates an expansion in the number of Registered Entities that require guidance during 2015 and 2016. Additional training requirements will be necessary to support the transition and will affect the annual training commitments. For most CIP activities, the resource demands are expected to increase throughout the planning period.
 - The number of non-CIP violations is expected to decrease as most Registered Entities have been audited and the standards and RSAWs have matured.
 - A compliance tools assessment project began in 2014 and continues into 2015. This will include an evaluation of software systems used for compliance, registration, analysis and tracking which may result in replacing or changing existing systems in the future. Until the assessment is complete, Regional Entities will continue to budget to maintain current systems and tools.
 - NERC and the Regional Entities are expected to utilize consistent audit practices and focus on higher reliability risks to increase efficiency and mitigate overall compliance costs.
 - NERC and the Regional Entities will provide sufficient resources to develop or modify the RSAWs by the time a Standard is balloted which is required to support the Reliability Standards Development Plan.
 - NERC and the Regional Entities must plan to support the training requirements necessary to meet the criteria set forth by the ERO Auditor Manual and Handbook and the Compliance Auditor Capabilities and Competency Guide. Regional Entities will be expected to provide training documents and other related compliance guidance to compliance staff, review Auditor job descriptions and properly reflect the guidance provided in the Compliance Auditor Capabilities and Competency Guide, perform a gap analysis to identify both individual training needs and organizational compliance resource needs, provide an assessment process to evaluate audit team competencies and capability needs, and put a training program in place that addresses initial and continuing training for capability and competency development.
 - NERC will continue to budget and incur the cost of a unified learning management system (LMS) for the regional audit staff initially, with near-term consideration for risk-based compliance monitoring and enforcement related staff. NERC will work with the Regional Entities to consolidate training resources and promote better coordination, planning, delivery and management of training efforts across the ERO.
 - Additional resources will be required, and increases to NERC and Regional Entity training budgets are expected to support certain training initiatives of the ERO. Regional Entities are expected to allocate resources to meet the training requirements for the compliance and enforcement staff that are associated with the implementation of the risk-based compliance monitoring and enforcement.
 - Maintaining budgeted qualified compliance and enforcement staff will continue to be a challenge driven by a limited pool of qualified people and an aging work force. Investments in training less experienced personnel are likely to increase.
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2016 Goals and Key Deliverables

The Compliance Monitoring and Enforcement Program objectives for 2016 are outlined below:

- Continue to assess and update entity registration and certification. The FRCC will support the implementation of the changes resulting from the registration and certification reviews that began in 2014 and 2015.
- Support and continue the implementation of Risk-based Compliance Monitoring and Enforcement, including providing the necessary training for compliance and enforcement staff. Enforce compliance with mandatory reliability standards in accordance with the CMEP and ROP while improving consistency, quality, timeliness and utilizing more enforcement discretion for those violations that have minimal impact to the reliability of the BES.
- Develop and maintain reliability risk profiles and associated compliance oversight plans of all Registered Entities in the FRCC Region for use in the continued transition to a more risk-based compliance monitoring.
- Implement the ERO Auditor Handbook and Manual and continue to work with NERC Compliance staff and other Regional Entity Compliance staff to modify compliance procedures to increase consistency in the determination of violations and appropriate disposition of those violations.
- Continue to promote the self-identification of non-compliance by Registered Entities and utilize increased discretion as appropriate. Ensure timely and thorough mitigation of all violations of mandatory reliability standards.
- Promote a culture of compliance excellence through education, transparency, information sharing and incentives.

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2016 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
Compliance Monitoring & Enforcement and Organization Registration & Certification					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 5,083,115	\$ 5,083,115	\$ (0)	\$ 5,128,474	\$ 45,359
Penalty Sanctions	128,759	128,759	0	58,393	(70,366)
Total ERO Funding	\$ 5,211,874	\$ 5,211,874	\$ 0	\$ 5,186,867	\$ (25,007)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 5,211,874	\$ 5,211,874	\$ 0	\$ 5,186,867	\$ (25,007)
Expenses					
Personnel Expenses					
Salaries	\$ 2,611,174	\$ 2,440,310	\$ (170,864)	\$ 2,415,379	\$ (195,795)
Payroll Taxes	162,386	150,533	(11,853)	149,811	(12,575)
Benefits	385,976	419,045	33,069	395,111	9,135
Retirement Costs	431,288	388,230	(43,058)	398,362	(32,926)
Total Personnel Expenses	\$ 3,590,824	\$ 3,398,118	\$ (192,706)	\$ 3,358,663	\$ (232,161)
Meeting Expenses					
Meetings	\$ 12,729	\$ 13,846	\$ 1,117	\$ 13,419	\$ 690
Travel	122,194	113,580	(8,614)	119,571	(2,623)
Conference Calls	4,390	4,348	(42)	10,055	5,665
Total Meeting Expenses	\$ 139,313	\$ 131,774	\$ (7,539)	\$ 143,045	\$ 3,732
Operating Expenses					
Consultants & Contracts	\$ 214,984	\$ 287,345	\$ 72,361	\$ 434,850	\$ 219,866
Office Rent	404,082	413,942	9,860	408,416	4,334
Office Costs	80,150	82,579	2,429	84,471	4,321
Professional Services	37,762	22,618	(15,144)	19,035	(18,727)
Miscellaneous	-	-	-	-	-
Depreciation	191,775	187,951	(3,824)	160,699	(31,076)
Total Operating Expenses	\$ 928,753	\$ 994,435	\$ 65,682	\$ 1,107,471	\$ 178,718
Total Direct Expenses	\$ 4,658,890	\$ 4,524,327	\$ (134,563)	\$ 4,609,179	\$ (49,711)
Indirect Expenses	\$ 575,856	\$ 521,356	\$ (54,500)	\$ 629,490	\$ 53,634
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 5,234,746	\$ 5,045,683	\$ (189,063)	\$ 5,238,669	\$ 3,923
Change in Assets	\$ (22,872)	\$ 166,191	\$ 189,063	\$ (51,802)	\$ (28,930)
Fixed Assets					
Depreciation	\$ (191,775)	\$ (187,951)	\$ 3,824	\$ (160,699)	\$ 31,076
Total Fixed Asset Purchases	168,903	217,903	49,000	108,897	(60,006)
Change in Fixed Assets	\$ 22,872	\$ (29,952)	\$ (52,824)	\$ 51,802	\$ 28,930
TOTAL BUDGET	\$ 5,211,874	\$ 5,075,635	\$ (136,239)	\$ 5,186,867	\$ (25,007)
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 136,239	\$ 136,239	\$ -	\$ (0)
FTEs	19.77	18.31	(1.46)	18.83	(0.94)

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	4.39	4.71	0.32
Direct Expenses	\$ 1,049,392	\$ 1,156,162	\$ 106,770
Indirect Expenses	\$ 127,871	\$ 157,456	\$ 29,585
Inc(Dec) in Fixed Assets	\$ 5,146	\$ (1,226)	\$ (6,372)
Total Funding Requirement	\$ 1,182,409	\$ 1,312,392	\$ 129,983

Program Scope and Functional Description

The FRCC will assess the reliability of the BES in the FRCC region and will continue to ensure that the planned system is robust, reliable and stable. The FRCC will participate in Event Analysis Teams to analyze any disturbances that may occur within the FRCC region.

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

- A 10 year long-term reliability assessment report
- A summer assessment report
- A winter assessment report
- A probabilistic long-term reliability assessment (biennial)

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

The FRCC Reliability Assessment and Performance Analysis Program (RA) will support NERC's efforts to move toward and implement an outcome based approach in Reliability Assessments to achieve measureable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality of assessments, projected resources, and emerging issues. The FRCC is an active participant on the NERC Reliability Assessment Subcommittee which is responsible for performing an independent review of reliability assessments. The FRCC will support NERC's efforts for collection and analysis of data, as well as support any of NERC's special reliability assessments and the efforts related to the collection of data via the Generation Availability Data System (GADS), Transmission Availability Data System (TADS) and Demand Response Availability Data System (DADS). In addition, the FRCC will work with NERC to gather data and/or complete

analysis in support of U.S. Federal initiatives, including high impact/low frequency events such as geomagnetic disturbances, system frequency response analysis, climate change and other environmental regulations.

The FRCC will support the ERO Essential Reliability Services Task Force (ERSTF) focused on identifying essential reliability services and providing the industry with technical papers and guidelines as appropriate.

The FRCC actively participates in the Eastern Interconnection Reliability Assessment Group (ERAG) which is responsible for the Eastern Interconnection transmission models and inter-regional studies. The FRCC will support NERC's and ERAG's efforts to improve the data quality of the Eastern Interconnection (EI) transmission models and provide support for the validation of the performance of these models by the Planning Coordinators compared to system events.

The FRCC Events Analysis Program will analyze or support the analysis of significant events and system performance that impact the BES within the FRCC Region. The FRCC will facilitate consistent identification of sequence, root cause and remediation to identify reliability risks and trends, and lessons learned. FRCC's analysis may result in the identification of any gaps in standards, compliance effectiveness, registration and risk controls effectiveness. The FRCC will provide lessons learned and recommendations from events and identified risks.

The FRCC will support NERC to improve event causal analysis, communication of lessons learned, tracking of recommendations, implementation of best practices, and overcoming barriers to releasing BES event reports to industry on a timely basis through a secure portal. The FRCC will support NERC to continue to improve consistency, quality, timeliness and cost effectiveness of NERC and Regional Entity data collection, analysis systems and capabilities through process improvements and more effective coordination and collaboration.

