

Analysis of 2016 Total ERO Enterprise Budget

Total ERO Enterprise Budget and Assessments

The proposed 2016 budget for the Total ERO Enterprise¹, inclusive of expenses and fixed asset expenditures, is \$186.7M, which is an increase of \$1.97M, 1.1%, from the 2015 budget. NERC and all Regions, except SPP RE, SERC, and Texas RE are proposing increases, ranging from 1.4% for FRCC to 35.2% for WIRAB and 0.8% for NERC. MRO's budget increase of \$1.0M, 9.9%, is driven primarily by additional leased space to accommodate MRO's current and future needs. SERC's proposed budget is decreasing 0.8% primarily due to reductions in personnel, meetings and travel, and office cost expenses, as further explained below. SPP's proposed budget is decreasing 14.5% due to a reduction in the use of contractors and consultants, elimination of hearing costs, and a change in the way SPP, Inc. allocates overhead to SPP RE. WIRAB is proposing a 35.2% increase (based on a relatively small budget) driven by an increase in personnel to continue reliability-related State-Provincial Steering Committee (SPSC) activities, monitor regional organizations, and address challenges associated with the expansion of the California ISO Energy Imbalance Market.

Total Budget

Entity	2016 Budget	% of Total ERO Budget	2015 Budget	Total ERO Budget	Change 2016 v 2015	% Change
NERC	67,186,665	36.0%	66,649,309	36.1%	537,357	0.8%
FRCC	7,261,527	3.9%	7,162,233	3.9%	99,294	1.4%
MRO	11,354,641	6.1%	10,328,687	5.6%	1,025,954	9.9%
NPCC	15,072,997	8.1%	14,778,540	8.0%	294,457	2.0%
RF	19,367,209	10.4%	18,756,763	10.2%	610,446	3.3%
SERC	15,866,845	8.5%	15,995,840	8.7%	(128,995)	-0.8%
SPP RE	10,095,820	5.4%	11,808,109	6.4%	(1,712,289)	-14.5%
TRE	11,782,215	6.3%	11,983,702	6.5%	(201,487)	-1.7%
WECC	27,384,956	14.7%	26,300,035	14.2%	1,084,921	4.1%
WIRAB	1,370,274	0.7%	1,013,581	0.5%	356,693	35.2%
	186,743,149	100.0%	184,776,799	100.0%	1,966,351	1.1%

¹ The ERO Enterprise consists of NERC, the eight Regional Entities and WIRAB.

The total ERO Enterprise 2016 assessments are increasing approximately \$2.98M, 1.8%, with the average increase for load serving entities (LSEs) by region ranging from 1.1% to 11.8%. The average increase for LSEs in the United States, Canada and Mexico is 1.5%, 4.4% and 10.0%, respectively. The increase in assessments in Canada is primarily due to the increase in the MRO budget and the increase in penalties which offset total assessments in WECC but are not allocated to Canada. This also impacts the increase in assessments in Mexico.

REGION	CHANGE IN TOTAL ERO ASSESSMENTS BY REGION					CHANGE IN REGIONAL ENTITY & WIRAB ASSESSMENTS	CHANGE IN NERC ASSESSMENTS
	TOTAL		US	Canada	Mexico	TOTAL	TOTAL
	\$	%	\$	\$	\$	\$	\$
FRCC	677,386	7.6%	677,386	-	-	565,619	111,767
MRO	1,551,602	11.8%	1,277,549	274,053	-	1,465,543	86,059
NPCC	263,281	1.3%	216,594	46,686	-	280,318	(17,037)
RF	1,003,261	3.3%	1,003,261	-	-	653,312	349,949
SERC	567,217	2.1%	567,217	-	-	(48)	567,265
SPP RE	(808,157)	-6.5%	(808,157)	-	-	(1,053,897)	245,740
TRE	(674,648)	-4.6%	(674,648)	-	-	(887,998)	213,350
WECC	397,817	1.1%	20,692	325,717	51,406	181,839	215,978
Total	2,977,758		2,279,894	646,457	51,406	1,204,688	1,773,070
% Change	1.8%		1.5%	4.4%	10.0%	1.1%	3.2%

