



FLORIDA RELIABILITY COORDINATING COUNCIL, INC.
3000 BAYPORT DRIVE, SUITE 600
TAMPA, FLORIDA 33607-8410
PHONE 813.289.5644 • FAX 813.289.5646
WWW.FRCC.COM

Draft 4-26-16

2017 Business Plan and Budget

Florida Reliability Coordinating Council, Inc.

Approved:

Table of Contents

Introduction	3
Organizational Overview	3
Membership and Governance	4
Statutory Functional Scope	5
2017 Goals and Key Deliverables (Regional Entity Division).....	8
2016 Statutory Budget and Projection and 2017 Budget Comparisons.....	13
Section A – Statutory Programs	14
Reliability Standards Development Program.....	15
Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program.....	18
Reliability Assessment and Performance Analysis Program.....	23
Training, Education, and Operator Certification Program.....	28
Situation Awareness and Infrastructure Security Program	32
General and Administrative	35
Section B – Supplemental Financial Information	39
Reserve Balance.....	40
Breakdown by Statement of Activity Sections	41
2017 and 2018 Projected Expenses.....	47
Section C – Non-Statutory Activities	49
Non-Statutory Members Services Division	50
Non-Statutory Functional Scope.....	50
2016 Member Services Budget and Projection and 2017 Budget Comparisons	56
Section D – Additional Consolidated Financial Statements	59
Statement of Financial Position	61
Statutory Organizational Chart	62

Introduction

TOTAL RESOURCES (in whole dollars)				
	2017 Budget	U.S.	Canada	Mexico
Statutory FTEs	29.99			
Non-statutory FTEs	20.43			
Total FTEs	50.42			
Statutory Expenses	\$ 7,132,585			
Non-Statutory Expenses	\$ 10,103,890			
Total Expenses	\$ 17,236,475			
Statutory Inc(Dec) in Fixed Assets	\$ 45,269			
Non-Statutory Inc(Dec) in Fixed Assets	\$ 94,695			
Total Inc(Dec) in Fixed Assets	\$ 139,964			
Statutory Working Capital Requirement*	(826,959)			
Non-Statutory Working Capital Requirement**	306,736			
Total Working Capital Requirement	(520,222)			
Total Statutory Funding Requirement	\$ 6,350,896			
Total Non-Statutory Funding Requirement	\$ 10,505,321			
Total Funding Requirement	\$ 16,856,217			
Statutory Funding Assessments	\$ 6,163,896	\$ 6,163,896		
Non-Statutory Fees	\$ 10,301,621	\$ 10,301,621		
NEL	234,504	234,504		
NEL%				

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

**Refer to the Reserve Analysis on page 58 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 51 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 32 FRCC members in the Regional Entity Division and 24 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

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

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 November 4, 2015, FERC approved revised delegation agreements between NERC and the eight (8) Regional Entities that became effective January 1, 2016 and will expire at the end of 2020. 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 which were presented to the NERC Board of Trustees for approval mid-2015 and were approved by FERC and became 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

2017 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of shared assumptions (see Exhibit A of the 2017 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 2017 business plan include:

- NERC continues to enhance its oversight of the Regional Entities’ performance of their delegated functions. NERC in collaboration with the Regional Entities will continue to develop goals, measures, and reports to assess and evaluate the Regional Entities’

performance of their Regional Delegation Agreements (RDAs), NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, FERC requirements, and directives that are in effect pursuant to Section 8(c) of the RDAs. NERC will continue to provide feedback and direction to the Regional Entities on performance improvements.

- NERC and the Regional Entities will continue to 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. NERC expects that the Regional Entities will continue to have the primary responsibility for day-to-day operations and interactions with registered entities.
- 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 stakeholder participation in support of key program areas such as event analysis, reliability assessments and standards development. NERC and the Regional Entities will evaluate stakeholder participation on an ongoing basis to determine the availability and adequacy of industry resources to support these undertakings.
- The number of continent-wide standards development projects will remain stable, except as required to address any new FERC directives to create or modify Reliability Standards, or industry submittals of standard authorization requests. Continent-wide standards projects will consist primarily of conducting enhanced periodic reviews to improve the content and quality of standards and responding to identified risks to reliability. Regional standards will be incorporated into continent-wide standards as variances, as appropriate, through scheduled enhanced periodic reviews. Regional and NERC standards development processes may be modified to accomplish this task. Each Regional Entity will work with NERC and possibly other Regional Entities on projects where there is a regional standard/variance.
- The effective date for compliance with the CIP Version 5 standards will be July 1, 2016 for High and Medium impact assets and July 1, 2017 for Low impact assets. The transition between V3 to V5 is a mission critical activity in 2016 and 2017. 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 through 2017. 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 2015 and possibly more as they operationally implement its components and drive consistency in 2016 and beyond. 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.
- NERC will manage the BES exception process execution, technical validation of the definition and exception requests, self-determined notification submittals, periodic reviews of network changes affecting BES determinations, as well as requests for

registration and certification reviews. The Regional Entities will continue to provide support per guidelines established in the NERC Rules of Procedure

- NERC and Regional Entities' resources will continue to support the development of long-term sustainable interconnection-based model cases that exhibit the accuracy and fidelity reflecting actual BES reliability performance and dynamic conditions. These models will integrate needed elements that address reliability behavior of changing resource mix and technology of both generation and loads.
- NERC and the Regional Entities will continue to focus resources on high quality reliability assessments and performance analysis that include the development and implementation of expanded and enhanced enterprise based data collection and analysis systems, and capabilities for performance analyses. NERC and the Regional Entities will advance analytical capabilities for identifying and determining reliability risks that include conducting various reliability assessments and integrate essential reliability services (ERS) analysis and measures into the Long-Term Reliability Assessment.
- 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, situation awareness and event analysis, and information technology. Addressing these needs will likely require additional resource allocation and budgeting considerations.
- NERC will continue to budget and incur costs to operate and maintain the software application known as Situational Awareness for FERC, NERC, and Regional Entities, Version 2 (SAFNRv2) for situation awareness, and The Event Analysis Management System (TEAMS) for Events Analysis. Additional resource investments are expected to be required to maintain the capabilities of SAFNRv2 throughout the planning period. Any such investments will be NERC funded and not result in an allocation of cost to the Regional Entities.
- Development and implementation of expanded and enhanced enterprise-based data collection and analysis systems, and capabilities for performance analyses. This includes TADS, GADS, NERC RAS data, mis-operations data, and GADS – Wind
- 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.
- A common ERO Enterprise risk management framework commenced in 2014 to focus on identifying, assessing, prioritizing, and mitigating risks associated with the performance of both NERC and the Regional Entities. NERC and the Regional Entities will continue to devote resources to implement this framework. Activities include validating and prioritizing risks for EROEMG review and approval. The results will serve as an input into the NERC's future audit plans, which are reviewed and approved by the NERC Board of Trustees Enterprise Risk Management Committee. Regional Entities may add risk management and internal control resources as needed.

- Improved disaster recovery mechanisms and improved IT security procedures will increase capital and operating costs at the Regional Entities.

