

ERO Enterprise Combined Budgets and Assessments

NERC Finance and Audit Committee Conference Call
July 21, 2016

RELIABILITY | ACCOUNTABILITY



2016 vs 2017 Budgeted Expenses

(\$000's)

Entity	2016 Budget	% of Total ERO Budget	2017 Budget	% of Total ERO Budget	% Change
NERC	67,187	36.0%	69,602	36.3%	3.6%
FRCC	7,262	3.9%	7,178	3.7%	-1.2%
MRO	11,355	6.1%	11,227	5.9%	-1.1%
NPCC	15,073	8.1%	15,147	7.9%	0.5%
RF	19,367	10.4%	19,909	10.4%	2.8%
SERC	15,867	8.5%	17,482	9.1%	10.2%
SPP RE	10,096	5.4%	10,866	5.7%	7.6%
TRE	11,782	6.3%	12,167	6.4%	3.3%
WECC	27,385	14.7%	26,797	14.0%	-2.1%
WIRAB	1,370	0.7%	1,229	0.6%	-10.3%
	186,743	100.0%	191,604	100.0%	2.6%

2018 and 2019 Projected Expenses

(\$000's)

Entity	2017 Budget	2018 Projection	% Change	2019 Projection	% Change
NERC	69,602	71,322	2.5%	73,113	2.5%
FRCC	7,178	7,569	5.5%	7,672	1.4%
MRO	11,227	11,416	1.7%	11,759	3.0%
NPCC	15,147	15,499	2.3%	15,864	2.4%
RF	19,909	20,591	3.4%	21,318	3.5%
SERC	17,482	18,048	3.2%	18,818	4.3%
SPP RE	10,866	11,191	3.0%	11,527	3.0%
TRE	12,167	12,654	4.0%	13,160	4.0%
WECC	26,797	26,754	-0.2%	27,287	2.0%
WIRAB	1,229	1,270	3.3%	1,322	4.1%
	191,604	196,315	2.5%	201,840	2.8%

Entity	2016 Budget	2017 Budget	% Change	2018 Projection	% Change	2019 Projection	% Change
NERC	57,081	59,856	4.9%	62,144	3.8%	64,089	3.1%
FRCC	6,628	6,164	-7.0%	7,477	21.3%	7,580	1.4%
MRO	10,892	10,494	-3.6%	11,416	8.8%	11,759	3.0%
NPCC	14,349	14,255	-0.7%	14,587	2.3%	14,930	2.4%
RF	19,367	19,561	1.0%	19,952	2.0%	20,551	3.0%
SERC	13,731	15,706	14.4%	16,201	3.2%	17,099	5.5%
SPP	8,627	9,093	5.4%	11,191	23.1%	11,527	3.0%
TRE	9,560	9,595	0.4%	9,979	4.0%	10,378	4.0%
WECC	25,032	25,282	1.0%	25,535	1.0%	25,790	1.0%
WIRAB	1,240	901	-27.3%	1,269	40.8%	1,322	4.1%
TOTAL ERO ENTERPRISE	166,508	170,908	2.6%	179,752	5.2%	185,024	2.9%

Change in Total ERO Assessments by Region

REGION	% Change 2016 v 2015	% Change 2017 v 2016	% Change 2018 v 2017	% Change 2019 v 2018
FRCC	7.6%	-2.0%	13.6%	1.9%
MRO	11.8%	-2.1%	7.8%	3.0%
NPCC	1.3%	1.0%	3.5%	2.6%
RF	3.3%	1.8%	3.4%	3.1%
SERC	2.1%	10.0%	3.3%	4.4%
SPP RE	-6.5%	4.5%	18.1%	3.0%
TRE	-4.6%	2.5%	3.0%	3.7%
WECC	1.1%	2.4%	1.7%	1.7%
Total \$ Change	\$ 2,977,758	\$ 4,399,595	\$ 8,844,582	\$ 5,271,968
Total % Change	1.8%	2.6%	5.2%	2.9%