As detailed in the following table, four factors impact the change in assessments: (1) the decline in the amount of penalties that offset assessments results in an increase of \$118k, 0.1%; (2) the decline in the release of excess working capital and operating reserves increases assessments \$737k, 0.5%; (3) the decrease in other funding results in a decrease in assessments of \$1.9M, 1.1%; and (4) the increase in the total ERO Enterprise and WIRAB budgets results in an increase of \$2.0M, 1.2%. A large portion of the other funding change is related to NERC's CRISP program, which is funded through third party revenue and has no direct impact on NERC assessments.

	CHANGE IN ASSESSMENTS BY ENTITY				Factors Impacting the Change in assessments							
	2015 Budget (\$000's)	2016 Budget (\$000's)	\$ Change (\$000's)	Change %	Dec(Inc) in Penalties (\$000's) %		Dec(Inc) in Release of Excess Reserves ¹ (\$000's) %		Dec(Inc) in Other Funding ² (\$000's) %		Budget Inc (Dec) (\$000's) %	
NERC	\$ 55,308	\$ 57,081	\$ 1,773	3.2%	\$ (284)	-0.5%	\$ (406)	-0.7%	\$ 1,926	3.5%	537	1.0%
FRCC	6,063	6,628	566	9.3%	94	1.6%	374	6.2%	(2)	0.0%	99	1.6%
MRO	9,426	10,892	1,466	15.5%	259	2.7%	181	1.9%	-	0.0%	1,026	10.9%
NPCC	14,069	14,349	280	2.0%	224	1.6%	(238)	-1.7%	-	0.0%	294	2.1%
RF	18,714	19,367	653	3.5%	(178)	-1.0%	121	0.6%	100	0.5%	610	3.3%
SERC	13,731	13,731	(0)	0.0%	1,139	8.3%	(909)	-6.6%	(101)	-0.7%	(129)	-0.9%
SPP	9,681	8,627	(1,054)	-10.9%	272	2.8%	387	4.0%	-	0.0%	(1,712)	-17.7%
TRE	10,500	9,612	(888)	-8.5%	199	1.9%	(918)	-8.7%	33	0.3%	(201)	-1.9%
WECC	25,032	25,032	(0)	0.0%	(1,841)	-7.4%	844	3.4%	(89)	-0.4%	1,085	4.3%
WIRAB	1,058	1,240	182	17.2%	-		(175)	-16.5%	(0)	0.0%	357	33.7%
	\$ 163,582	\$ 166,560	\$ 2,978	1.8%	(118)	-0.1%	(737)	-0.5%	\$ 1,867	1.1%	1,966	1.2%

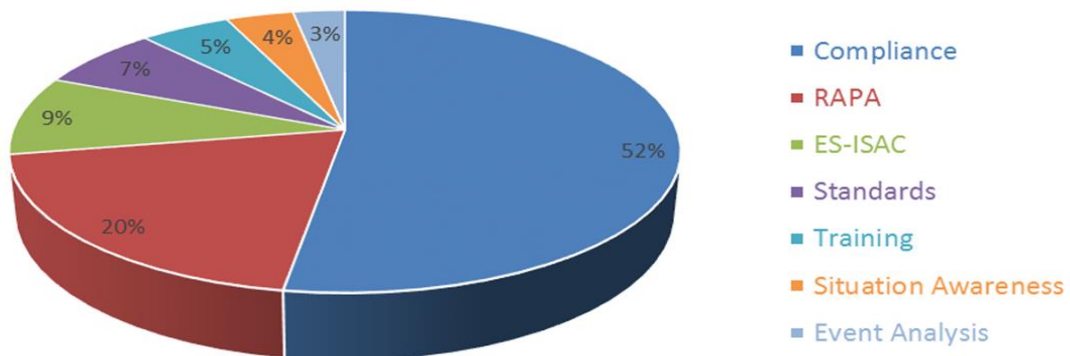
¹For NERC, this includes proceeds from capital financing activities
 For NERC, includes third-party funding for CRISP.