2017 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 content and quality of the Reliability Standards. Support ERO activities necessary to incorporate Regional Standards into continent-wide standards as variances 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 by providing knowledge that supports industry and auditor training, or providing information regarding the intent of the standard.
- Support and continue the implementation of Risk-based Compliance Monitoring and Enforcement, including implementing plans to complete Inherent Risk Assessments (IRAs), implementing refinements to Internal Controls Evaluations (ICEs) and assuring that Compliance Oversight Plans (COPs) are addressing appropriate risks for all Registered Entities in the FRCC Region.
- Continue the implementation of the BES Exception Process and related activities. Support 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.
- In collaboration with NERC and the other Regional Entities, support the ongoing CIP V5 transition plans, related training and outreach.
- Continue collaboration with NERC and the other Regional Entities to improve consistency, quality, and timeliness of compliance monitoring and enforcement practices that focus on higher risks to the reliability of the BES. 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.
- 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.

- 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.

2017 Overview of Cost Impacts

The FRCC's proposed 2017 Regional Entity budgeted expenses and net fixed assets (see page 12) is \$7,177,854 which is a \$83,673 or 1% decrease over the 2016 budget. The major drivers of the decrease are the net effect of:

- Salaries are based on the assumption of a 3% merit increase pool plus promotions and adjustments and a 13% vacancy factor based on historical attrition.
- The addition of one CIP auditor.
- Changing the charges for Eastern Interconnection Model development from RE to MS consistent with NERC's expectations for work related to MOD-032.

2017 Key Deliverables by Program

In 2017, FRCC will achieve the following key deliverables:

- **Reliability Standards Development** — Continue support of the ERO Enterprise in its efforts to further improve the quality and content of Reliability Standards, including using feedback loops as part of enhanced periodic reviews that are focused on conducting measured, in-depth reviews using the enhanced periodic review template. Support ERO activities necessary to incorporate Regional Standards into continent-wide standards as variances 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, including the completion of Inherent Risk Assessment, Internal Control Evaluations and the development of Compliance Oversight Plans using consistent practices that are 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 for sequence, cause, system performance, remediation, and improvement opportunities. Continue to identify potential reliability risks and gaps in standards, compliance effectiveness, registration and risk controls effectiveness. Work to ensure that the

industry is well informed of large system events, emerging trends, risk analysis, lessons learned. Provide timely written lessons learned and recommendations from events (or occurrences) and provide to industry through various sharing methods (i.e. website posting and briefings at committee meetings).

- **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 ongoing 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, and Short-Term special reliability assessments of the reliability of the FRCC BES in accordance with NERC definitions and requirements. Support NERC and the Regional Entities in advancing analytical capabilities for identifying and determining reliability risks and conducting various reliability assessments. Work with NERC and the other Regional Entities to develop and track performance metrics that demonstrate the accuracy of the powerflow and dynamics models to replicate actual system conditions and reliability behavior. 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.
- **Training, Education and Operator Certification** – Continue to conduct System Operator Training seminars to improve collaboration and communication between System Operators, conduct restoration drills and maintain reliability excellence. Continue to hold Compliance and Standards Workshops and Webinars to provide support for stakeholders in understanding and implementing reliability standards requirements.
- **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 recommendations 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 2017 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.

NERC and the Regional Entities have developed a common operating model that describes the characteristics of a highly effective and efficient ERO Enterprise. The operating model includes action items to address coordinated strategic and business planning as well as performance monitoring processes across the enterprise. These processes remain transparent, with results reported out on a quarterly basis to NERC's Board of Trustees and Corporate Governance and Human Resources Committee.

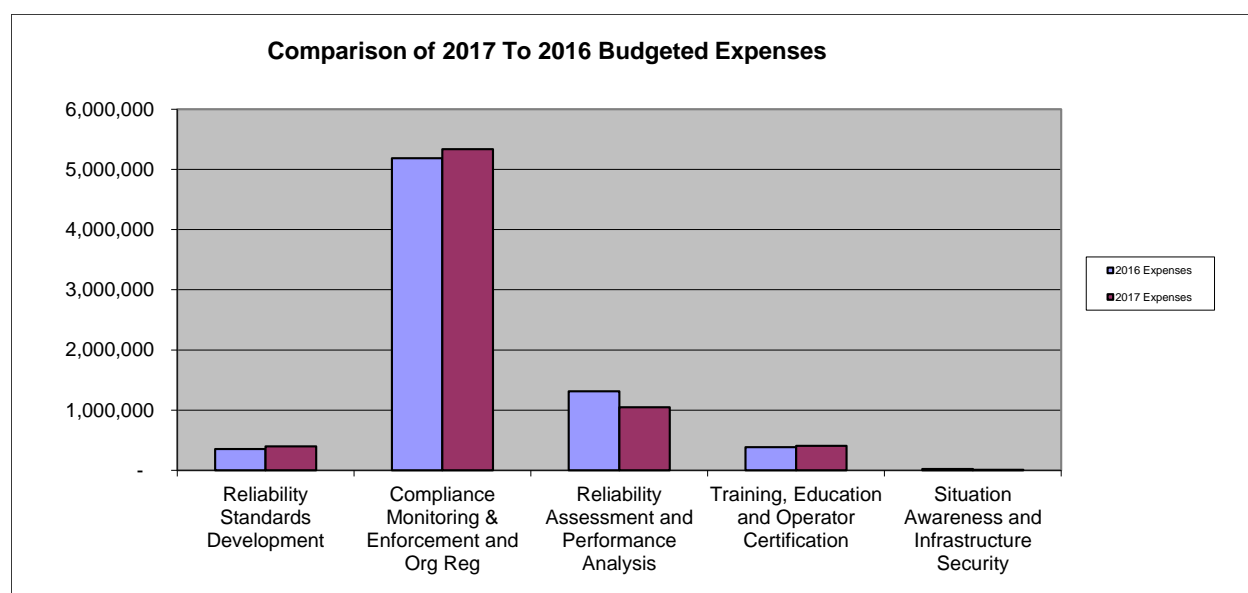
At the November 2015 NERC Board meeting, an updated version of the ERO Enterprise Strategic Plan with goals, objectives, and deliverables for the 2016–2019 planning period was approved. The strategic plan lays out five goals that the ERO Enterprise will focus on over the next three years. They include (1) standards; (2) compliance, enforcement, registration, and certification; (3) risks to reliability; (4) emerging risks; and (5) coordination and collaboration. The plan also identifies a number of associated objectives and deliverables to achieve the goals of the ERO Enterprise. There are also four overarching performance metrics to assess the overall effectiveness of the ERO Enterprise in addressing risk to the Bulk Electric System (BES) and improving BES reliability in 2016. These metrics concentrate on (1) measuring progress in achieving reliability results, (2) assuring standards and compliance effectiveness, (3) improving risk mitigation, and (4) program execution. With the ERO Strategic Plan, the developed performance metrics, and the set of common assumptions, the 2017 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 2017 NERC Business Plan and Budget) incorporate assumptions affecting resource demands through the 2019 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.