2016 Key Assumptions

- NERC and the Regional Entities are expected to effectively implement long-term reliability assessment coordination and collaboration efforts to independently evaluate the reliability characteristics and behavior of the bulk power system.
- Implementation of the BES Exception Process requires the allocation of resources from several NERC and Regional Entity departments. The resources will be expected to manage the process execution, technical validation of the definition and exception requests, self-determined notification submittals and periodic reviews of network changes affecting BES determinations, as well as requests for registration and certification review.
- NERC has established the Essential Reliability Services Task Force (ERSTF) that continues to impact resource requirements in order to support the work of this task force which is expected to have weekly conference calls and two or three in person meetings.
- NERC and the Regional Entities will work jointly to expand the assessment and performance capabilities to accomplish the following:
 - Develop and implement expanded and enhanced enterprise-based data collection and analysis systems and capabilities for performance analyses.

- Support the integration of RAPA information systems for assessments and associated data requirements, with focus on independent and technically sound reliability assessments supporting delivery of high quality reports
 - Develop assessment and performance analysis by expanding the use of advanced techniques and tools for resource analysis to perform probabilistic and scenario evaluations that address the impacts of integrating new technologies, changing resource mix or demand composition, and environmental-related regulations or legislation.
 - Support the compilation of long-term sustainable Interconnection-based models that exhibit the accuracy and fidelity reflecting actual bulk power system reliability performance and dynamic conditions.
 - Provide technical resources and expertise to perform analyses as needed to support and determine risk priorities for standards development, compliance and enforcement activities
 - Support quality analysis and overall assessment, including guidance for Registered Entities, of high impact, low frequency bulk power system risks, including physical security, geomagnetic disturbance (GMD) vulnerability, planning guides and planning standards.
- Participation in the ERO Event Analysis Process will continue at or above current levels through 2016.

2016 Goals and Key Deliverables

The Reliability Assessment and Performance Analysis Objectives for 2016 are outlined below:

- Perform a reliability assessment of the FRCC Region to determine if the planned resources and proposed transmission expansion plans will meet the needs of the projected demand throughout the planning horizon.
- Support NERC in preparing its reliability assessment reports.
- Support the existing BES Exception Process. This will include providing a technical review of exception requests that are submitted by the registered entities and periodic reviews of network changes affecting BES determinations.
- Support the work of the Essential Reliability Services Task Force (ERSTF) including the development and tracking of measures that may lead to a better preparation and understanding of the changing resources and the need to maintain essential reliability services (i.e. voltage control, inertia, or ramping capability).
- Support ERO activities to identify key reliability risks and appropriate risk control projects designed to enhance reliability or mitigate risks.
- Support data gathering and reporting efforts for the Generating Availability Data System (GADS), the Transmission Availability Data System (TADS), Spare Equipment Database (SED) and Demand Response Availability Data System (DADS).
- Support NERC to strengthen data collection and validation processes by designing, creating, testing and implementing data checking systems to accommodate the increasing amount of data NERC collects for its long-term, seasonal, operational, scenarios and

special reliability assessments along with the databases supporting reliability performance assessments.

- Review and/or analyze significant events that impact the FRCC BES and work with NERC to identify the root causes of events that may be precursors of potentially more serious events.
- Assess past reliability performance for potential lessons learned.
- Maintain relationships with NERC, regulatory and governmental organizations involved with BES reliability (e.g., Florida Public Service Commission (FPSC), Department of Energy (DOE), FERC, Energy Information Administration (EIA), etc.).
- Maintain a databank of power flow, short circuit and dynamic models to use in planning and evaluating future systems and current operating conditions.
- Work with ERAG Multi-Area Modeling Working Group (MMWG) to develop Eastern Interconnection steady-state and dynamics models and support the development of model validation processes by the Planning Coordinators.
- Conduct Loss of Load Probability and the Scenario Analysis studies as needed.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2016 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
Reliability Assessment and Performance Analysis					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 1,129,818	\$ 1,129,818	\$ 0	\$ 1,273,786	\$ 143,969
Penalty Sanctions	28,591	28,591	(0)	14,606	(13,985)
Total ERO Funding	\$ 1,158,409	\$ 1,158,409	\$ 0	\$ 1,288,392	\$ 129,983
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	24,000	24,000	-	24,000	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,182,409	\$ 1,182,409	\$ 0	\$ 1,312,392	\$ 129,983
Expenses					
Personnel Expenses					
Salaries	\$ 580,711	\$ 582,417	\$ 1,706	\$ 643,309	\$ 62,598
Payroll Taxes	36,114	35,927	(187)	37,473	1,359
Benefits	82,646	94,497	11,851	91,080	8,434
Retirement Costs	92,914	90,152	(2,762)	96,767	3,853
Total Personnel Expenses	\$ 792,385	\$ 802,993	\$ 10,608	\$ 868,629	\$ 76,244
Meeting Expenses					
Meetings	\$ 1,612	\$ 1,997	\$ 385	\$ 2,080	\$ 468
Travel	47,375	47,880	505	45,532	(1,843)
Conference Calls	447	470	23	368	(79)
Total Meeting Expenses	\$ 49,434	\$ 50,347	\$ 913	\$ 47,980	\$ (1,454)
Operating Expenses					
Consultants & Contracts	\$ 122,547	\$ 146,023	\$ 23,476	\$ 150,325	\$ 27,778
Office Rent	56,646	61,769	5,123	63,978	7,332
Office Costs	14,617	15,401	784	13,131	(1,486)
Professional Services	8,398	5,401	(2,997)	4,765	(3,633)
Miscellaneous	-	-	-	-	-
Depreciation	5,365	5,128	(237)	7,354	1,989
Total Operating Expenses	\$ 207,573	\$ 233,722	\$ 26,149	\$ 239,553	\$ 31,980
Total Direct Expenses	\$ 1,049,392	\$ 1,087,062	\$ 37,670	\$ 1,156,162	\$ 106,770
Indirect Expenses	\$ 127,871	\$ 124,499	\$ (3,372)	\$ 157,456	\$ 29,585
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,177,263	\$ 1,211,561	\$ 34,298	\$ 1,313,618	\$ 136,355
Change in Assets	\$ 5,146	\$ (29,152)	\$ (34,298)	\$ (1,226)	\$ (6,372)
Fixed Assets					
Depreciation	\$ (5,365)	\$ (5,128)	\$ 237	\$ (7,354)	\$ (1,989)
Total Fixed Asset Purchases	10,511	14,314	3,803	6,128	(4,383)
Change in Fixed Assets	\$ (5,146)	\$ (9,186)	\$ (4,040)	\$ 1,226	\$ 6,372
TOTAL BUDGET	\$ 1,182,409	\$ 1,220,747	\$ 38,338	\$ 1,312,392	\$ 129,983
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ (38,338)	\$ (38,338)	\$ -	\$ 0
FTEs	4.40	4.37	(0.03)	4.71	0.31

Training, Education, and Operator Certification Program

Training, Education and Operator Certification Program (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	0.91	1.09	0.18
Direct Expenses	\$ 295,452	\$ 350,360	\$ 54,908
Indirect Expenses	\$ 26,506	\$ 36,439	\$ 9,933
Inc(Dec) in Fixed Assets	\$ (433)	\$ (423)	\$ 10
Total Funding Requirement	\$ 321,525	\$ 386,376	\$ 64,851

Program Scope and Functional Description

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

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

System Operator Certification Program

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

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

Compliance Workshops

Compliance workshops are typically held in the spring and fall of each year consisting of three (3) sessions each. These workshops are aimed at providing information and updates to the

Registered Entities on compliance program activities including information on new procedures, instructions on changes to FRCC compliance tools, lessons learned from previous violations and providing sufficient and appropriate evidence in a compliance audit. A main focus for 2015 and again in 2016 are the new approaches being implemented in the risk-based compliance monitoring and enforcement program.

There will be at least one (1) CIP Compliance Workshop that will address technical aspects of the CIP Reliability Standards, including, providing quality evidence, lessons learned and compliance processes specific to the monitoring and enforcement of the CIP standards. In addition, particular focus will be made on the transition from CIP V3 to CIP V5 standards. The FRCC deployed face to face outreach activities for the Registered Entities with High and Medium impact assets during 2015 and this is expected to continue and will likely increase with the addition of the Low impact assets in 2016.

In addition to the face to face venues, in 2016 FRCC compliance staff projects holding at least three (3) webinars (two sessions each) that will address specific topics that may be identified by Registered Entities or by emerging trends within the FRCC.

Standards Workshops

The FRCC Standards Department will be supporting and participating in various FRCC sponsored workshops (e.g., FRCC Compliance Workshops and FRCC SOS seminars) throughout 2016. The Standards Department contribution to the workshops will be designed to promote stakeholder awareness of Reliability Standards activities as well as education and training for new or revised Reliability Standards. In addition, the FRCC Standards Department plans to hold workshops or webinars that will educate stakeholders on the NERC Reliability Standards Development Procedure, and specific changes to existing reliability standards or specifics on new reliability standards. To help encourage stakeholder participation at the continent-wide level, the workshops will provide stakeholders with details of associated NERC Reliability Standards Development Projects, identifying key areas that may be of concern or interest to the stakeholders and identifying areas that are in need of industry support.

2016 Key Assumptions

- The ERO Operating Personnel Certification program is expected to remain at steady state with no additional resources required from the Regional Entities.
- The FRCC System Operator Certification Program and Continuing Education Program will continue to be self-funded through a fee based structure for the exams and applications for approval of continuing education activities.
- The Regional Entities, in collaboration with NERC, are expected to help assess and determine training needs. This includes flexibility in approach between Regional Entities, and anticipating areas of support for their staffs and stakeholders for standards, compliance monitoring and enforcement, situational awareness and event analysis, and information technology (IT).
- NERC in collaboration with the Regional Entities, will develop and deliver additional CIP V5 training to support the transition. This may require consideration for additional funding of the NERC and Regional Entities training and education budgets.