Total ERO Enterprise Budget by Program

The total 2016 Budget for the ERO Enterprise is \$185.4M (excluding WIRAB), which is an increase of \$1.6M, 0.9% and reflects the ERO Enterprise’s allocation of resources and focus on the goals and objectives set forth in the Strategic Plan. The following charts, tables, and comments do not include the WIRAB budget because of the unique nature of their oversight and advisory role in the WECC Region.

The following chart reflects the percentage allocation of 2016 Total ERO Enterprise Budget by Program Area.

Total ERO Enterprise 2016 Budget By Program Area



The following tables show the change in the fully allocated budget from 2015 to 2016 for direct and indirect expenses and the expenditures for fixed assets by statutory program for NERC and the eight Regional Entities and the change in the number of full time equivalents (FTEs) by program area.

Total ERO Enterprise 2015 vs 2016 Budget By Program Area

	2015									2016 vs 2015		
	Budget	Standards	CMEP	RAPA	Training	Event Analysis	Situation Awareness	ES-ISAC	2016 Budget	\$ Variance Over(Under)	% Variance	
NERC	66,649	(2,054)	2,938	93	(39)	1,153	45	(1,599)	67,187	537	0.81%	
FRCC	7,162	(69)	(25)	130	65	-	(1)	-	7,262	99	1.39%	
MRO	10,329	296	303	187	194	-	46	-	11,355	1,026	9.93%	
NPCC	14,779	31	82	118	21	-	43	-	15,073	294	1.99%	
RF	18,757	-	508	39	47	-	16	-	19,367	610	3.25%	
SERC	15,996	(67)	216	166	204	-	(648)	-	15,867	(129)	-0.81%	
SPP RE	11,808	(5)	(797)	(1,066)	157	-	(2)	-	10,096	(1,712)	-14.50%	
TRE	11,984	(138)	(199)	55	80	-	-	-	11,782	(201)	-1.68%	
WECC	26,300	62	633	487	(37)	-	(60)	-	27,385	1,085	4.13%	
	183,763	(1,944)	3,660	209	693	1,153	(562)	(1,599)	185,373	1,610	0.88%	

Total ERO Enterprise 2015 vs 2016 FTEs Budget By Program Area

	2015										2016 vs 2015		
	Budget	Standards	CMEP	RAPA	Training	Event Analysis	Situation Awareness	ES-ISAC	Administrative Services	2016 Budget	\$ Variance Over(Under)	% Variance	
NERC	192.30	(6.42)	3.27	(1.03)	(0.59)	1.68	(0.57)	0.14	3.69	192.47	0.17	0.09%	
FRCC	30.91	(0.30)	(0.94)	0.31	0.19	-	(0.01)	-	0.43	30.59	(0.32)	-1.04%	
MRO	42.50	1.10	(0.82)	(0.03)	1.06	-	0.12	-	(0.93)	43.00	0.50	1.18%	
NPCC	36.86	-	-	-	-	-	-	-	-	36.86	-	0.00%	
RF	72.20	-	-	-	-	-	-	-	-	72.20	-	0.00%	
SERC	78.70	(0.63)	(0.58)	0.70	(0.38)	-	(2.55)	-	2.86	78.12	(0.58)	-0.74%	
SPP RE	32.76	-	0.50	(1.50)	0.50	-	-	-	-	32.26	(0.50)	-1.53%	
TRE	60.00	(0.50)	2.25	-	-	-	-	-	(1.75)	60.00	-	0.00%	
WECC	137.50	-	0.50	1.70	(0.50)	-	(0.20)	-	1.50	140.50	3.00	2.18%	
	683.73	(6.75)	4.18	0.15	0.28	1.68	(3.21)	0.14	5.80	686.00	2.27	0.33%	

Standards

The total ERO Enterprise budget for the Standards Program area is decreasing by \$1.9M over 2015. The number of FTEs is decreasing by 6.75. NERC, FRCC, SERC and Texas RE are reducing the number of FTEs in the Standards Program area in 2016. MRO is increasing the number of FTEs for focused registration and certification efforts. NPCC, ReliabilityFirst (RF), SPP RE and WECC have budgeted the same number of FTEs in the standards program in 2016. The reduction in NERC’s budget and in the number of FTEs for the Standards Program reflects reorganization initiatives and increased efficiencies in connection with the transformation of NERC Reliability Standards to a steady state.