Program	Budget 2016	Projection 2016	Budget 2017	Variance	
				2017 Budget v 2016 Budget	Variance %
Reliability Standards Development	\$ 353,799	353,799	\$ 398,334	\$ 44,536	12.6%
Compliance Monitoring & Enforcement and Org Reg	5,186,867	5,186,867	5,335,423	148,556	2.9%
Reliability Assessment and Performance Analysis	1,312,392	1,312,392	1,024,290	(288,102)	-22.0%
Training, Education and Operator Certification	386,376	396,886	410,130	23,754	6.1%
Situation Awareness and Infrastructure Security	22,093	22,093	9,678	(12,416)	-56.2%
Total Budget	\$ 7,261,527	\$ 7,272,037	\$ 7,177,854	\$ (83,673)	-1.2%



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

Total FTE's by Program Area	Budget 2016	Projection 2016	Direct	Shared	Total FTEs 2017 Budget	Change from 2016 Budget
			FTEs 2017 Budget	FTEs ¹ 2017 Budget		
STATUTORY						
Operational Programs						
Reliability Standards Development	1.41	1.41	1.48		1.48	0.07
Compliance Monitoring & Enforcement and Org Reg	18.83	17.47	19.58		19.58	0.75
Reliability Assessment and Performance Analysis	4.71	4.25	1.00	2.60	3.60	-1.11
Training, Education and Operator Certification	1.09	1.05		1.11	1.11	0.02
Situation Awareness and Infrastructure Security	0.08	0.08		0.03	0.03	-0.05
Total FTEs Operational Programs	26.12	24.26	22.06	3.74	25.80	-0.32
Administrative Programs						
General & Administrative	4.47	4.35		4.19	4.19	-0.28
Total FTEs Administrative Programs	4.47	4.35	0.00	4.19	4.19	-0.28
Total FTEs	30.59	28.61	22.06	7.93	29.99	-0.60

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

2016 Statutory Budget and Projection and 2017 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2016 Budget & Projection, and 2017 Budget					
STATUTORY					
	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 6,628,457	\$ 6,628,457	\$ (0)	6,163,896	\$ (464,562)
Penalty Sanctions	81,000	81,000	0	95,000	14,000
Total ERO Funding	\$ 6,709,457	\$ 6,709,457	\$ (0)	\$ 6,258,896	\$ (450,562)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	24,000	24,000	-	-	(24,000)
Workshops	92,000	102,510	10,510	92,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 6,825,457	\$ 6,835,967	\$ 10,510	\$ 6,350,896	\$ (474,562)
Expenses					
Personnel Expenses					
Salaries	\$ 4,021,604	3,803,744	\$ (217,860)	\$ 3,958,699	\$ (62,905)
Payroll Taxes	243,373	234,583	(8,790)	233,832	(9,541)
Benefits	608,744	701,233	92,489	687,962	79,218
Retirement Costs	639,971	569,248	(70,723)	591,944	(48,027)
Total Personnel Expenses	\$ 5,513,692	\$ 5,308,808	\$ (204,884)	\$ 5,472,437	\$ (41,255)
Meeting Expenses					
Meetings	\$ 58,176	\$ 59,957	\$ 1,781	\$ 81,212	\$ 23,036
Travel	191,445	169,206	(22,239)	170,086	(21,359)
Conference Calls	13,027	12,991	(36)	13,281	254
Total Meeting Expenses	\$ 262,648	\$ 242,154	\$ (20,494)	\$ 264,579	\$ 1,931
Operating Expenses					
Consultants & Contracts	\$ 641,975	\$ 452,704	\$ (189,271)	\$ 530,329	\$ (111,646)
Office Rent	568,158	561,834	(6,324)	552,603	(15,555)
Office Costs	132,021	143,725	11,704	132,513	492
Professional Services	26,406	27,686	1,280	37,499	11,093
Miscellaneous	-	-	-	-	-
Depreciation	171,380	173,992	2,612	142,625	(28,755)
Total Operating Expenses	\$ 1,539,940	\$ 1,359,941	\$ (179,999)	\$ 1,395,569	\$ (144,371)
Total Direct Expenses	\$ 7,316,280	\$ 6,910,903	\$ (405,377)	\$ 7,132,585	\$ (183,695)
Indirect Expenses	\$ -	\$ -	\$ 0	\$ -	\$ (0)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 7,316,280	\$ 6,910,903	\$ (405,377)	\$ 7,132,585	\$ (183,695)
Change in Assets	\$ (490,823)	\$ (74,936)	\$ 415,887	\$ (781,690)	\$ (290,867)
Fixed Assets					
Depreciation	\$ (171,380)	\$ (173,992)	\$ (2,612)	\$ (142,625)	\$ 28,755
Total Fixed Asset Purchases	116,627	148,590	31,963	187,894	71,267
Change in Fixed Assets	54,753	25,402	(29,351)	(45,269)	(100,022)
TOTAL BUDGET	\$ 7,261,527	\$ 6,885,501	\$ (376,026)	\$ 7,177,854	\$ (83,673)
TOTAL CHANGE IN WORKING CAPITAL	\$ (436,070)	\$ (49,534)	\$ 386,536	\$ (826,959)	\$ (390,889)
FTEs	30.59	28.61	(1.98)	29.99	(0.60)

Section A – Statutory Programs
2017 Business Plan and Budget

Reliability Standards Development Program

Reliability Standards Development Program (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	1.41	1.48	0.07
Direct Expenses	\$ 307,955	\$ 347,092	\$ 39,137
Indirect Expenses	\$ 47,137	\$ 49,665	\$ 2,529
Inc(Dec) in Fixed Assets	\$ (1,293)	\$ 1,577	\$ 2,870
Total Funding Requirement	\$ 353,799	\$ 398,334	\$ 44,536

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.

2017 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 standards development projects will remain stable, except as required to address any new FERC directives to create or modify Reliability Standards, or industry submittals of standard authorization requests.
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. FRCC has no Regional Reliability Standards and none are currently planned for the future.
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. Additionally, following FERC approval, Regional Entities will assist the transition of standards to compliance monitoring and enforcement by providing knowledge that supports industry and auditor training.
6. The FRCC will support using feedback loops, including audit and enforcement experience, continent wide perspectives, lessons learned, and events analysis for enhanced periodic reviews focused on conducting measured, in-depth reviews to further improve Reliability Standards using the enhanced periodic review template.

2017 Goals and Key Deliverables

The Standards Program objectives for 2017 are =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 or periodic review teams as appropriate.

- Continue to encourage stakeholder awareness and participation in the NERC standards development process. Support the development of Standard's guidance requests as appropriate.
- Continue to monitor the need for development of Regional Reliability Standards or regional variances 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 and solutions associated with NERC Reliability Standards under development.
 - Continue to support the FRCC Regional Entity Committee and Compliance Forum (RECCF) to fully vet and identify any concerns and assist in articulating the concern and possible solution to standard drafting teams as appropriate.