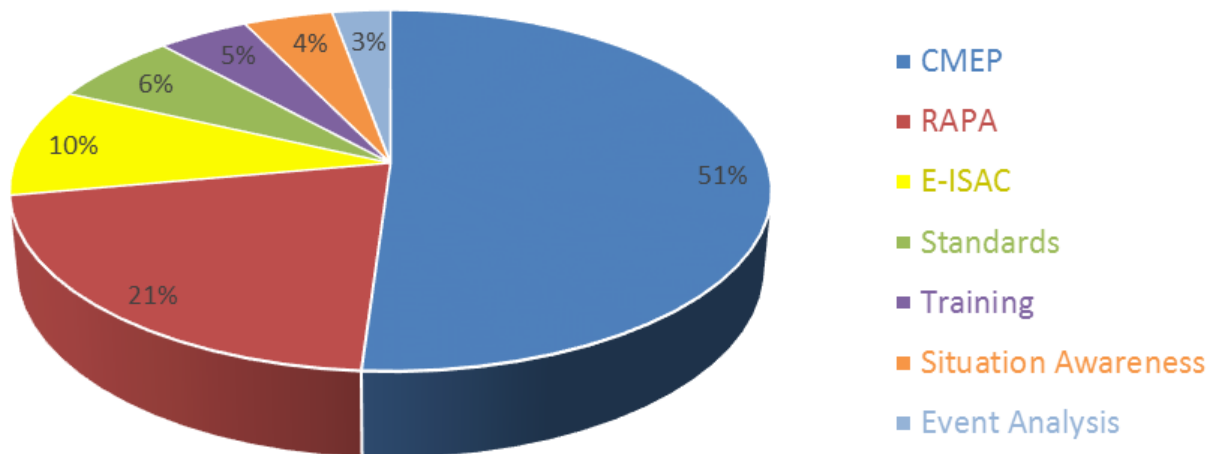
- NERC and Regional Entity Resource Requirements and Budgets
- Year End Reserve Levels
 - Surplus reserves
 - Reserves from prior years that can be applied (e.g. Stabilization Reserve)
- Penalty Funds
 - Loss of one time offsets applied in prior year
 - New penalty funds available
- Year to Year NEL (Net Energy for Load) Variations
 - NERC funding requirements allocated among Regions on NEL basis (Each Region's NEL compared to total ERO NEL)
 - Combined NERC Regional funding requirements allocated to LSEs within Regions on NEL basis within the Region

Working Capital, Operating and Other Reserves

Entity	2017 Beginning Balance	2017 Adjustment	Projected 2017 Ending Balance	Stated Policy
NERC	\$ 7,828,700	\$ (69,598)	\$ 7,759,102	As detailed in Exhibit C of NERC's 2017 Budget
FRCC	1,425,113	(826,959)	\$ 598,154	One (1) month of the total annual budget
MRO	1,488,815	(566,075)	\$ 922,740	30-day cash reserve for 2017
NPCC	3,897,079	(827,994)	\$ 3,069,085	Range of 16.67% and 33.33% of Budget
RF	3,246,489	152,868	\$ 3,399,357	10 % or a minimum \$1M in operating reserves, plus additional working capital to manage cash flow and stabilize assessments
SERC	2,020,855	(1,020,855)	\$ 1,000,000	10% of budgeted annual costs, plus temporary increase in income greater than two months of statutory operating costs
SPP	1,403,208	(1,403,208)	\$ -	None required; rely on SPP, Inc.
TRE	4,702,756	(2,520,000)	\$ 2,182,756	Operating reserve of \$2M plus additional \$183k and \$500k line of credit
WECC	4,990,113	207,448	\$ 5,197,561	Working Capital Reserve balance equal to one-to-two months of Personnel and Operating Expenses
WIRAB	426,978	(326,978)	\$ 100,000	Work Capital Reserve of \$100,000
	\$ 31,430,106	\$ (7,201,351)	\$ 24,228,755	

Consolidated Budget by Program Area

Total ERO Enterprise 2017 Budget By Program Area



Total ERO Enterprise 2017 Budget By Program Area
(without CRISP)