Compliance Monitoring and Enforcement (CMEP)

The total ERO Enterprise budget for CMEP is increasing by \$3.7M over 2015 and the number of FTEs allocated to CMEP is increasing 4.18. NERC’s budget for CMEP is increasing \$2.9M to support implementation of risk-based compliance monitoring program. FRCC’s budget for CMEP is staying relatively flat, with a slight decrease of \$25k, and 0.94 FTEs. MRO’s budget increase of \$303k is driven by the transition to CIP V5. RF’s budget is increasing by \$508k primarily due to an increase in personnel costs and travel costs associated with increased regional outreach activities. WECC’s budget for CMEP is increasing \$633k primarily due to reclassification of positions in the CMEP department and reclassification of costs related to the compliance database from General and Administrative to

Compliance. SPP RE's budget for CMEP is decreasing by \$797k primarily due to a reduction in contracts and consulting costs as a result of the increase in SPP RE staff experience and improved efficiencies in SPP RE processes. SERC's budget increase of \$216k results from an increase in indirect expenses due a higher percentage of FTEs allocated to the CMEP program compared to the total of all SERC FTEs. Texas RE's decrease of \$199k for CMEP is primarily due to the elimination of costs for a potential contested case from the 2016 operating budget.

Reliability Assessments and Performance Analysis (RAPA)

The Total ERO Enterprise budget for RAPA is increasing by \$209k over 2015. The number of FTEs in RAPA is staying relatively flat with a slight increase of 0.15. NERC's budget is increasing \$93k primarily due to the additional contract support related to reliability consulting and software application development. FRCC's budget is increasing \$130k primarily due to contracts and consultants cost associated with anticipated UFLS Database enhancements. WECC's budget is increasing \$487k primarily due to adding two engineering positions in 2016 to perform reliability studies, and an increase in contracts and consultants costs associated with RAS modeling. MRO's budget for RAPA is increasing \$187k due to an increase in personnel costs and an increase in the allocation of administrative costs due to a higher percentage of FTEs allocated to the RAPA program compared to the total of all of MRO's FTEs. NPCC's budget is increasing \$118k due to increased personnel costs and consultant costs associated with supporting proposed Regional expanded assessment and performance analyses. SPP RE's budget is decreasing by \$1M due to a reduction in the number of FTEs allocated to the program, which also reduces the allocation of indirect expenses, and due to the reduction of consulting costs resulting from the completion of the Engineering Model Data Validation project.

Training, Education and Operator Certification

The Total ERO Enterprise budget for Training, Education and Operator Certification (Training) is increasing \$693k over 2015. The number of FTEs is increasing by 0.28. MRO's budget is increasing \$194k due to anticipated increases in executive involvement in workshops, newsletters, and speaker engagements. SERC's increase of \$204k is primarily due to an increase in consultants to expand the Restoration Drill to include more simulation exercises; for system simulator development for the SERC system; and for contractor support to develop training materials, a qualification program, and to implement a systematic approach to training. SPP RE's budget is increasing \$157k increase due to an increase of 0.50 FTE's to support efforts of the CIP audit team in conducting CIP V5 outreach.

Event Analysis

NERC budgets and reports the expenses of Event Analysis in a separate department. The Regional Entities primarily include the costs associated with event analysis in RAPA. The Event Analysis Program at NERC is increasing \$1.1M, primarily due to an increase in personnel costs associated with an additional 1.68 FTEs and increased contracts and consultants cost associated with Reliability Assurance Project support.