Reliability Standards Development Program

Funding sources and related expenses for the reliability standards section of the 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
Reliability Standards Development					
	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 349,426	\$ 349,426	\$ (0)	\$ 392,887	\$ 43,461
Penalty Sanctions	\$ 4,373	\$ 4,373	\$ 0	5,448	1,075
Total ERO Funding	\$ 353,799	\$ 353,799	\$ 0	\$ 398,334	\$ 44,536
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 353,799	\$ 353,799	\$ 0	\$ 398,334	\$ 44,536
Expenses					
Personnel Expenses					
Salaries	\$ 192,583	\$ 196,684	\$ 4,101	\$ 212,820	\$ 20,237
Payroll Taxes	11,218	12,213	995	12,687	1,469
Benefits	29,362	33,376	4,014	37,965	8,603
Retirement Costs	28,968	28,871	(97)	31,264	2,296
Total Personnel Expenses	\$ 262,131	\$ 271,144	\$ 9,013	\$ 294,736	\$ 32,605
Meeting Expenses					
Meetings	\$ 1,221	\$ 1,256	\$ 35	\$ 1,479	\$ 258
Travel	8,992	12,008	3,016	11,676	2,684
Conference Calls	1,234	1,238	4	1,997	763
Total Meeting Expenses	\$ 11,447	\$ 14,502	\$ 3,055	\$ 15,152	\$ 3,705
Operating Expenses					
Consultants & Contracts	\$ 6,446	\$ 6,359	\$ (87)	\$ 7,443	\$ 997
Office Rent	19,153	20,275	1,122	19,814	661
Office Costs	5,187	5,443	256	5,308	121
Professional Services	1,423	1,606	183	2,150	727
Miscellaneous	-	-	-	-	-
Depreciation	2,168	1,645	(523)	2,489	321
Total Operating Expenses	\$ 34,377	\$ 35,328	\$ 951	\$ 37,204	\$ 2,827
Total Direct Expenses	\$ 307,955	\$ 320,974	\$ 13,019	\$ 347,092	\$ 39,137
Indirect Expenses	\$ 47,137	\$ 50,943	\$ 3,806	\$ 49,665	\$ 2,529
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 355,092	\$ 371,917	\$ 16,825	\$ 396,757	\$ 41,666
Change in Assets	\$ (1,293)	\$ (18,118)	\$ (16,825)	\$ 1,577	\$ 2,870
Fixed Assets					
Depreciation	\$ (2,168)	\$ (1,645)	\$ 523	\$ (2,489)	\$ (321)
Total Fixed Asset Purchases	875	1,376	501	4,066	3,191
Change in Fixed Assets	\$ 1,293	\$ 269	\$ (1,024)	\$ (1,577)	\$ (2,870)
TOTAL BUDGET	\$ 353,799	\$ 371,648	\$ 17,849	\$ 398,334	\$ 44,536
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ (17,849)	\$ (17,849)	\$ -	\$ -
FTEs	1.41	1.41	-	1.48	0.07

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	18.83	19.59	0.76
Direct Expenses	\$ 4,609,179	\$ 4,632,111	\$ 22,932
Indirect Expenses	\$ 629,490	\$ 657,391	\$ 27,901
Inc(Dec) in Fixed Assets	\$ (51,802)	\$ 45,921	\$ 97,723
Total Funding Requirement	\$ 5,186,867	\$ 5,335,423	\$ 148,556

Program Scope and Functional Description

Monitoring, 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 support FRCC's mission to promote and assure the reliability of the bulk power system in peninsular Florida. Appropriate registration and certification of entities also supports the mission of reliability. 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 for which FRCC carries out CEA activities. Through a risk-based program that places the focus on those risks that are most important to the reliability of the BES, 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 strive for consistency in the implementation of the CMEP.

2017 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 to be reviewed at least every 3 years. The application of risk based principles will likely result in certain FRCC entities being monitored by some monitoring method more frequently. The review of a Registered Entity's inherent risk will be the foundation in the development of each entity's 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. After implementing the reforms as part of the Risk Based Registration effort in 2015, there are currently 51 Registered Entities with a total of 176 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. FRCC staff will continue to support and participate in the evaluation of appropriate levels of registration of Registered Entities. The FRCC will support as needed, the implementation of the NERC-led review panel as part of the continuing efforts of the Risk Based Registration program. FRCC will participate in certifications or certification reviews as circumstances warrant. FRCC will also participate in the review of the Certification Program taking place during 2016 and to the extent changes are recommended and approved, will implement those changes in 2017.

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 Compliance Exceptions and FFT's for those violations that pose less risk to reliability. 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.

2017 Key Assumptions

- As a minimum, audits are expected to continue under the current three year schedule for BA's and TOP's. However, reliability risk profiles for all Registered Entities will be developed and compliance oversight plans will be tailored to the risk profiles which may increase the frequency, depth and complexity of monitoring for some entities and decrease the frequency, depth and complexity of others. The FRCC will continue implementing plans to complete Inherent Risk Assessments (IRAs), implementing refinements to Internal Control Evaluations (ICEs), and ensuring that Compliance Oversight Plans (COPs) are addressing the appropriate risks for each Registered Entity.
- The review of Registered Entity internal controls programs as part of the compliance monitoring program allows NERC and the Regional Entities to further prioritize risk based compliance monitoring activities. NERC and the Regional Entities will develop and implement refinements to Internal Control Evaluations to help ensure that Compliance Oversight Plans are addressing the appropriate risks.
- 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.
- Continued transition to CIP V5 is anticipated to significantly increase the compliance monitoring and outreach activities. The effective date for compliance with the CIP Version 5 standards is July 1, 2016 for High and Medium impact assets and July 1, 2017 for Low impact assets. There is an expectation of additional resource needs to manage the

increased amount of Registered Entities applicable to the CIP Standards due to the addition of the “low impact” assets in 2017. Therefore, the transition between V3 to V5 continues to be a mission critical activity for the ERO Enterprise in 2017. FRCC plans to support the ongoing CIP V5 transition plans and anticipates an expansion in the number of Registered Entities that require guidance during 2016 and 2017. 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 2016. 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 will continue ERO Enterprise-wide collaboration to implement more consistent compliance monitoring and enforcement practices and focus on higher reliability risks to increase efficiency and mitigate overall compliance costs.
- NERC and the Regional Entities must plan to support the training and education requirements and guidelines necessary to meet the criteria set forth by the ERO Auditor ERO Enterprise Compliance Monitoring and Enforcement Manual and the Competency Guide. Regional Entities will be expected to provide training documents and other related compliance guidance to compliance staff, review CMEP job descriptions and properly reflect the guidance provided in the 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 may be required, and increases to NERC and Regional Entity training budgets are expected to support certain training initiatives of the risk-based CMEP. 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.

2017 Goals and Key Deliverables

The Compliance Monitoring and Enforcement Program objectives for 2017 are outlined below:

- Continue to implement the risk-based registration program and implement changes identified in the 2016 review of the certification program.