2016 Goals and Key Deliverables

The training, education and operator certification program objectives for 2016 are outlined below:

- Provide assistance to Regional Entity members in any issues they may have related to System Operator Certification.
- Conduct the annual System Operator training seminars over a five (5) week period, with two (2) days each for the training. The training seminars involve from two (2) to four (4) FRCC staff members, as well as industry volunteers who participate as presenters. This activity is funded primarily through registration fees.
- Host FRCC Compliance Workshops and Webinars open to all FRCC Members and Registered Entities aimed at providing updates on compliance procedures, instructions on changes to compliance tools, changes associated with the implementation of risk-based compliance monitoring and enforcement, the transition from CIP V3 to V5, and guidance on the providing of appropriate and sufficient evidence in a compliance audit.
- Host Reliability Standards Workshops and Webinars open to all FRCC Members and Registered Entities aimed at providing information concerning reliability standards under development, as well as the identification of technical concerns or issues that may impact FRCC registered entities and the reliability of the FRCC BES.
- Conduct FRCC Reliability Standards Department presentations to support multiple training objectives (i.e., FRCC Compliance Workshops and FRCC SOS Seminars) to promote stakeholder awareness of continent wide and regional standards activities.
- Conduct face to face outreach with Registered Entities subject to the CIP V5 reliability standards to assist them in a successful transition from CIP V3 to V5.
- Work with NERC and the other Regional Entities to achieve improvements in the coordination, content and manner of internal and external training programs.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2016 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
Training, Education and Operator Certification					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 225,599	\$ 225,599	\$ 0	\$ 290,996	\$ 65,397
Penalty Sanctions	5,927	5,927	0	3,380	(2,547)
Total ERO Funding	\$ 231,525	\$ 231,526	\$ 1	\$ 294,376	\$ 62,851
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	90,000	94,000	4,000	92,000	2,000
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 321,525	\$ 325,526	\$ 4,001	\$ 386,376	\$ 64,851
Expenses					
Personnel Expenses					
Salaries	\$ 119,243	\$ 179,918	\$ 60,675	\$ 148,877	\$ 29,634
Payroll Taxes	7,416	11,099	3,683	8,672	1,256
Benefits	14,228	25,854	11,626	18,616	4,388
Retirement Costs	19,079	27,850	8,771	22,394	3,315
Total Personnel Expenses	\$ 159,966	\$ 244,721	\$ 84,755	\$ 198,559	\$ 38,593
Meeting Expenses					
Meetings	\$ 52,311	\$ 38,886	\$ (13,425)	\$ 41,423	\$ (10,888)
Travel	4,616	28,880	24,264	17,266	12,650
Conference Calls	4,433	4,487	54	1,364	(3,069)
Total Meeting Expenses	\$ 61,360	\$ 72,253	\$ 10,893	\$ 60,053	\$ (1,307)
Operating Expenses					
Consultants & Contracts	\$ 37,104	\$ 54,656	\$ 17,552	\$ 50,002	\$ 12,898
Office Rent	11,632	19,082	7,450	14,806	3,174
Office Costs	22,613	27,456	4,843	24,733	2,120
Professional Services	1,725	1,672	(53)	1,105	(620)
Miscellaneous	-	-	-	-	-
Depreciation	1,052	1,222	170	1,102	50
Total Operating Expenses	\$ 74,126	\$ 104,088	\$ 29,962	\$ 91,748	\$ 17,622
Total Direct Expenses	\$ 295,452	\$ 421,062	\$ 125,610	\$ 350,360	\$ 54,908
Indirect Expenses	\$ 26,506	\$ 38,518	\$ 12,012	\$ 36,439	\$ 9,933
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 321,958	\$ 459,580	\$ 137,622	\$ 386,799	\$ 64,841
Change in Assets	\$ (433)	\$ (134,054)	\$ (133,621)	\$ (423)	\$ 10
Fixed Assets					
Depreciation	\$ (1,052)	\$ (1,222)	\$ (170)	\$ (1,102)	\$ (50)
Total Fixed Asset Purchases	619	1,180	561	679	60
Change in Fixed Assets	\$ 433	\$ 42	\$ (391)	\$ 423	\$ (10)
TOTAL BUDGET	\$ 321,525	\$ 459,538	\$ 138,013	\$ 386,376	\$ 64,851
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ (134,012)	\$ (134,012)	\$ -	\$ -
FTEs	0.90	1.35	0.45	1.09	0.19

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program			
(in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	0.09	0.08	(0.01)
Direct Expenses	\$ 23,058	\$ 19,428	\$ (3,630)
Indirect Expenses	\$ 2,621	\$ 2,674	\$ 53
Inc(Dec) in Fixed Assets	\$ (2,398)	\$ (9)	\$ 2,389
Total Funding Requirement	\$ 23,281	\$ 22,093	\$ (1,188)

Program Scope and Functional Description

The FRCC and the other Regional Entities support the ERO's situational awareness, cyber security preparedness and provide independent reliability information to policy makers and regulators. The Reliability Process for the FRCC Bulk Electric System documents the various reliability roles and functions that are coordinated, monitored and established by FRCC to provide situation awareness of the reliability of the FRCC BES. Two of the primary reliability goals of the FRCC are continuous improvement of the situation awareness of the operators within the FRCC and ensuring that adequate physical, operational and cyber security objectives are in place for the Regions' shared communications networks.

The FRCC supports NERC's Situation Awareness/Event Analysis coordination conference calls, the Situation Awareness for FERC, NERC and the Regions (SAFNR) Version 2 project and the FRCC satellite phone for situation awareness.

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

The Situation Awareness process will be used to support NERC and FERC's efforts to maintain situation awareness of Bulk Electric System conditions.

2016 Key Assumptions

- NERC's Critical Infrastructure Department will have responsibility for the identification and management of the specialized critical infrastructure protection resources needed to support overall ERO CIP goals and objectives, as well as the specialized CIP resources needs of the other program areas (e.g., Standards, Compliance, Situation Awareness)
- NERC will continue to budget and incur costs to operate and maintain the software applications and systems known as Situational Awareness for NERC, FERC and the Regional Entities (SAFNRv2). Additional resource investments may be required to enhance the capabilities of SAFNRv2 throughout the planning period. NERC will also continue to fund the Grid Security Exercise (GridEx) and the Security Readiness Program

to help Registered Entities with CIP compliance and security awareness. The Regional Entities will be expected to provide subject matter experts for support of these activities.

- NERC will continue to fund, operate and maintain the Electricity Sector Information Sharing and Analysis Center (ES-ISAC), with no increased cost to Regional Entities.
- Regional Entities will continue to budget for event analysis and situational awareness activities. FRCC will continue to support and facilitate the development of NERC's secure portal for the management of alerts and infrastructure security information.
- There will be continued focus on detecting off-normal events to be analyzed by the responsible entity, FRCC or NERC.

2016 Goals and Key Deliverables

- Ensure that FRCC goals and activities support the mission to provide FERC, NERC and the staffs from the eight Regional Entities a visualization tool that enables the appropriate level of situation awareness for the near real-time conditions on the BES. Continue to work with the FRCC Reliability Coordinator to ensure that SAFNRv2 and appropriate hardware and software resources are allocated. Continue to support future development of the situation awareness project capabilities.
- Issue and track security recommendations to protect the Bulk Electric System. Share information learned in Situation Awareness with the Events Analysis program to develop relevant lessons learned.
- Support critical infrastructure security by promoting rapid and appropriate sharing of situational awareness information regarding security occurrences.
- Participate as appropriate in periodic wide-area security exercises.
- Participate in the analysis of significant events to identify gaps in standards, compliance effectiveness, registration, and risk controls effectiveness.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2016 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
Situation Awareness and Infrastructure Security					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 22,695	\$ 22,695	\$ (0)	\$ 21,845	\$ (850)
Penalty Sanctions	586	586	\$ (0)	248	(338)
Total ERO Funding	\$ 23,281	\$ 23,281	\$ (0)	\$ 22,093	\$ (1,188)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 23,281	\$ 23,281	\$ (0)	\$ 22,093	\$ (1,188)
Expenses					
Personnel Expenses					
Salaries	\$ 12,256	\$ 10,666	\$ (1,590)	\$ 10,927	\$ (1,329)
Payroll Taxes	762	658	(104)	636	(126)
Benefits	1,463	1,403	(60)	2,305	842
Retirement Costs	1,961	1,650	(311)	1,644	(317)
Total Personnel Expenses	\$ 16,442	\$ 14,377	\$ (2,065)	\$ 15,512	\$ (930)
Meeting Expenses					
Meetings	\$ 34	\$ 36	\$ 2	\$ 33	\$ (1)
Travel	99	93	(6)	84	(15)
Conference Calls	9	8	(1)	6	(3)
Total Meeting Expenses	\$ 142	\$ 137	\$ (5)	\$ 123	\$ (19)
Operating Expenses					
Consultants & Contracts	\$ 401	\$ 416	\$ 15	\$ 352	\$ (49)
Office Rent	1,196	1,131	(65)	1,087	(109)
Office Costs	2,237	1,638	(599)	2,219	(18)
Professional Services	178	97	(81)	78	(100)
Miscellaneous	-	-	-	-	-
Depreciation	2,462	54	(2,408)	57	(2,405)
Total Operating Expenses	\$ 6,474	\$ 3,336	\$ (3,138)	\$ 3,793	\$ (2,681)
Total Direct Expenses	\$ 23,058	\$ 17,850	\$ (5,208)	\$ 19,428	\$ (3,630)
Indirect Expenses	\$ 2,621	\$ 2,237	\$ (384)	\$ 2,674	\$ 53
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 25,679	\$ 20,087	\$ (5,592)	\$ 22,102	\$ (3,577)
Change in Assets	\$ (2,398)	\$ 3,194	\$ 5,592	\$ (9)	\$ 2,389
Fixed Assets					
Depreciation	\$ (2,462)	\$ (54)	\$ 2,408	\$ (57)	\$ 2,405
Total Fixed Asset Purchases	64	69	5	48	(16)
Change in Fixed Assets	\$ 2,398	\$ (15)	\$ (2,413)	\$ 9	\$ (2,389)
TOTAL BUDGET	\$ 23,281	\$ 20,102	\$ (3,179)	\$ 22,093	\$ (1,188)
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 3,179	\$ 3,179	\$ -	\$ -
FTEs	0.09	0.08	(0.01)	0.08	(0.01)

General and Administrative

General and Administrative (in whole dollars)	Direct Expenses and Fixed Assets			FTEs		
	2015 Budget	2016 Budget	Increase	2015 Budget	2016 Budget	Increase
			(Decrease)			(Decrease)
General and Administrative	\$ 782,663	\$ 873,196	\$ 90,533	4.04	4.47	0.43

Program Scope and Functional Description Background

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

Legal and Regulatory Background

The FRCC General Counsel serves as the chief legal advisor to the President and CEO, Board of Directors, staff and stakeholders on all legal and regulatory matters affecting the FRCC. FRCC may use additional specialized legal resources on an as-needed basis, such as for tax matters, employee benefit plan issues and significant policy or FERC matters.