Situation Awareness and Infrastructure Security (SAIS)

The total ERO Enterprise budget for SAIS is decreasing \$562k. The 2016 budgets for SAIS for NERC and all regions expect SERC remain relatively flat compared to 2015. SERC's budget is decreasing \$648k, primarily due to the reclassification of 2.25 FTEs from the SAIS program into the Technical Committee and Member Forums program.

ES-ISAC

NERC budgets activities supporting the ES-ISAC initiatives as a separate department. The Regional Entities primarily budget and account for critical infrastructure resource support under the compliance function, which is also more in line with the regional entity responsibilities under their delegation agreements with NERC.

NERC’s Critical Infrastructure Department (CID) and ES-ISAC were combined in 2015. NERC’s ES-ISAC budget is decreasing by \$1.6M primarily due to the reduction in contracts and consultants services for Cyber Risk Information Sharing Program (CRISP). As detailed in the NERC budget, costs related to CRISP are primarily paid by third-party participants.

Total ERO Enterprise Budget by Funding and Expense Categories

Total ERO Enterprise Funding

The 2016 funding requirement for the total ERO Enterprise is \$183.2M, an increase of \$1.2M, 0.7%, over 2015. Total funding requirements take into account funding from other sources such as workshops and interest income. For NERC, other sources of funding include participant funding for CRISP and support for operator certification and testing programs. The funding requirement for NERC and all the Regions except SERC, SPP RE and Texas RE is increasing. The funding requirement for SERC, SPP RE and Texas RE is decreasing due to a reduction in the total budget, as well as the release of excess working capital and operating reserves.²

Total Funding						
Entity	2016 Budget		2015 Budget		Change	% Change
NERC	\$	67,502,627	\$	67,371,264	\$ 131,363	0.2%
FRCC		6,825,457		6,351,838	473,619	7.5%
MRO		11,027,812		9,821,000	1,206,793	12.3%
NPCC		14,480,196		14,423,378	56,818	0.4%
RF		20,115,459		19,383,897	731,562	3.8%
SERC		15,034,561		16,072,389	(1,037,828)	-6.5%
SPP		8,819,751		10,743,665	(1,325,397)	-12.3%
TRE		9,898,448		11,017,491	(1,119,043)	-10.2%
WECC		28,229,334		26,300,035	1,929,299	7.3%
WIRAB		1,240,548		1,058,608	181,940	17.2%
	\$	183,174,193	\$	182,543,565	\$1,229,126	0.7%

² The ‘Change’ in the total funding requirement for each entity as detailed in the Total Funding table corresponds to the first table on page 3 by adding the amounts reflected in the columns “Dec(Inc) in Release of Excess Reserves” and “Budget Inc(Dec)”.

Total Budget by Expense Categories

The following table shows the changes in the budget from 2015 to 2016 by expense category for NERC, each Region and WIRAB.

2016 vs 2015 - Budget Variances by Expense Category

Entity	2015	Meetings, Travel and Conferencing		Operating Expenses	Other Non- Operating	Indirect Expenses	Fixed Assets	2016	\$ Variance	2016 vs
	Budget	Personnel						Budget	Over(Under)	2015 %
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	%
NERC	66,649	1,480	54	(960)	(21)	-	(16)	67,187	537	0.8%
FRCC	7,162	(69)	(8)	213	-	-	(37)	7,262	99	1.4%
MRO	10,329	369	38	131	-	-	488	11,355	1,026	9.9%
NPCC	14,779	229	48	10	-	(17)	24	15,073	294	2.0%
RF	18,757	599	102	(155)	2	-	62	19,367	610	3.3%
SERC	15,996	(172)	(126)	367	-	-	(197)	15,867	(129)	-0.8%
SPP	11,808	(6)	81	(655)	-	(1,132)	-	10,096	(1,712)	-14.5%
TRE	11,984	288	(80)	(464)	-	-	54	11,782	(201)	-1.7%
WECC	26,300	1,655	(247)	1,263	-	(137)	(1,449)	27,385	1,085	4.1%
WIRAB	1,014	152	51	-	-	153	-	1,370	357	35.2%
	184,777	4,526	(88)	(249)	(19)	(1,132)	(1,072)	186,743	1,966	1.06%

Total Personnel Expenses

Total 2016 personnel expenses for the ERO Enterprise are increasing \$4.5M, 3.9%, over 2015 primarily due to modest increases in salaries expense for existing staff and projected market increases in the cost of employee benefit plans.