- Support and continue the implementation of Risk-based Compliance Monitoring and Enforcement, including implementing plans to complete and update Inherent Risk Assessments (IRs), implementing refinements to Internal Controls Evaluations (ICEs) and assuring that Compliance Oversight Plans (COPs) are addressing appropriate risks for all Registered Entities in the FRCC Region.
- Support and continue the implementation of the transition from CIP V3 to CIP V5. Implement the compliance monitoring and assurance program for both CIP V5 and CIP-014.
- Provide the necessary training for compliance and enforcement staff associated with the implementation of the risk-based CMEP.
- Continue collaboration with NERC and the other Regional Entities to improve consistency, quality, and timeliness of compliance monitoring and enforcement practices that focus on higher risks to the reliability of the BES.
- 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 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
Compliance Monitoring & Enforcement and Organization Registration & Certification					
	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 5,128,474	\$ 5,128,474	\$ 0	\$ 5,263,317	\$ 134,843
Penalty Sanctions	58,393	58,393	(0)	72,106	13,713
Total ERO Funding	\$ 5,186,867	\$ 5,186,867	\$ (0)	\$ 5,335,423	\$ 148,556
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 5,186,867	\$ 5,186,867	\$ (0)	\$ 5,335,423	\$ 148,556
Expenses					
Personnel Expenses					
Salaries	\$ 2,415,379	\$ 2,249,802	\$ (165,577)	\$ 2,461,771	\$ 46,392
Payroll Taxes	149,811	138,089	(11,722)	144,595	(5,216)
Benefits	395,111	464,607	69,496	459,445	64,334
Retirement Costs	398,362	341,146	(57,216)	372,041	(26,321)
Total Personnel Expenses	\$ 3,358,663	\$ 3,193,644	\$ (165,019)	\$ 3,437,852	\$ 79,189
Meeting Expenses					
Meetings	\$ 13,419	\$ 14,255	\$ 836	\$ 10,857	\$ (2,562)
Travel	119,571	89,857	(29,714)	93,365	(26,206)
Conference Calls	10,055	10,030	(25)	9,286	(769)
Total Meeting Expenses	\$ 143,045	\$ 114,142	\$ (28,903)	\$ 113,508	\$ (29,537)
Operating Expenses					
Consultants & Contracts	\$ 434,850	\$ 305,547	\$ (129,303)	\$ 417,540	\$ (17,310)
Office Rent	408,416	401,646	(6,770)	413,238	4,822
Office Costs	84,471	87,797	3,326	91,505	7,034
Professional Services	19,035	19,944	909	28,462	9,427
Miscellaneous	-	-	-	-	-
Depreciation	160,699	163,398	2,699	130,006	(30,693)
Total Operating Expenses	\$ 1,107,471	\$ 978,332	\$ (129,139)	\$ 1,080,751	\$ (26,720)
Total Direct Expenses	\$ 4,609,179	\$ 4,286,118	\$ (323,061)	\$ 4,632,111	\$ 22,932
Indirect Expenses	\$ 629,490	\$ 632,496	\$ 3,006	\$ 657,391	\$ 27,901
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 5,238,669	\$ 4,918,614	\$ (320,055)	\$ 5,289,502	\$ 50,833
Change in Assets	\$ (51,802)	\$ 268,253	\$ 320,055	\$ 45,921	\$ 97,723
Fixed Assets					
Depreciation	\$ (160,699)	\$ (163,398)	\$ (2,699)	\$ (130,006)	\$ 30,693
Total Fixed Asset Purchases	108,897	136,676	27,779	175,927	67,030
Change in Fixed Assets	\$ 51,802	\$ 26,722	\$ (25,080)	\$ (45,921)	\$ (97,723)
TOTAL BUDGET	\$ 5,186,867	\$ 4,891,892	\$ (294,975)	\$ 5,335,423	\$ 148,556
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 294,975	\$ 294,975	\$ -	\$ -
FTEs	18.83	17.47	(1.36)	19.58	0.75

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program			
(in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	4.71	3.60	(1.11)
Direct Expenses	\$ 1,156,162	\$ 905,868	\$ (250,294)
Indirect Expenses	\$ 157,456	\$ 120,807	\$ (36,649)
Inc(Dec) in Fixed Assets	\$ (1,226)	\$ (2,385)	\$ (1,159)
Total Funding Requirement	\$ 1,312,392	\$ 1,024,290	\$ (288,102)

Program Scope and Functional Description

The FRCC will perform high quality assessments of 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 continue to 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 and will assist NERC with Short-Term Special Assessments as needed:

- A 10 year long-term reliability assessment report
- Seasonal assessments (Summer & Winter)
- Assist with Short-Term Special Assessments (up to four per year)
- 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 high quality reliability assessments and performance analysis 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. This will help support the prioritization of risks to share with standards development and compliance and enforcement activities.

The FRCC will continue to support NERC's efforts to develop and implement expanded and enhanced enterprise-based data collection and analysis systems and capabilities for performance analysis. In addition the FRCC will support development of resource capabilities and tools, including probabilistic and scenario evaluations, which address the impacts of new technologies,

changing resource or demand resource composition, and environmental related regulations or legislation.

The FRCC will support the ERO Essential Reliability Services Working Group (ERSWG) focused on identifying and integrating essential reliability services and measures into the Long-Term Reliability Assessment, including identification of reliability issues due to a changing resource mix.

The FRCC actively participates in the Eastern Interconnection Reliability Assessment Group (ERAG) which will continue to compile the Eastern Interconnection transmission models and conduct Eastern Interconnection reliability assessments. The FRCC will support NERC and the industry during the transition to meet the new requirements of MOD-032-1 and MOD-033-1. The development of the FRCC steady state and dynamic models will be carried out by registered entity staff with support from FRCC shared staff. The time for developing the models will be recorded as a Member Services activity.

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 consistently analyze events for identification of sequence, root cause, system performance, remediation, and improvement opportunities to identify reliability risks and trends, and lessons learned. FRCC's analysis may result in the identification of gaps in standards, compliance effectiveness, registration or risk controls effectiveness. The FRCC will provide lessons learned and recommendations from events and identified risks keeping industry well informed of large system events, emerging trends, risk analysis, lessons learned. FRCC will utilize various sharing methods (i.e. website posting and briefings at committee meetings) to ensure FRCC entities are exposed to the latest information in this area.

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

2017 Key Assumptions

- NERC and the Regional Entities are expected to effectively implement long-term reliability assessment coordination and collaboration efforts to objectively evaluate the reliability characteristics and behavior of the bulk power system.
- NERC will manage the BES Exception Process execution. The FRCC will support 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 and the Regional Entities will work jointly to advance analytical capabilities for identifying and determining reliability risks and conducting various reliability assessments through the following:
 - Integrating essential reliability services (ERS) analysis and measures into the Long-Term Reliability Assessment. The process encompasses new data collection

- and analysis approaches needed to address assessment objectives of identifying reliability issues due to a changing resource mix.
- Requiring objective experts for transmission/deliverability assessments and studies.
 - Maturing and developing interconnection-wide analysis groups to support the assessment of interconnection-wide risks, such as frequency response.
 - Providing technical resources and reliability leadership for the advancement of probabilistic analyses supporting the Long-Term Reliability Assessment.
 - Requiring advanced statistical analysis tools and independent experts to support them for probabilistic assessments.
- NERC and Regional Entities' resources will continue to support the development of long-term sustainable interconnection-based model cases that exhibit the accuracy and fidelity reflecting actual BES reliability performance and dynamic conditions. These models will integrate needed elements that address reliability behavior of changing resource mix and technology of both generation and loads, including:
 - Development and tracking of metrics that demonstrate the accuracy of the powerflow and dynamics models to replicate actual system conditions and reliability behavior.
 - Provision of technical resources to support the effective and continuous improvement of the models that incorporate recognition of reliability behavior of loads and generation associated with the changing resource mix.
 - 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 for the compilation and of long-term sustainable interconnection-wide powerflow and dynamics cases under Reliability Standards MOD-032.
 - 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.
 - Registered Entity and Regional Entity participation in the ERO Event Analysis Process will continue at or above current levels through 2017.
 - Regional Entities will continue to budget for event analysis and situational awareness activities. Regions will support the analysis of significant events to identify gaps in standards, compliance effectiveness, registration and risk controls effectiveness.
 - NERC will continue to budget and incur costs to operate and maintain the software application known as The Event Analysis Management System (TEAMS) for Event Analysis and the Misoperations Information Data Analysis System (MIDAS).