2016 Goals and Key Deliverables

- Assist the FRCC in carrying out its responsibilities as required by the approved delegation agreement between NERC and FRCC.
- Provide general corporate legal advice, legal training and timely, accurate filings to Regulatory authorities.

2016 Assumptions

In the 2016 Budget, as in the 2015 and 2014 budgets, there are no specific funds for hearings under CMEP Rules.

Information Technology Background

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

The FRCC supports the ERO efforts to implement, operate and maintain software tools supporting common enterprise wide operations which have been approved by the ERO Executive Management Group (EROEMG), which is comprised of the senior leadership of NERC and each of the Regional Entities. FRCC's budget assumes the availability of enterprise software tools as described in NERC's business plan and budget. If implementation of these software applications

are delayed or otherwise not available as planned, FRCC could incur additional costs to conduct operations pending the availability of these applications.

NERC and the Regional Entities are committed to working collaboratively to minimize duplication of effort and investments, and to improve operational efficiency. This collaboration continues to refine existing strategies, governance and procurement practices applicable to the development, operation and maintenance of enterprise architecture, software and data systems supporting combined NERC and Regional Entity operations.

The NERC information technology budget does not supplant the FRCC's need for IT expenditures for specific regional projects and internal region specific IT support needs. FRCC's 2016 Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes only costs for internal region specific support needs.

2016 Goals and Key Deliverables

- Maintain FRCC's situational telecommunications systems and resources for efficient utilization of its personnel.
- Develop and enhance tools to automate and improve FRCC data collection and analysis processes.
- Expand IT support of the FRCC CMEP and provide additional metrics to improve accuracy and tracking within the CMEP processes.
- Continue improvement of the CMEP PKI secure file transfer process
- Continue the Implementation of needed changes to improve the FRCC corporate security posture as identified in the security assessment performed in 2014; improve overall security in all programs, enhance access controls with improved processes and procedures.
- Improve the security and reliability of access for FRCC mobile and remote workers with updated technology.
- Improve disaster recovery and business continuity capabilities by testing and refining of geographically diverse data recovery solutions.

Human Resources Background

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

2016 Goals and Key Deliverables

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

Finance and Accounting Background

The FRCC will submit its annual budget for statutory and non-statutory activities to the FRCC Board of Directors for approval and then file the approved annual budget to NERC. This includes supporting materials such as a complete business plan and organizational chart, and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.

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

2016 Goals and Key Deliverables

- Prepare the 2017 statutory and non-statutory budgets
- Report budget variances to the FRCC Corporate Compliance Finance and Audit Committee, the FRCC Board and to NERC on a quarterly basis
- Prepare the 2016 audited financial statements
- Continue to provide on-going training to employees to ensure employees charge their time correctly

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2016 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
General and Administrative					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ (810,395)	\$ (810,395)	\$ -	\$ (436,070)	\$ 374,325
Penalty Sanctions			-		
Total ERO Funding	\$ (810,395)	\$ (810,395)	\$ -	\$ (436,070)	\$ 374,325
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ (810,395)	\$ (810,395)	\$ -	\$ (436,070)	\$ 374,325
Expenses					
Personnel Expenses					
Salaries	\$ 533,458	\$ 503,297	\$ (30,161)	\$ 610,529	\$ 77,071
Payroll Taxes	33,175	30,501	(2,674)	35,563	2,388
Benefits	62,568	58,848	(3,720)	72,270	9,702
Retirement Costs	85,353	76,536	(8,817)	91,836	6,483
Total Personnel Expenses	\$ 714,554	\$ 669,182	\$ (45,372)	\$ 810,198	\$ 95,644
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants & Contracts	\$ 11,301		\$ (11,301)	\$ -	\$ (11,301)
Office Rent	52,037	52,440	403	60,718	8,681
Office Costs	4,771	2,760	(2,011)	2,280	(2,491)
Professional Services	-		-	-	-
Miscellaneous	-		-	-	-
Depreciation	-		-	-	-
Total Operating Expenses	\$ 68,109	\$ 55,200	\$ (12,909)	\$ 62,998	\$ (5,111)
Total Direct Expenses	\$ 782,663	\$ 724,382	\$ (58,281)	\$ 873,196	\$ 90,533
Indirect Expenses	\$ (782,663)	\$ (724,382)	\$ 58,281	\$ (873,196)	\$ (90,533)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ (0)	\$ -	\$ 0	\$ -	\$ 0
Change in Assets	\$ (810,395)	\$ (810,395)	\$ (0)	\$ (436,070)	\$ 374,325
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	-
Total Fixed Asset Purchases	-	-	-	-	-
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET	\$ -	\$ -	\$ 0	\$ -	\$ 0
TOTAL CHANGE IN WORKING CAPITAL	\$ (810,395)	\$ (810,395)	\$ (0)	\$ (436,070)	\$ 374,325
FTEs	4.04	3.71	(0.33)	4.47	0.43

Section B – Supplemental Financial Information

2016 Business Plan and Budget

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2015-2016	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2014	1,795,949
Plus: 2015 ERO Funding (from LSEs or designees)	6,062,839
Plus: Projected 2015 Other funding sources	118,000
Plus: Penalty Sanctions Applied	175,000
Less: 2015 Projected expenses & capital expenditures	(7,110,591)
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2015	<u>1,041,197</u>
Desired Working Capital Reserve, December 31, 2016	² 605,127
Less: Projected Working Capital Reserve, December 31, 2015	(1,041,197)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>(436,070)</u>
2016 Expenses and Capital Expenditures	7,261,527
Less: Penalty Sanctions ¹	(81,000)
Less: Other Funding Sources	(116,000)
Adjustment to achieve desired Working Capital Reserve	(436,070)
2016 Assessment	<u>6,628,457</u>

¹ Represents collections prior to June 30, 2015.

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

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Table on page 13, of the 2016 FRCC Business Plan and Budget.

Penalty Sanctions

Penalty monies received prior to June 30, 2015 are to be used to offset assessments in the 2016 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, 2015 through June 30, 2016 will be used to offset assessments in the 2017 Budget.

All penalties received prior to June 30, 2015 are detailed below.

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

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2015		
	Date Received	Amount Received
Penalty #1	8/25/2014	\$ 56,000
Penalty #2	12/19/2014	25,000
Total Penalties Received		\$ 81,000

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget
Reliability Standards Development				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Services & Software Fees	\$ 24,000	\$ 24,000	\$ 24,000	\$ -
Total	\$ 24,000	\$ 24,000	\$ 24,000	\$ -
Training, Education and Operator Certification				
Workshops	\$ 90,000	\$ 94,000	\$ 92,000	\$ 2,000
Total	\$ 90,000	\$ 94,000	\$ 92,000	\$ 2,000
Situation Awareness and Infrastructure Security				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative*				
Interest	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ 114,000	\$ 118,000	\$ 116,000	\$ 2,000

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

Personnel Expenses

Table B-4

Personnel Expenses	Budget		Projection		Variance	
	2015	2015	2016	2016 Budget v 2015 Budget	Variance %	
Salaries						
Total Salaries	\$ 4,082,307	\$ 3,893,875	\$ 4,021,604	\$ (60,703)	-1.49%	
Total Payroll Taxes	\$ 253,874	\$ 239,653	\$ 243,373	\$ (10,501)	-4.14%	
Benefits						
Workers Compensation	\$ 11,179	\$ 10,789	\$ 11,201	\$ 22	0.20%	
Medical, LTD, STD Insurances	445,548	444,815	476,715	31,167	7.00%	
Temp to Perm Fees	-	56,955	-	-		
Education	100,676	100,540	98,656	(2,020)	-2.01%	
Employee Welfare & Contract Labor	22,080	14,857	22,172	92	0.42%	
Relocation			-	-		
Total Benefits	\$ 579,483	\$ 627,956	\$ 608,744	\$ 29,261	5.05%	
Retirement						
Retirement Costs	\$ 666,669	\$ 611,856	\$ 639,971	\$ (26,698)	-4.00%	
Total Retirement	\$ 666,669	\$ 611,856	\$ 639,971	\$ (26,698)	-4.00%	
Total Personnel Costs	\$ 5,582,333	\$ 5,373,340	\$ 5,513,692	\$ (68,641)	-1.23%	
FTEs	30.91	29.15	30.59	(0.3)	-1.04%	
Cost per FTE						
Salaries	\$ 132,071	\$ 133,581	\$ 131,468	(603)	-0.46%	
Payroll Taxes	8,213	8,221	7,956	(257)	-3.13%	
Benefits	18,747	21,542	19,900	1,153	6.15%	
Retirement	21,568	20,990	20,921	(647)	-3.00%	
Total Cost per FTE	\$ 180,599	\$ 184,334	\$ 180,245	\$ (354)	-0.20%	

Salaries are based on the assumption of a 3% salary increase plus promotions and adjustments, a 3.7% attrition factor in 2016, and a discretionary lump sum pay out of excess “IRS capped benefits”. These are partially offset by an open position from 2015 being replaced by a contract auditor.