Total Meeting, Travel and Conferencing Expenses

The total ERO Enterprise budget for meetings, travel and conferencing expenses is decreasing \$88k. SERC's new office location has a large meeting space to facilitate hosting most meetings in-house and substantially reducing costs. WECC's budget is decreasing \$247k due to implementation of risk-based compliance monitoring, which reduces travel expenditures in Compliance, and due to hosting all WECC Board meetings in Salt Lake City. RF's budget is increasing \$102k due to an increase in regional outreach activities, costs associated with two workshops, CIP V5 standard seminars and open forums.

Operating Expenses

Total operating expenses for the ERO Enterprise are decreasing by \$249k. NERC's budget is decreasing \$960k primarily due to the reduction in contract and consulting costs associated with CRISP. WECC's budget is increasing \$1.3M due primarily to the increase in contract and consultant costs associated with transmission expansion planning, RAS modeling, that was previously budgeted in Fixed Assets, composite load modeling, and an increase board director search fees. SPP RE's budget is decreasing \$655k primarily due to lower contract and consultant costs resulting from increased experience of the SPP RE audit staff and the completion of the Engineering Data Validation software tool in the RAPA program. Texas RE's budget is decreasing due to a reduction in fees paid to independent board of directors, a decrease in accounting and auditing fees, and a reduction in legal fees due to the elimination of funding for a potential contested case. RF's budget is decreasing \$155k due to reduction a contract and consulting costs associated with implementation of risk based compliance monitoring, and a

reduction in computer supplies and maintenance. SERC’s budget is increasing \$367k due to the increase in contract and consulting costs associated with one-time cost for a benchmarking system-wide stability study, expansion of the Restoration Drill to include more simulation exercises, utilization of contract support in lieu of FTEs, project management, communications and a board consultant in G&A, and additional IT hosting for disaster recovery and business continuity. FRCC’s budget is increasing \$213k primarily due to replacement of an open position with a contract auditor, an increase in the cost for SERC to perform the compliance monitoring function in 2016, anticipated UFLS Database enhancements, and outside consulting fees for seminars in the Training. MRO’s budget is increasing \$131k primarily due to an increase in IT contract and consulting costs associated with business improvement projects and outreach, as well as ongoing security risk evaluation and related mitigation projects, costs of the Office of Coordinated Activities for the Regional Entity Management Group, and an increase in communications training for staff involved in the outreach efforts.

Fixed Assets (excluding the reversal of depreciation)³

The ERO Enterprise total fixed asset (capital) budget, including the reversal of depreciation, is decreasing \$1.1M, as reflected in the table above. Excluding the reversal of depreciation, the fixed asset budget for the Total ERO Enterprise is decreasing \$787k, 12.3%, as reflected in the table below. NERC’s 2016 budget is increasing \$292.5k due to funding requirements associated with a multiyear initiative to develop and implement software applications in support of common NERC and Regional Entity operations. MRO’s budget increase of \$448k is driven by additional space leased to accommodate MRO’s current and future needs. WECC’s \$1.4M decrease is related to reclassification of the RAS modeling expenditures from Fixed Assets to Consultants and Contracts. NPCC’s budget is increasing by \$54k primarily due to computer and software capital expenditures associated with compliance software enhancements, as well as the initial implementation of a document management system. SERC’s budget is decreasing \$132k due to reductions in computer and software capital expenditures included in the 2016 budget that are split among the other members of the Consortium User Group (FRCC and NPCC).