2017 Goals and Key Deliverables

The Reliability Assessment and Performance Analysis Objectives for 2017 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 integration of essential reliability services analysis and measures into the Long-Term Reliability Assessment, including use of new data collection and analysis approaches needed to address assessment objectives of identifying reliability issues due to a changing resource mix.
- 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.
- Support enhancement of risk analysis capabilities through integration of risk data sources, such as event analysis, Transmission Availability Data Systems (TADS), Generating Availability Data System (GADS), and relay misoperations.
- 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 to perform Eastern Interconnection reliability assessments and support the industry transition efforts related to MOD-031-1 and MOD-033-1.
- 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 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
Reliability Assessment and Performance Analysis					
	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2016 Budget v 2015 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 1,273,786	\$ 1,273,786	\$ (0)	\$ 1,011,039	\$ (262,747)
Penalty Sanctions	14,606	14,606	(0)	13,251	(1,355)
Total ERO Funding	\$ 1,288,392	\$ 1,288,392	\$ (0)	\$ 1,024,290	\$ (264,102)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	24,000	24,000	-	-	(24,000)
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,312,392	\$ 1,312,392	\$ (0)	\$ 1,024,290	\$ (288,102)
Expenses					
Personnel Expenses					
Salaries	\$ 643,309	\$ 592,841	\$ (50,468)	\$ 517,669	\$ (125,640)
Payroll Taxes	37,473	36,813	(660)	30,860	(6,613)
Benefits	91,080	99,173	8,093	85,720	(5,360)
Retirement Costs	96,767	87,023	(9,744)	76,047	(20,720)
Total Personnel Expenses	\$ 868,629	\$ 815,850	\$ (52,779)	\$ 710,296	\$ (158,333)
Meeting Expenses					
Meetings	\$ 2,080	\$ 1,980	\$ (100)	\$ 1,261	\$ (819)
Travel	45,532	47,688	2,156	47,221	1,689
Conference Calls	368	351	(17)	275	(93)
Total Meeting Expenses	\$ 47,980	\$ 50,019	\$ 2,039	\$ 48,757	\$ 777
Operating Expenses					
Consultants & Contracts	\$ 150,325	\$ 108,023	\$ (42,302)	\$ 74,594	\$ (75,731)
Office Rent	63,978	61,113	(2,865)	48,195	(15,783)
Office Costs	13,131	12,838	(293)	10,422	(2,709)
Professional Services	4,765	4,849	84	5,225	460
Miscellaneous	-	-	-	-	-
Depreciation	7,354	7,693	339	8,379	1,025
Total Operating Expenses	\$ 239,553	\$ 194,516	\$ (45,037)	\$ 146,815	\$ (92,738)
Total Direct Expenses	\$ 1,156,162	\$ 1,060,385	\$ (95,777)	\$ 905,868	\$ (250,294)
Indirect Expenses	\$ 157,456	\$ 153,750	\$ (3,706)	\$ 120,807	\$ (36,649)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,313,618	\$ 1,214,135	\$ (99,483)	\$ 1,026,675	\$ (286,943)
Change in Assets	\$ (1,226)	\$ 98,257	\$ 99,483	\$ (2,385)	\$ (1,159)
Fixed Assets					
Depreciation	\$ (7,354)	\$ (7,693)	\$ (339)	\$ (8,379)	(1,025)
Total Fixed Asset Purchases	6,128	9,435	3,307	5,994	(134)
Change in Fixed Assets	\$ 1,226	\$ (1,742)	\$ (2,968)	\$ 2,385	\$ 1,159
TOTAL BUDGET	\$ 1,312,392	\$ 1,215,877	\$ (96,515)	\$ 1,024,290	\$ (288,102)
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 96,515	\$ 96,515	\$ -	\$ -
FTEs	4.71	4.25	(0.46)	3.60	(1.11)

Training, Education, and Operator Certification Program

Training, Education and Operator Certification Program (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	1.09	1.11	0.02
Direct Expenses	\$ 350,360	\$ 372,738	\$ 22,378
Indirect Expenses	\$ 36,439	\$ 37,249	\$ 810
Inc(Dec) in Fixed Assets	\$ (423)	\$ 143	\$ 566
Total Funding Requirement	\$ 386,376	\$ 410,130	\$ 23,754

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. In addition, the FRCC facilitates one-on-one face to face meetings with Registered Entities to help provide individual entity information. 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.

- Training, Education and Operator Certification – Continue to conduct System Operator Training seminars to improve collaboration and communication between System Operators, conduct restoration drills and maintain high reliability excellence. Continue to hold Compliance and Standards Workshops and Webinars to provide support for stakeholders in understanding and implementing reliability standards requirements.

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 FRCC members possessing the appropriate technical knowledge and competencies. In addition, vendors that specialize in System Operator training may be used. Providing the FRCC

training and education programs helps to improve collaboration and communication between System Operators (and other operating personnel), conduct restoration drills and maintain reliability excellence. FRCC staff has worked with the FRCC SOS to revitalize the Training and Education Program, with respect to System Operator training, by:

- Incorporating Human Performance improvement and critical thinking and reasoning into training modules
- Incorporating a simulator with a model of the FRCC system
- Preparing the scenarios for the restoration drills and performing the restoration drills using FRCC staff and FRCC SOS to better reflect operations in FRCC

FRCC staff in collaboration and coordination with the FRCC SOS plans to continue to make improvements in 2017 and future years to expand learning and sharing amongst System Operators.

Compliance Workshops

Compliance workshops are typically held in the spring and fall of each year generally 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 2016 and again in 2017 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 and helping Registered Entities understand the guidance and lessons learned as part of the transition. 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 2017.

In addition to the face to face venues, in 2017 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 2017. 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.

2017 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, situation awareness and event analysis, and information technology. Addressing these needs will likely require additional resource allocation and budgeting considerations.
- 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.