Medical Insurance is assumed to increase by 7% as the rates continue to increase due to the market continuing to struggle with the cost and appropriate rates for small companies due to the Affordable Care Act.

Retirement costs are budgeted to decrease primarily due to reduced matching base in 2016 and consideration for “IRS capped amounts” on certain benefits that were included in the 2015 budget as retirement costs, but in 2016 are budgeted in salaries.

Meetings, Travel & Conference Calls

Table B-5

Meetings, Travel and Conference Calls	Budget 2015	Projection 2015	Budget 2016	Variance	
				2016 Budget v 2015 Budget	Variance %
Meetings	\$ 69,292	\$ 55,870	\$ 58,176	\$ (11,116)	-16.04%
Travel	191,753	203,058	191,445	\$ (308)	-0.16%
Conference Calls	9,482	9,485	13,027	\$ 3,545	37.39%
Total Meetings, Travel & Conf Calls	\$ 270,527	\$ 268,413	\$ 262,648	\$ (7,879)	-2.91%

Meeting costs for the outside meeting space for SOS Seminars has been significantly lower than budget and are expected to remain lower than in the past.

Consultants and Contracts

Table B-6

Contracts & Consultants and Software & Licenses	Budget 2015	Projection 2015	Budget 2016	Variance	
				2016 Budget v 2015 Budget	Variance %
Contracts & Consultants and Software & Licenses					
Reliability Standards Development	\$ 7,381	\$ 7,017	\$ 6,446	\$ (935)	-12.67%
Compliance Monitoring & Enforcement and Org Reg	214,984	287,345	434,850	219,866	102.27%
Reliability Assessment and Performance Analysis	122,547	146,023	150,325	27,778	22.67%
Training, Education and Operator Certification	37,104	54,656	50,002	12,898	34.76%
Situation Awareness and Infrastructure Security	401	416	352	(49)	-12.22%
General and Administrative	11,301	-	-	(11,301)	-100.00%
Total Contracts & Consultants and Software & Licenses	\$ 393,718	\$ 495,457	\$ 641,975	\$ 248,257	63.05%

The Compliance Monitoring & Enforcement Program's Contracts & Consulting budget has increased due to replacing an open position (see salaries) with a contract auditor and an increased estimate by SERC to perform as the CEA due to 2016 being an audit year for the FRCC RC function (2015 was \$3,500 and 2016 is \$75,000), offset by decreased development costs of the Compliance Software Portal in 2016.

The Reliability Assessment and Performance Analysis Program's budget has increased primarily due to anticipated UFLS Database enhancements.

The Training, Education and Operator Certification's budget increases due to outside consulting fees for the seminars.

The General & Administrative areas budgeted for expenses in 2015 that are being allocated to the different programs and will continue to be allocated.

Office Rent**Table B-7**

Office Rent	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Office Rent	\$ 547,586	\$ 567,163	\$ 568,158	\$ 20,572	3.76%
Total Office Rent	\$ 547,586	\$ 567,163	\$ 568,158	\$ 20,572	3.76%

Rent for the office building shows as a budget variance, but is more in line with what the actual costs will be. Prior years calculations of rent did not include certain additional utility charges, CAM obligations and sales taxes based on the gross amount of the payment due versus calculating the tax on the straight-line amount. The 2016 budget takes all of this into consideration.

Office Costs**Table B-8**

Office Costs	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Telephone	\$ 43,767	\$ 42,245	\$ 49,643	\$ 5,876	13.43%
Internet	4,020	4,045	4,119	\$ 99	2.46%
Office Supplies	17,719	23,260	16,937	\$ (782)	-4.41%
Computer Supplies	9,322	9,373	7,430	\$ (1,892)	-20.30%
Publications, Subscriptions & Dues	13,533	11,035	11,275	\$ (2,258)	-16.69%
Postage	1,523	1,532	1,141	\$ (382)	-25.08%
Equipment Maintenance	6,750	6,792	597	\$ (6,153)	-91.16%
Copying				\$ -	
Printing	21,069	23,591	25,720	\$ 4,651	22.08%
Stationary Forms				\$ -	
Commerical Insurance	14,366	14,886	15,159	\$ 793	5.52%
Miscellaneous				\$ -	
Total Office Costs	\$ 132,069	\$ 136,759	\$ 132,021	\$ (48)	-0.04%

Professional Services**Table B-9**

Professional Services	Budget 2015	Projection 2015	Budget 2016	Variance 2016 Budget v 2015 Budget	Variance %
Outside Legal	\$ 35,000	\$ 15,000	\$ 13,190	\$ (21,810)	-62.31%
Accounting & Auditing Fees	16,324	16,427	15,165	\$ (1,159)	-7.10%
Total Services	\$ 51,324	\$ 31,427	\$ 28,355	\$ (22,969)	-44.75%

Legal Fees continue to decrease based on the assumption that there will be no hearings.

Other Non-Operating Expenses

Table B-10

Other Non-Operating Expenses	Budget 2015	Projection 2015	Budget 2016	Variance	
				2016 Budget v 2015	Variance %
Interest Expense	\$ -	\$ -		\$ -	
Office Relocation	-	-		\$ -	
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	

Interest Rates are assumed to continue being so low that they remain immaterial.

2017 and 2018 Projected Expenses

The following table showing 2017 and 2018 budget projections is based on the following assumptions:

Personnel Expenses

- There is one additional CMEP staff included in the 2017 budget for a fourth of the year and for the full year in 2018
- 2017 has relocation expenses for the new hire
- A 3% increase in personnel costs due to salary increases
- An attrition factor of 3.4% was used in 2017 and 3.5% in 2018

Meeting Expenses – Travel, Meetings and Conference Calls remain level with 2015 budgeted costs.

Operating Expenses

- 2016 and 2018 Contracts & Consultants include the Load Forecast development which is bi-annual required report and 2017 has no costs because it is not a required report that year
- Software Maintenance, which is primarily software for the Compliance function, increases each year approximately 15% to accommodate changes necessary for business process rules
- The CEA expenses will decrease in 2017 (2016 is an audit year) to a non-audit year level and remain the same in 2018
- The Line of Credit fees are included in Accounting fees for 2017 (the year of renewal) and go back down in 2018

Indirect Expenses – Administrative costs increase 3% each year from 2016

Fixed Assets

- Compliance Portal Software increases by 15% each year
- 2017 includes costs for new audio equipment for a conference room and 2018 includes Aggregation and Analysis software