Increase(Decrease) in Fixed Assets - excluding Depreciation				
Entity	2016 Budget	2015 Budget	Change	% Change
NERC	\$ 3,911,000	\$3,618,500	\$ 292,500	8.1%
FRCC	116,627	184,676	(68,049)	-36.8%
MRO	784,500	336,800	447,700	132.9%
NPCC	276,000	222,000	54,000	24.3%
RF	173,500	180,000	(6,500)	-3.6%
SERC	207,311	339,333	(132,022)	-38.9%
SPP RE	-	-	-	
TRE	44,000	43,680	320	0.7%
WECC	100,361	1,475,607	(1,375,246)	-93.2%
WIRAB	-	-	-	
	\$ 5,613,299	\$6,400,596	\$ (787,297)	-12.3%

³ Depreciation is reversed from fixed assets to eliminate the funding requirement that would otherwise be created due to the inclusion of depreciation expense in operating expenses.

Consolidated ERO
Statement of Activities, Fixed Assets and Change in Working Capital
2016 Budget v 2015 Budget

	2016 Budget	2015 Budget	\$ Change	% Change
Funding				
ERO Funding				
ERO Assessments	\$ 166,560,186	\$ 163,582,428	\$ 2,977,758	
Penalty Sanctions	5,581,700	5,463,500	118,200	
Total ERO Funding	\$ 172,141,886	\$ 169,045,928	\$ 3,095,958	1.8%
Federal Grants	\$ 6,831,210	\$ 8,943,589	(2,112,379)	
Membership Dues	-	18,500	(18,500)	
Testing Fees	1,867,972	1,670,000	197,972	
Services & Software	74,000	74,000	-	
Workshops	1,725,575	1,710,555	15,020	
Interest	89,550	88,495	1,055	
Miscellaneous	444,000	394,000	50,000	
Total Funding (A)	\$ 183,174,193	\$ 181,945,067	\$ 1,229,126	0.7%
Expenses				
Personnel Expenses				
Salaries	\$ 91,731,611	\$ 88,088,808	\$ 3,642,804	
Payroll Taxes	6,059,931	5,778,432	281,499	
Benefits	12,398,925	11,791,895	607,031	
Retirement Costs	11,101,344	11,106,859	(5,515)	
Total Personnel Expenses	\$ 121,291,812	\$ 116,765,994	\$ 4,525,818	3.9%
Meeting Expenses				
Meetings	\$ 3,122,897	\$ 3,020,446	\$ 102,451	
Travel	7,626,213	7,822,397	(196,184)	
Conference Calls	556,548	550,412	6,136	
Total Meeting Expenses	\$ 11,305,658	\$ 11,393,255	\$ (87,597)	-0.8%
Operating Expenses				
Consultants & Contracts	\$ 23,176,713	\$ 23,453,853	\$ (277,140)	
Office Rent	7,552,972	7,215,218	337,754	
Office Costs	8,465,703	8,283,584	182,118	
Professional Services	6,130,320	6,991,310	(860,990)	
Miscellaneous	191,585	106,991	84,594	
Depreciation	5,469,656	5,185,228	284,427	
Total Operating Expenses	\$ 50,986,948	\$ 51,236,184	\$ (249,237)	-0.5%
Total Direct Expenses				
	\$ 183,584,418	\$ 179,395,433	\$ 4,188,985	2.3%
Indirect Expenses				
	\$ 2,902,605	\$ 4,034,998	\$ (1,132,393)	-28.1%
Other Non-Operating Expenses				
	\$ 112,483	\$ 131,000	\$ (18,517)	-14.1%
Total Expenses (B)	\$ 186,599,506	\$ 183,561,431	\$ 3,038,075	1.7%
Change in Assets	\$ (3,425,313)	\$ (1,616,364)	\$ (1,634,196)	101.1%
Fixed Assets				
Depreciation	(5,469,656)	(5,185,228)	(284,427)	
Computer & Software CapEx	3,596,938	5,788,989	(2,192,051)	
Furniture & Fixtures CapEx	40,000	60,000	(20,000)	
Equipment CapEx	1,494,000	543,000	951,000	
Leasehold Improvements	467,000	-	467,000	
Allocation of Fixed Assets	15,361	8,607	6,754	
Inc(Dec) in Fixed Assets (C)	\$ 143,643	\$ 1,215,368	\$ (1,071,724)	-88.2%
TOTAL BUDGET (=B + C)	\$ 186,743,149	\$ 184,776,799	\$ 1,966,351	1.1%
CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (3,568,957)	\$ (2,831,732)	\$ (737,225)	26.0%
FTEs	691.5	687.7	3.8	0.6%