2017 Goals and Key Deliverables

The training, education and operator certification program objectives for 2017 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 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
Training, Education and Operator Certification					
	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 290,996	\$ 290,996	\$ 0	\$ 314,044	\$ 23,048
Penalty Sanctions	3,380	3,380	(0)	4,086	705
Total ERO Funding	\$ 294,376	\$ 294,376	\$ 0	\$ 318,130	\$ 23,754
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	92,000	102,510	10,510	92,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 386,376	\$ 396,886	\$ 10,510	\$ 410,130	\$ 23,754
Expenses					
Personnel Expenses					
Salaries	\$ 148,877	\$ 146,467	\$ (2,410)	\$ 159,615	\$ 10,738
Payroll Taxes	8,672	9,095	423	9,515	843
Benefits	18,616	22,069	3,453	23,701	5,085
Retirement Costs	22,394	21,500	(894)	23,448	1,054
Total Personnel Expenses	\$ 198,559	\$ 199,131	\$ 572	\$ 216,279	\$ 17,720
Meeting Expenses					
Meetings	\$ 41,423	\$ 42,430	\$ 1,007	\$ 67,603	\$ 26,180
Travel	17,266	19,563	2,297	17,786	520
Conference Calls	1,364	1,366	2	1,720	356
Total Meeting Expenses	\$ 60,053	\$ 63,359	\$ 3,306	\$ 87,109	\$ 27,056
Operating Expenses					
Consultants & Contracts	\$ 50,002	\$ 32,430	\$ (17,572)	\$ 30,583	\$ (19,419)
Office Rent	14,806	15,099	293	14,860	54
Office Costs	24,733	33,531	8,798	20,588	(4,145)
Professional Services	1,105	1,200	95	1,612	507
Miscellaneous	-	-	-	-	-
Depreciation	1,102	1,191	89	1,707	605
Total Operating Expenses	\$ 91,748	\$ 83,451	\$ (8,297)	\$ 69,350	\$ (22,398)
Total Direct Expenses	\$ 350,360	\$ 345,941	\$ (4,419)	\$ 372,738	\$ 22,378
Indirect Expenses	\$ 36,439	\$ 38,054	\$ 1,615	\$ 37,249	\$ 810
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 386,799	\$ 383,995	\$ (2,804)	\$ 409,987	\$ 23,188
Change in Assets	\$ (423)	\$ 12,891	\$ 13,314	\$ 143	\$ 566
Fixed Assets					
Depreciation	\$ (1,102)	\$ (1,191)	\$ (89)	\$ (1,707)	\$ (605)
Total Fixed Asset Purchases	679	1,028	349	1,850	1,171
Change in Fixed Assets	\$ 423	\$ 163	\$ (260)	\$ (143)	\$ (566)
TOTAL BUDGET	\$ 386,376	\$ 383,832	\$ (2,544)	\$ 410,130	\$ 23,754
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 13,054	\$ 13,054	\$ -	\$ -
FTEs	1.09	1.05	(0.04)	1.11	0.02

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program			
(in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	0.08	0.03	(0.05)
Direct Expenses	\$ 19,428	\$ 8,658	\$ (10,770)
Indirect Expenses	\$ 2,674	\$ 1,007	\$ (1,668)
Inc(Dec) in Fixed Assets	\$ (9)	\$ 13	\$ 22
Total Funding Requirement	\$ 22,093	\$ 9,678	\$ (12,416)

Program Scope and Functional Description

The FRCC and the other Regional Entities continue to support the ERO's situation awareness, cyber security preparedness and to 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 continues to support and participate in NERC's Situation Awareness/Event Analysis coordination conference calls, supports the Situation Awareness for FERC, NERC and the Regions (SAFNR) Version 2 project and maintains the FRCC satellite phone for situation awareness across the FRCC Region.

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.

2017 Key Assumptions

- NERC and the Regions will continue to provide required support and leadership for the Operating Committee and the Critical Infrastructure Protection Committee, and standing committees' subcommittees, working groups, and task forces serving the standing committees. Regional Entity involvement is expected to remain at current levels with no additional resources required from the Regional Entities.
- 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 are expected to be required to maintain the capabilities of SAFNRv2 throughout the planning period.

- NERC will continue to fund the Grid Security Exercise (GridEx) with no increased cost to the Regional Entities. The Regional Entities will participate as appropriate in the wide-area exercises.
- NERC will continue to fund, operate and maintain the Electricity Information Sharing and Analysis Center (ES-ISAC), with no increased cost to Regional Entities.
- There will be continued focus on detecting off-normal events to be analyzed by the responsible entity, FRCC or NERC.

2017 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 and recommendations 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 grid 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 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
Situation Awareness and Infrastructure Security					
	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 21,845	\$ 21,845	\$ (0)	\$ 9,567	\$ (12,278)
Penalty Sanctions	248	248	\$ (0)	110	(138)
Total ERO Funding	\$ 22,093	\$ 22,093	\$ (0)	\$ 9,678	\$ (12,416)
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 22,093	\$ 22,093	\$ (0)	\$ 9,678	\$ (12,416)
Expenses					
Personnel Expenses					
Salaries	\$ 10,927	\$ 11,159	\$ 232	\$ 4,314	\$ (6,613)
Payroll Taxes	636	693	57	257	(379)
Benefits	2,305	2,612	307	649	(1,656)
Retirement Costs	1,644	1,638	(6)	634	(1,010)
Total Personnel Expenses	\$ 15,512	\$ 16,102	\$ 590	\$ 5,854	\$ (9,658)
Meeting Expenses					
Meetings	\$ 33	\$ 36	\$ 3	\$ 12	\$ (21)
Travel	84	90	6	38	(46)
Conference Calls	6	6	-	3	(3)
Total Meeting Expenses	\$ 123	\$ 132	\$ 9	\$ 53	\$ (70)
Operating Expenses					
Consultants & Contracts	\$ 352	\$ 345	\$ (7)	\$ 169	\$ (183)
Office Rent	1,087	1,150	63	402	(685)
Office Costs	2,219	1,599	(620)	2,086	(133)
Professional Services	78	87	9	50	(28)
Miscellaneous	-	-	-	-	-
Depreciation	57	65	8	44	(13)
Total Operating Expenses	\$ 3,793	\$ 3,246	\$ (547)	\$ 2,751	\$ (1,042)
Total Direct Expenses	\$ 19,428	\$ 19,480	\$ 52	\$ 8,658	\$ (10,770)
Indirect Expenses	\$ 2,674	\$ 2,762	\$ 88	\$ 1,007	\$ (1,668)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 22,102	\$ 22,242	\$ 140	\$ 9,665	\$ (12,438)
Change in Assets	\$ (9)	\$ (149)	\$ (140)	\$ 13	\$ 22
Fixed Assets					
Depreciation	\$ (57)	\$ (65)	\$ (8)	\$ (44)	\$ 13
Total Fixed Asset Purchases	48	75	27	57	9
Change in Fixed Assets	\$ 9	\$ (10)	\$ (19)	\$ (13)	\$ (22)
TOTAL BUDGET	\$ 22,093	\$ 22,252	\$ 159	\$ 9,678	\$ (12,416)
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ (159)	\$ (159)	\$ -	\$ -
FTEs	0.08	0.08	-	0.03	(0.05)

General and Administrative

	General and Administrative (in whole dollars)					
	Direct Expenses and Fixed Assets			FTEs		
	2016 Budget	2017 Budget	Increase (Decrease)	2016 Budget	2017 Budget	Increase (Decrease)
General and Administrative	\$ 873,196	\$ 866,118	\$ (7,078)	4.47	4.19	(0.28)

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.

2017 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.

2017 Assumptions

In the 2017 Budget, as in the 2016 and 2015 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), the FRCC corporate website, as well as other systems for collaboration, communication, data gathering and analysis.

The FRCC supports the ERO Enterprise efforts to implement, operate and maintain software tools and applications 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 and applications 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 2017 Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes only costs for internal region specific support needs.

2017 Goals and Key Deliverables

- Refresh and enhance the communications and audio/visual capabilities of the FRCC meeting spaces.
- Improve the reliability, security and capability of FRCC IT systems by upgrading core IT infrastructure.
- Expand IT support of the FRCC CMEP and provide additional metrics to improve accuracy and tracking within the CMEP processes.
- 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.
- Continue to improve disaster recovery and business continuity capabilities by continuing to test and refine implemented 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.

2017 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.