2016, 2017 and 2018 Projections

Table B-11

Statement of Activities and Capital Expenditures 2016, 2017 and 2018 Projections

Regional Entity

	2015 Budget	2016 Budget	\$ Change 2016:2015 Over(Under)	% Chg 2016:2015 Over(Under)	2017 Projection	\$ Change 2017:2016 Over(Under)	% Chg 2017:2016 Over(Under)	2018 Projection	\$ Change 2018:2017 Over(Under)	% Chg 2018:2017 Over(Under)
Funding										
ERO Funding										
ERO Assessments	\$ 6,062,838	\$ 6,628,457	\$ 565,619	9.33%	\$ 7,472,240	\$ 843,783	12.73%	\$ 7,652,825	\$ 180,585	2.42%
Penalty Sanctions	175,000	81,000	(94,000)	0.00%	-	(81,000)	-100.00%	-	-	-
Total ERO Funding	\$ 6,237,838	\$ 6,709,457	\$ 471,619	7.56%	\$ 7,472,240	\$ 762,783	11.37%	\$ 7,652,825	\$ 180,585	2.42%
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Testing Fees	-	-	-	-	-	-	-	-	-	-
Services & Software	24,000	24,000	-	0.00%	24,000	-	0.00%	24,000	-	0.00%
Workshops	90,000	92,000	2,000	2.22%	92,000	-	0.00%	92,000	-	0.00%
Interest	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Funding	\$ 6,351,838	\$ 6,825,457	\$ 473,619	7.46%	\$ 7,588,240	\$ 762,783	11.18%	\$ 7,768,825	\$ 180,585	2.38%
Expenses										
Personnel Expenses										
Salaries	\$ 4,082,307	\$ 4,021,604	\$ (60,703)	-1.49%	\$ 4,276,214	\$ 254,610	6.33%	\$ 4,390,510	\$ 114,296	2.67%
Payroll Taxes	253,874	243,373	(10,501)	-4.14%	253,628	10,255	4.21%	260,235	6,607	2.60%
Benefits	579,483	608,744	29,261	5.05%	650,567	41,823	6.87%	644,642	(5,925)	-0.91%
Retirement Costs	666,669	639,971	(26,698)	-4.00%	665,155	25,184	3.94%	682,182	17,027	2.56%
Total Personnel Expenses	\$ 5,582,333	\$ 5,513,692	\$ (68,641)	-1.23%	\$ 5,845,564	\$ 331,872	6.02%	\$ 5,977,569	\$ 132,005	2.26%
Meeting Expenses										
Meetings	\$ 69,292	\$ 58,176	\$ (11,116)	-16.04%	\$ 58,797	\$ 621	1.07%	\$ 59,298	\$ 501	0.85%
Travel	191,753	191,445	(308)	-0.16%	192,660	1,215	0.63%	193,907	1,247	0.65%
Conference Calls	9,482	13,027	3,545	37.39%	13,041	14	0.11%	13,036	(5)	-0.04%
Total Meeting Expenses	\$ 270,527	\$ 262,648	\$ (7,879)	-2.91%	\$ 264,498	\$ 1,850	0.70%	\$ 266,241	\$ 1,743	0.66%
Operating Expenses										
Consultants & Contracts	\$ 393,718	\$ 641,975	\$ 248,257	63.05%	\$ 582,319	\$ (59,656)	-9.29%	\$ 621,127	\$ 38,808	6.66%
Office Rent	547,586	568,158	20,572	3.76%	574,692	6,534	1.15%	574,163	(529)	-0.09%
Office Costs	132,069	132,021	(48)	-0.04%	135,746	3,725	2.82%	138,274	2,528	1.86%
Professional Services	51,324	26,406	(24,918)	-48.55%	32,154	5,748	21.77%	27,017	(5,137)	-15.98%
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Depreciation	202,287	171,380	(30,907)	-15.28%	155,494	(15,886)	-9.27%	141,580	(13,914)	-8.95%
Total Operating Expenses	\$ 1,326,984	\$ 1,539,940	\$ 212,956	16.05%	\$ 1,480,405	\$ (59,535)	-3.87%	\$ 1,502,161	\$ 21,756	1.47%
Total Direct Expenses	\$ 7,179,844	\$ 7,316,280	\$ 136,436	1.90%	\$ 7,590,467	\$ 274,187	3.75%	\$ 7,745,971	\$ 155,504	2.05%
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses	\$ 7,179,844	\$ 7,316,280	\$ 136,436	1.90%	\$ 7,590,467	\$ 274,187	3.75%	\$ 7,745,971	\$ 155,504	2.05%
Change in Assets	\$ (828,006)	\$ (490,823)	\$ 337,183	-40.72%	\$ (2,227)	\$ 488,596	-99.55%	\$ 22,854	\$ 25,081	-
Fixed Assets										
Depreciation	\$ (202,287)	\$ (171,380)	\$ 30,907	-15.28%	\$ (155,494)	\$ 15,886	-9.27%	\$ (141,580)	\$ 13,914	-8.95%
Total Fixed Asset Purchases	184,676	116,627	(68,049)	-36.85%	153,267	36,640	31.42%	164,434	11,167	7.29%
Change in Fixed Assets	\$ 17,611	\$ 54,753	\$ 37,142	210.90%	\$ 2,227	\$ (52,526)	-95.93%	\$ (22,854)	\$ (25,081)	-
TOTAL BUDGET	\$ 7,162,233	\$ 7,261,527	\$ 99,294	1.39%	\$ 7,588,240	\$ 326,713	4.50%	\$ 7,768,825	\$ 180,585	2.38%
TOTAL CHANGE IN WORKING CAPITAL	\$ (810,395)	\$ (436,070)	\$ 374,325	-46.19%	\$ -	\$ 436,070	-100.00%	\$ -	\$ -	-
FTEs	30.91	30.59	(0.32)	-1.04%	31.73	1.14	3.73%	32.08	0.3	1.10%

Section C – Non-Statutory Activities

2016 Business Plan and Budget

Non-Statutory Members Services Division

Member Services Activities (in whole dollars)			
	2015 Budget	2016 Budget	Increase (Decrease)
Total FTEs	18.4	18.1	(0.3)
Direct Expenses	8,422,053	8,430,698	8,645
Indirect Expenses	-	-	-
Inc(Dec) in Fixed Assets	(30,071)	261,299	291,370
Total Funding Requirement	8,391,982	8,691,997	300,015

Non-Statutory Functional Scope

The FRCC MS Division provides services that enhance the reliable coordination of planning and operations relating to the bulk power system within the FRCC Region. These services are carried out on behalf of FRCC MS members with oversight by two of the standing committees. The Planning Committee (PC) and Operating Committee (OC) and their various subcommittees, task forces and working groups, as well as the FRCC Planning and Operations (P&O) staff, support the MS activities of the Region. Two key activities include oversight of the two registered functions for which FRCC is a NERC registered entity: the FRCC Planning Authority (PA) and the FRCC Reliability Coordinator (RC). The PC has primary oversight of the FRCC PA function while the OC has primary oversight of the FRCC RC function.

Current Member Services Division Activities

Planning Committee (PC)

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

The FRCC will continue to develop, on an annual basis, a Regional Transmission Plan following the Regional Transmission Planning Process. The Regional Transmission Planning process will be revised to incorporate the planning principles from FERC Order 1000. The Regional Plan is based on the Ten Year Site Plans that are required to be submitted to the Florida Public Service Commission (FPSC) on April 1st of each year. The FRCC participates in an annual Ten Year

Site Plan Workshop held by the FPSC where the results of resource and transmission adequacy assessments are presented.

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

Regional Projects Subcommittee (RPS)

The RPS has a focused team of experienced individuals dedicated towards implementing and carrying out the Biennial Transmission Planning Process (“BTPP”) portion of the overall FRCC Regional Transmission Planning Process (“RTPP”) under the advice and direction of the FRCC PC. Several of the responsibilities that the RPS would be assigned include: (1) analyze the Board approved regional plan, (2) pro-actively develop potential Cost Effective and Efficient Regional Transmission Solution (“CEERTS”) projects (and/or review proposed CEERTS project submittals) that provide regional benefits, (3) identify all project beneficiaries and impacted entities, (4) quantify the benefits and impacts, and (5) deliver the CEERTS project recommendations to the PC, at least biennially, in accordance with the timelines established in the RTPP and schedules set by the PC, which take into consideration jurisdictional utilities’ OATT requirements and timing.

Resource Working Group (RWG)

The RWG updates the Load and Resource Database annually and develops an aggregated Load & Resource Plan. The RWG performs reliability assessments of FRCC resource adequacy for the future 10-year period for peninsular Florida based on individual entity information that is the basis of their respective Ten Year Site Plan filings with the Florida Public Service Commission. The RWG compiles entity information in support of the FERC 715 filing. In addition, the RWG collects and provides EIA-411 information to NERC.

Stability Working Group (SWG)

The SWG is responsible for assessing the dynamic performance of the FRCC BES under various credible system conditions. In addition, the SWG performs the following assessments and studies: Coordination and performance of Special Protection Systems, the effectiveness of FRCC under frequency load shedding (UFLS) program, coordination with other protection and control systems, Extreme Event Study and other assessments in support of the FRCC Regional Transmission Planning Process. The SWG annually develops FRCC dynamic models. In addition, the SWG develops evidentiary documentation to demonstrate compliance with applicable NERC Standards such as TPL-001-4, PRC-006.

Transmission Working Group (TWG)

The TWG engages in active coordination of transmission planning within the FRCC Region under the direction of the FRCC Planning Committee in support of the FRCC Regional Transmission Planning Process. The TWG annually performs a FRCC Long Range Study, sensitivity studies as directed by the PC, evaluates Transmission Service Requests and evaluates Generator Interconnection Service Requests. The TWG annually develops a FRCC Transmission Map, FRCC power flow models and FRCC short circuit models. In addition, the TWG develops evidentiary documentation to demonstrate compliance with applicable NERC Standards such as FAC-010, FAC-013, PRC-023, TPL-001-4.

FRCC Planning Authority (PA) Registered Function

The FRCC is a NERC registered Planning Authority that, by FERC order, comes under the jurisdiction of the SERC Regional Entity as its Compliance Enforcement Authority (CEA). In addition to the committee work and oversight of its subordinate groups, the PC supports reliability assessment activities through the implementation and oversight of those FRCC PA functions for the reliability of the FRCC Bulk Electric System.

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

Operating Committee (OC)

The FRCC Operating Committee (OC) has been established to carry out Member Services Activities on behalf of the Membership. The OC reports directly to the FRCC Board of Directors and is charged with responsibility for providing for the reliable operations of the Bulk Power System (BPS) in the FRCC Region through coordination activities of operations and maintenance. The OC is responsible for the coordination, operations planning, operation and maintenance of the interconnected systems operating in the Region. The OC's primary reliability goals include effective implementation of the *Reliability Process for the FRCC Bulk Electric System* document by all operators within the Region. This includes oversight of the FRCC Reliability Coordinator (RC) registered entity function, development and approval of processes and procedures that support reliability and compliance with applicable regulations, including NERC Reliability Standards and support of the FRCC Internal Compliance Program (ICP) for the RC registered function. In addition, the OC supports continuous improvement of operations coordination, an effective and secure communications network, a robust operations planning study program as well as various training activities and initiatives. The OC relies on several subordinate groups to implement its objectives. These include the Operating Reliability Subcommittee (ORS), Data Exchange Working Group (DEWG), Fuel Reliability Working Group (FRWG), Operations Planning Working Group (OPWG), Telecommunications Subcommittee (TS), System Protection and Control Subcommittee (SPCS), Critical Infrastructure Protection Subcommittee (CIPS) and the System Operator Subcommittee (SOS).

Operating Reliability Subcommittee (ORS)

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

Data Exchange Working Group (DEWG)

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC RC and other operating entities. It is also responsible for developing methodologies to facilitate the exchange of real-time, modeling and other operational data to help ensure reliable BPS operations. Accurate data exchange and modeling of the FRCC is essential to maintaining situation awareness and ensuring reliability. Within the FRCC, operating entities provide system

data via the FRCC Reliability Data Link (RDL). The FRCC RDL is used to share electric system reliability data from the operating entities on a real-time basis.

Fuel Reliability Working Group (FRWG)

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

Operations Planning Working Group (OPWG)

The OPWG, also subordinate to the ORS, was established to provide oversight, guidelines and procedures to the FRCC Operations Planning Coordinator (OPC) function in accordance with the *Reliability Process for the FRCC Bulk Electric System* document. The OPWG focuses on BES reliability and developing operations planning processes and study protocols that support regional reliability and adherence to the NERC Reliability Standards as they relate to the OPC function.