2017 and 2018 Preliminary Projections

2017

The 2017 total budget for the ERO Enterprise (NERC, Regional Entities and WIRAB) is projected to increase approximately \$6.2M, 3.3%, over the 2016 Total Budget. Total FTEs projected for 2017 remain flat compared to 2016, except for FRCC. FRCC projects to add 1.14 FTEs in compliance enforcement. NERC’s 2016 budget is projected to increase \$4.2M, 6.4%, primarily due to ongoing investments in ERO Enterprise applications and CRISP, and due to increases in personnel expense without increasing the number of FTEs. NERC and Regional Entity management will continue to review and refine these projections as part of the 2017 business plan and budget cycle with the continued objective maximizing the efficiency and effectiveness of overall enterprise operations and mitigating significant budget increases where possible. NERC, in particular, will be focusing on ways to further reduce and/or mitigate its preliminary projected 2017 budget increase.

2018

NERC and the Regional Entities are projecting the 2018 Total budget to increase approximately \$3.3M, 1.7% over the 2017 Total Budget. Total FTEs remain flat for NERC and all Regions, except FRCC and RF. FRCC projects to add 0.35 FTE FTEs in CMEP, and RF projects to add 2 FTEs to implement the Reliability Assurance Program.

Entity	Total Budget						
	2016 Budget (\$000's)	2017 Budget (\$000's)	2017 v 2016 (\$000's)	% Change	2018 Budget (\$000's)	2018 v 2017 (\$000's)	% Change
NERC	67,187	71,454	4,267	6.4%	70,923	-531	-0.7%
FRCC	7,262	7,588	327	4.5%	7,769	181	2.4%
MRO	11,355	11,214	-140	-1.2%	11,551	336	3.0%
NPCC	15,073	15,415	342	2.3%	15,770	355	2.3%
RF	19,367	20,073	706	3.6%	21,255	1,182	5.9%
SERC	15,867	15,974	107	0.7%	16,216	242	1.5%
SPP RE	10,096	10,399	303	3.0%	10,711	312	3.0%
TRE	11,782	12,254	471	4.0%	12,744	490	4.0%
WECC	27,385	27,190	-195	-0.7%	27,907	716	2.6%
WIRAB	1,370	1,410	40	2.9%	1,453	43	3.1%
	186,743	192,972	6,228	3.3%	196,298	3,326	1.7%

Total FTEs							
Entity	2016	2017	Change		2018	Change	
			2017 v 2016	% Change		2018 v 2017	% Change
NERC	192.48	192.48	-	0.0%	192.48	-	0.0%
FRCC	30.59	31.73	1.14	3.7%	32.08	0.35	1.1%
MRO	43.00	43.00	-	0.0%	43.00	-	0.0%
NPCC	36.86	36.86	-	0.0%	36.86	-	0.0%
RF	72.20	72.20	-	0.0%	74.20	2.00	2.8%
SERC	78.12	78.12	-	0.0%	78.12	-	0.0%
SPP RE	32.25	32.25	-	0.0%	32.25	-	0.0%
TRE	60.00	60.00	-	0.0%	60.00	-	0.0%
WECC	140.50	140.50	-	0.0%	140.50	-	0.0%
	686.00	687.14	1.14	0.2%	689.49	2.35	0.3%