Telecommunications Subcommittee (TS)

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

System Protection and Control Subcommittee (SPCS)

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

Critical Infrastructure Protection Subcommittee (CIPS)

The purpose of the FRCC CIPS is to recommend improvements to enhance the physical and cyber security of the critical BES infrastructure in the FRCC Region, with an emphasis on protecting, preventing, limiting and recovering from malicious activities directed at the FRCC critical energy infrastructure. The CIPS provides guidance to the OC on matters of critical energy infrastructure security, including cyber and physical security. The CIPS provides advice to the OC including impact and implementation of CIP NERC Reliability Standards that apply to the FRCC Reliability Coordinator registered function.

System Operator Subcommittee (SOS)

The FRCC System Operator Subcommittee (SOS) develops and delivers training in which FRCC grants NERC Continuing Education Hours (CEHs) to those individuals who successfully complete sanctioned courses through the SOS organized activities. The SOS is made up of member company training personnel and supports FRCC training activities by reviewing and providing training content. While most of the activities of the SOS support FRCC Regional Entity efforts, the SOS reports to the FRCC Operating Committee.

FRCC Reliability Coordinator (RC) Registered Function

The FRCC is a NERC registered Reliability Coordinator that, by FERC order, comes under the jurisdiction of the SERC Regional Entity as its Compliance Enforcement Authority (CEA). In addition to the committee work and oversight of its subordinate groups, the OC supports reliable operations and maintenance activities through the implementation and oversight of those FRCC Reliability Coordinator (RC) functions as established in the *Reliability Process for the FRCC Bulk Electric System*. The FRCC RC responsibilities include the real-time operating function and the next-day operations planning function. The RC tasks are performed by a designated agent of the FRCC with direction and oversight by FRCC committees and support staff. The designated agent performs real-time operations and next-day planning operations. FRCC staff further supports Regional reliability by performing the roles of the Operations Planning Coordinator (OPC), and State Capacity Emergency Coordinator (SCEC) as defined in the *Reliability Process for the FRCC Bulk Electric System* document.

The FRCC RC function is accountable to the FRCC OC who has overall responsibility of the administration, development and implementation of RC and some non-RC operating procedures approved by the OC. Many of the policies and procedures developed by the OC and its sub groups, support Regional reliability as well as entity compliance with NERC Operations & Planning Standards.

Regulatory Oversight of Registered Functions

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

Major 2016 Cost Impacts

The FRCC's proposed 2016 Members Services budgeted expenses and net fixed assets are \$8,691,997, which is a \$300,015 or 3.6% increase over the 2015 budgeted expenses.

Planning Committee (PC)

The Member Services Planning Committee (PC) expenses for 2016 are made up of the PC Committee budget, as well as the administrative costs to provide support personnel for

implementation of the FRCC Planning Authority (PA) functions and all other Member Services PC activities.

The 2016 PC budget is developed based on the activities of the Regional Projects Subcommittee (RPS), the Resource Working Group (RWG), the Stability Working Group (SWG) and the Transmission Working Group (TWG). These budgets are primarily for the labor involved in coordination activities performed by member representatives, software and meeting costs.

Operating Committee (OC)

The Member Services Operating Committee (OC) expenses for 2016 are made up of a 2016 OC technical budget as well as the Member Services Department related administrative costs to provide support personnel for implementation of the FRCC Reliability Coordinator (RC) functions and other Member Services (Non RC) activities. In 2016, the OC, along with staff, will continue to directly support implementation of the RC function, support RC and entity training, improve the compliance posture of the RC function as well as continue coordinating the activities of member companies to ensure continued reliability of the FRCC RC footprint.

The 2016 OC budget was developed based primarily on the activities of the Operating Reliability Subcommittee (ORS), the Telecommunications Subcommittee (TS), the Fuel Reliability Working Group (FRWG) and the Critical Infrastructure Protection Subcommittee (CIPS). These budgets are related to, or in support of both the FRCC Reliability Coordinator (RC) and Member Services entity's reliability functions and include consulting costs, contract costs, computer software purchases and expenses to support the associated activities. The technical budgets do not include FRCC staff salaries or associated personnel costs.

The staff includes dedicated employees as well as shared employees.

2015 Member Services Budget and Projection and 2016 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2015 Budget & Projection, and 2016 Budget					
NON-STATUTORY MEMBER SERVICES					
	2015 Budget	2015 Projection	Variance 2015 Projection v 2015 Budget Over(Under)	2016 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	\$ 8,240,106	\$ 7,896,810	\$ (343,296)	8,595,503	355,397
Testing Fees	-	-	-	-	-
Services & Software	254,459	278,755	24,296	277,790	23,331
Workshops	20,000	-	(20,000)	-	(20,000)
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 8,514,565	\$ 8,175,565	\$ (339,000)	\$ 8,873,293	\$ 358,728
Expenses					
Personnel Expenses					
Salaries	\$ 2,423,514	\$ 2,429,585	\$ 6,071	\$ 2,426,216	\$ 2,702
Payroll Taxes	150,716	148,149	(2,567)	143,604	(7,112)
Benefits	351,746	410,023	58,277	358,720	6,974
Retirement Costs	387,762	371,747	(16,015)	370,837	(16,925)
Total Personnel Expenses	\$ 3,313,738	\$ 3,359,504	\$ 45,766	\$ 3,299,377	\$ (14,361)
Meeting Expenses					
Meetings	\$ 26,582	\$ 33,089	\$ 6,507	\$ 34,082	\$ 7,500
Travel	60,205	58,025	(2,180)	68,597	8,392
Conference Calls	45,286	45,296	10	32,957	(12,329)
Total Meeting Expenses	\$ 132,073	\$ 136,410	\$ 4,337	\$ 135,636	\$ 3,563
Operating Expenses					
Consultants & Contracts	\$ 4,260,160	\$ 4,420,399	\$ 160,239	\$ 4,193,583	\$ (66,577)
Office Rent	236,403	254,710	18,307	245,183	8,780
Office Costs	375,314	431,093	55,779	423,151	47,837
Professional Services	45,476	45,373	(103)	47,894	2,418
Miscellaneous	-	-	-	-	-
Depreciation	58,889	40,238	(18,651)	85,874	26,985
Total Operating Expenses	\$ 4,976,242	\$ 5,191,813	\$ 215,571	\$ 4,995,685	\$ 19,443
Total Direct Expenses	\$ 8,422,053	\$ 8,687,727	\$ 265,674	\$ 8,430,698	\$ 8,645
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 8,422,053	\$ 8,687,727	\$ 265,674	\$ 8,430,698	\$ 8,645
Change in Assets	\$ 92,512	\$ (512,162)	\$ (604,674)	\$ 442,595	\$ (350,083)
Fixed Assets					
Depreciation	\$ (58,889)	\$ (40,238)	\$ 18,651	\$ (85,874)	\$ (26,985)
Total Fixed Asset Purchases	28,818	34,027	5,209	347,173	318,355
Change in Fixed Assets	\$ 30,071	\$ 6,211	\$ (23,860)	\$ (261,299)	\$ (291,370)
TOTAL BUDGET	\$ 8,391,982	\$ 8,681,516	\$ 289,534	\$ 8,691,997	\$ 300,015
TOTAL CHANGE IN WORKING CAPITAL	\$ 122,583	\$ (505,951)	\$ (628,534)	\$ 181,296	\$ 58,713
FTEs	18.35	18.02	(0.33)	18.06	-0.29

Section C — 2016 Non-Statutory Business Plan and Budget

Personnel Analysis

Total FTE's by Program Area	Budget 2015	Projection 2015	Direct FTEs 2016 Budget	Shared FTEs ¹ 2016 Budget	Total FTEs 2016 Budget	Change from 2015 Budget
NON-STATUTORY						
Operational Programs						
Operations Committee	10.27	10.09		10.55	10.55	0.28
Planning Committee	4.57	4.57		3.96	3.96	-0.61
Total FTEs Operational Programs	14.84	14.66	0.00	14.51	14.51	-0.33
Administrative Programs						
General & Administrative	3.51	3.36		3.55	3.55	0.04
Total FTEs Administrative Programs	3.51	3.36	0.00	3.55	3.55	0.04
Total FTEs	18.35	18.02	0.00	18.06	18.06	-0.29

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

Member Services Reserve Analysis — 2015 – 2016

Working Capital Reserve Analysis 2015-2016	
NON-STATUTORY MEMBER SERVICES	
Beginning Working Capital Reserve (Deficit), December 31, 2014	1,048,988
	2015 Funding (from members) 7,896,810
	2015 Projected Other funding sources 278,755
Total Cash Available 2015	<u>9,224,553</u>
	Less: '2015 Projected expenses & capital expenditures (8,672,516)
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2015	<u><u>552,037</u></u>
Desired Working Capital Reserve, December 31, 2016	¹ 724,333
	Less: Projected Working Capital Reserve, December 31, 2015 (552,037)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u><u>172,296</u></u>
	2016 Expenses and Capital Expenditures 8,691,997
	Less: Other Funding Sources (277,790)
	Adjustment to achieve desired Working Capital Reserve 172,296
2016 Funding (reserve adjustment)	<u><u>8,586,503</u></u>

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

**Section D – Additional Consolidated Financial
Statements**
2016 Business Plan and Budget

Section D — 2016 Additional Consolidated Financial Information

Statement of Activities and Capital Expenditures by Program 2015 Budget	Total	Statutory Total	Reliability Standards Development (Section 300)	Compliance Monitoring and Org Reg % (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	Non-Statutory		
									Total	Operating Committee	Planning Committee
Funding											
ERO Funding											
ERO Assessments	\$ 6,628,457	\$ 6,628,457	\$ 349,426	\$ 5,128,474	\$ 1,273,786	\$ 290,996	\$ 21,845	\$ (436,070)	\$ -	\$ -	\$ -
Penalty Sanctions	81,000	81,000	4,373	58,393	14,606	3,380	248	-	-	-	
Total ERO Funding	6,709,457	6,709,457	353,799	5,186,867	1,288,392	294,376	22,093	(436,070)	-	-	-
Membership Dues	\$ 8,651,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,651,647	\$ 7,393,303	\$ 1,258,344
Testing Fees	-	-	-	-	-	-	-	-	-	-	-
Services & Software	301,790	24,000	-	-	24,000	-	-	-	277,790	277,790	-
Workshops	92,000	92,000	-	-	-	92,000	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Total Funding	\$ 15,754,894	\$ 6,825,457	\$ 353,799	\$ 5,186,867	\$ 1,312,392	\$ 386,376	\$ 22,093	\$ (436,070)	\$ 8,929,437	\$ 7,671,093	\$ 1,258,344
Expenses											
Personnel Expenses											
Salaries	\$ 6,447,820	\$ 4,021,604	\$ 192,583	\$ 2,415,379	\$ 643,309	\$ 148,877	\$ 10,927	\$ 610,529	\$ 2,426,216	\$ 1,766,472	\$ 659,744
Payroll Taxes	386,977	243,373	11,218	149,811	37,473	8,672	636	35,563	143,604	104,415	39,189
Benefits	967,464	608,744	29,362	395,111	91,080	18,616	2,305	72,270	358,720	263,086	95,634
Retirement Costs	1,010,808	639,971	28,968	398,362	96,767	22,394	1,644	91,836	370,837	269,637	101,200
Total Personnel Expenses	\$ 8,813,069	\$ 5,513,692	\$ 262,131	\$ 3,358,663	\$ 868,629	\$ 198,559	\$ 15,512	\$ 810,198	\$ 3,299,377	\$ 2,403,610	\$ 895,767
Meeting Expenses											
Meetings	\$ 92,258	\$ 58,176	\$ 1,221	\$ 13,419	\$ 2,080	\$ 41,423	\$ 33	\$ -	\$ 34,082	\$ 20,630	\$ 13,452
Travel	260,042	191,445	8,992	119,571	45,532	17,266	84	-	68,597	60,364	8,233
Conference Calls	45,984	13,027	1,234	10,055	368	1,364	6	-	32,957	20,897	12,060
Total Meeting Expenses	\$ 398,284	\$ 262,648	\$ 11,447	\$ 143,045	\$ 47,980	\$ 60,053	\$ 123	\$ -	\$ 135,636	\$ 101,891	\$ 33,745
Operating Expenses											
Consultants & Contracts	\$ 4,835,558	\$ 641,975	\$ 6,446	\$ 434,850	\$ 150,325	\$ 50,002	\$ 352	\$ -	\$ 4,193,583	\$ 4,035,830	\$ 157,753
Office Rent	813,341	568,158	19,153	408,416	63,978	14,806	1,087	60,718	245,183	178,273	66,910
Office Costs	555,172	132,021	5,187	84,471	13,131	24,733	2,219	2,280	423,151	402,263	20,888
Professional Services	74,300	26,406	1,423	19,035	4,765	1,105	78	-	47,894	34,808	13,086
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Depreciation	257,254	171,380	2,168	160,699	7,354	1,102	57	-	85,874	76,035	9,839
Total Operating Expenses	\$ 6,535,625	\$ 1,539,940	\$ 34,377	\$ 1,107,471	\$ 239,553	\$ 91,748	\$ 3,793	\$ 62,998	\$ 4,995,685	\$ 4,727,209	\$ 268,476
Total Direct Expenses	\$ 15,746,978	\$ 7,316,280	\$ 307,955	\$ 4,609,179	\$ 1,156,162	\$ 350,360	\$ 19,428	\$ 873,196	\$ 8,430,698	\$ 7,232,710	\$ 1,197,988
Indirect Expenses	-	-	47,137	629,490	157,456	36,439	2,674	(873,196)	-	-	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 15,746,978	\$ 7,316,280	\$ 355,092	\$ 5,238,669	\$ 1,313,618	\$ 386,799	\$ 22,102	\$ -	\$ 8,430,698	\$ 7,232,710	\$ 1,197,988
Change in Assets	\$ 7,916	\$ (490,823)	\$ (1,293)	\$ (51,802)	\$ (1,226)	\$ (423)	\$ (9)	\$ (436,070)	\$ 498,739	\$ 438,383	\$ 60,356
Fixed Assets											
Depreciation	\$ (257,254)	\$ (171,380)	\$ (2,168)	\$ (160,699)	\$ (7,354)	\$ (1,102)	\$ (57)	\$ -	\$ (85,874)	\$ (76,035)	\$ (9,839)
Total Fixed Asset Purchases	463,800	116,627	875	108,897	6,128	679	48	-	347,173	341,794	5,379
Change in Fixed Assets	\$ (206,546)	\$ 54,753	\$ 1,293	\$ 51,802	\$ 1,226	\$ 423	\$ 9	\$ -	\$ (261,299)	\$ (265,759)	\$ 4,460
TOTAL CHANGE IN WORKING CAPITAL	\$ (198,630)	\$ (436,070)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (436,070)	\$ 237,440	\$ 172,624	\$ 64,816

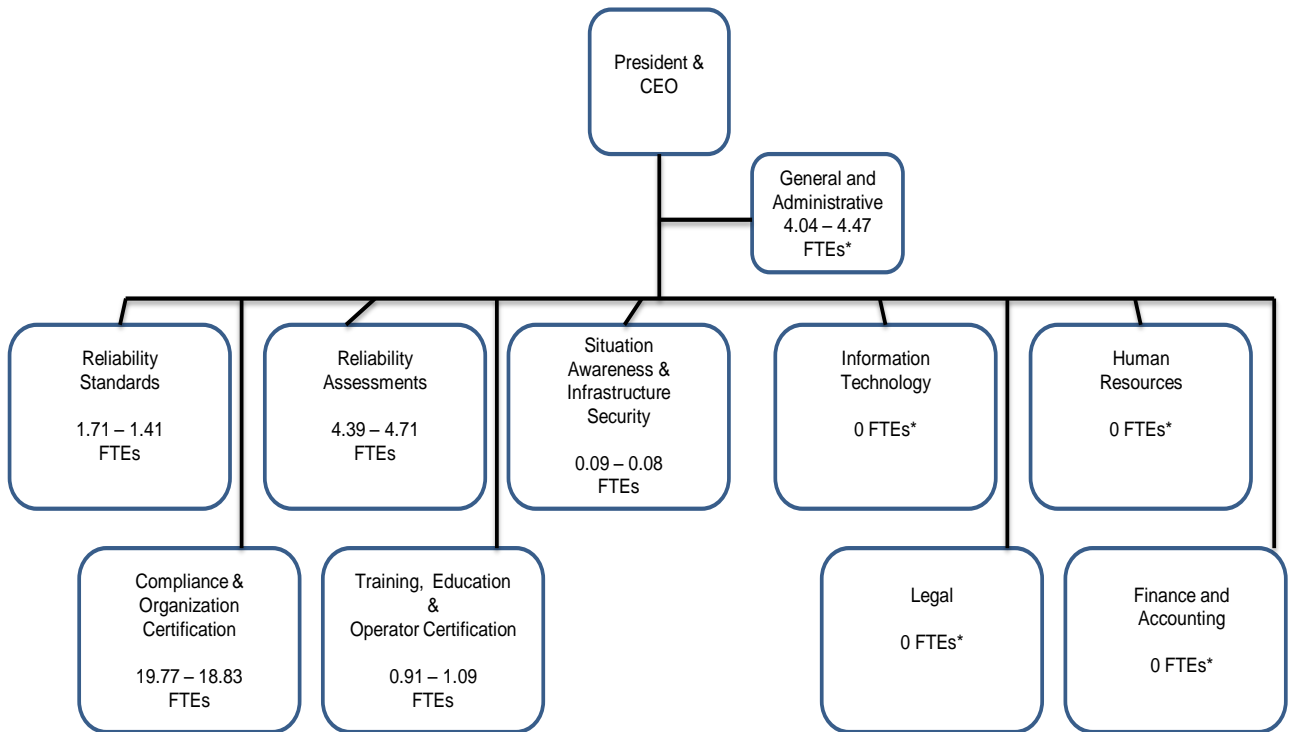
Statement of Financial Position

Statement of Financial Position				
2014 Audited, 2015 Projection, 2016 Budget and 2017 Projected				
STATUTORY and NON-STATUTORY				
	(Per Audit)	Projected	Budget	Projected
	12/31/2014	12/31/2015	12/31/2016	12/31/2017
ASSETS				
Cash	5,854,797	4,237,290	2,825,533	2,710,278
Accounts receivable	3,244,156	3,344,156	3,544,156	3,744,156
Other receivables	-	-	-	-
Prepaid expenses and other current assets	66,724	65,000	65,000	65,000
Other Assets	293,187	293,000	293,000	293,000
Property and equipment (net of depreciation)	400,627	400,000	400,000	400,000
Total Assets	9,859,491	8,339,446	7,127,689	7,212,434
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	2,863,981	2,863,000	2,863,000	2,863,000
Deferred income	3,493,661	3,555,990	3,923,439	3,991,121
Compliance Penalty Assessment	256,000	-	-	-
Accrued postretirement benefits obligation	425,466	325,000	341,250	358,313
Total Liabilities	7,039,108	6,743,990	7,127,689	7,212,434
Net Assets - unrestricted	2,820,383	1,595,456	-	-
Total Liabilities and Net Assets	9,859,491	8,339,446	7,127,689	7,212,434

Statutory Organizational Chart

Florida Reliability Coordinating Council, Inc. Statutory Organization Chart

2015 Budgeted FTEs 30.91
2016 Budgeted FTEs 30.59



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