2017 Goals and Key Deliverables

- Prepare the 2018 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 2017 audited financial statements
- Continue to provide on-going training to employees to ensure employees charge their time and expenses correctly

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2016 Budget & Projection, and 2017 Budget					
General and Administrative					
	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ (436,070)	\$ (436,070)	\$ (0)	\$ (826,959)	\$ (390,889)
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ (436,070)	\$ (436,070)	\$ (0)	\$ (826,959)	\$ (390,889)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ (436,070)	\$ (436,070)	\$ (0)	\$ (826,959)	\$ (390,889)
Expenses					
Personnel Expenses					
Salaries	\$ 610,529	\$ 606,791	\$ (3,738)	\$ 602,510	\$ (8,019)
Payroll Taxes	35,563	37,680	2,117	35,918	355
Benefits	72,270	79,396	7,126	80,482	8,212
Retirement Costs	91,836	89,070	(2,766)	88,510	(3,326)
Total Personnel Expenses	\$ 810,198	\$ 812,937	\$ 2,739	\$ 807,420	\$ (2,778)
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants & Contracts	\$ -	-	\$ -	\$ -	\$ -
Office Rent	60,718	62,551	1,833	56,094	(4,624)
Office Costs	2,280	2,517	237	2,604	324
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 62,998	\$ 65,068	\$ 2,070	\$ 58,698	\$ (4,300)
Total Direct Expenses	\$ 873,196	\$ 878,005	\$ 4,809	\$ 866,118	\$ (7,078)
Indirect Expenses	\$ (873,196)	\$ (878,005)	\$ (4,809)	\$ (866,118)	\$ 7,078
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ (436,070)	\$ (436,070)	\$ (0)	\$ (826,959)	\$ (390,889)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	-
Total Fixed Asset Purchases	-	-	-	-	-
Change in Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL	\$ (436,070)	\$ (436,070)	\$ (0)	\$ (826,959)	\$ (390,889)
FTEs	4.47	4.35	(0.12)	4.19	(0.28)

Section B – Supplemental Financial Information 2017 Business Plan and Budget

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2016-2017	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2015	1,474,647
Plus: 2016 ERO Funding (from LSEs or designees)	6,628,457
Plus: Projected 2016 Other funding sources	126,510
Plus: Penalty Sanctions Applied	81,000
Less: 2016 Projected expenses & capital expenditures	(6,885,501)
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2016	<u>1,425,113</u>
Desired Working Capital Reserve, December 31, 2017	2 598,155
Less: Projected Working Capital Reserve, December 31, 2016	(1,425,113)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>(826,959)</u>
2017 Expenses and Capital Expenditures	7,177,854
Less: Penalty Sanctions ¹	(95,000)
Less: Other Funding Sources	(92,000)
Adjustment to achieve desired Working Capital Reserve	(826,959)
2017 Assessment	<u>6,163,896</u>

¹ Represents collections prior to June 30, 2016.

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 2017 FRCC Business Plan and Budget.

Penalty Sanctions

Penalty monies received prior to June 30, 2016 are to be used to offset assessments in the 2017 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, 2016 through June 30, 2017 will be used to offset assessments in the 2018 Budget.

All penalties received prior to June 30, 2016 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, 2016		
	Date Received	Amount Received
Penalty #1	8/4/2015	\$ 13,000
Penalty #2	7/17/2015	\$ 3,000
Penalty #3	7/17/2015	\$ 50,000
Penalty #4	2/24/2016	\$ 6,000
Penalty #5	3/10/2016	\$ 2,000
Penalty #6	3/10/2016	\$ 21,000
	Total Penalties Received	<u>\$ 95,000</u>

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 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	\$ 92,000	\$ 102,510	\$ 92,000	\$ -
Total	\$ 92,000	\$ 102,510	\$ 92,000	\$ -
Situation Awareness and Infrastructure Security				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative*				
Interest	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ 116,000	\$ 126,510	\$ 92,000	\$ (24,000)

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 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Salaries					
Total Salaries	\$ 4,021,604	\$ 3,803,744	\$ 3,958,699	\$ (62,905)	-1.56%
Total Payroll Taxes	\$ 243,373	\$ 234,583	\$ 233,832	\$ (9,541)	-3.92%
Benefits					
Workers Compensation	\$ 11,201	\$ 10,830	\$ 11,219	\$ 18	0.16%
Medical, LTD, STD Insurances	476,715	476,711	508,632	31,917	6.70%
Temp to Perm Fees	-	-	-	-	-
Education	98,656	129,240	130,303	31,647	32.08%
Employee Welfare & Contract Labor	22,172	84,452	27,808	5,636	25.42%
Relocation	-	-	10,000	10,000	-
Total Benefits	\$ 608,744	\$ 701,233	\$ 687,962	\$ 79,218	13.01%
Retirement					
Retirement Costs	\$ 639,971	\$ 569,248	\$ 591,944	\$ (48,027)	-7.50%
Total Retirement	\$ 639,971	\$ 569,248	\$ 591,944	\$ (48,027)	-7.50%
Total Personnel Costs	\$ 5,513,692	\$ 5,308,808	\$ 5,472,437	\$ (41,255)	-0.75%
FTEs	30.59	28.61	29.99	(0.6)	-1.96%
Cost per FTE					
Salaries	\$ 131,468	\$ 132,952	\$ 132,001	533	0.41%
Payroll Taxes	7,956	8,199	7,797	(159)	-2.00%
Benefits	19,900	24,510	22,940	3,040	15.27%
Retirement	20,921	19,897	19,738	(1,183)	-5.65%
Total Cost per FTE	\$ 180,245	\$ 185,558	\$ 182,475	\$ 2,230	1.24%

Salaries are based on the assumption of a 3% salary increase plus promotions and adjustments, a 13% attrition factor in 2017, and a discretionary lump sum pay out of excess “IRS capped benefits”. These are partially offset by an additional FTE in 2017 that is replacing the work done by a contractor in 2016.

Medical Insurance is assumed to increase by 5% 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.

Education includes funds for staff leadership training.

Retirement costs are budgeted to decrease primarily due to applying a 13% attrition factor to personnel costs in 2017.

Meetings, Travel & Conference Calls

Table B-5

Meetings, Travel and Conference Calls	Budget 2016	Projection 2016	Budget 2017	Variance	
				2017 Budget v 2016 Budget	Variance %
Meetings	\$ 58,176	\$ 59,957	\$ 81,212	\$ 23,036	39.60%
Travel	191,445	169,206	170,086	\$ (21,359)	-11.16%
Conference Calls	13,027	12,991	13,281	\$ 254	1.95%
Total Meetings, Travel & Conf Calls	\$ 262,648	\$ 242,154	\$ 264,579	\$ 1,931	0.74%

Meeting costs are budgeted to increase due to higher SOS facility and meeting costs.

Travel costs are budgeted to decrease due to reducing the travel budget to reflect historical costs.

Consultants and Contracts

Table B-6

Contracts & Consultants and Software & Licenses	Budget 2016	Projection 2016	Budget 2017	Variance	
				2017 Budget v 2016 Budget	Variance %
Contracts & Consultants and Software & Licenses					
Reliability Standards Development	\$ 6,446	\$ 6,359	\$ 7,443	\$ 997	15.47%
Compliance Monitoring & Enforcement and Org Reg	434,850	305,547	417,540	(17,310)	-3.98%
Reliability Assessment and Performance Analysis	150,325	108,023	74,594	(75,731)	-50.38%
Training, Education and Operator Certification	50,002	32,430	30,583	(19,419)	-38.84%
Situation Awareness and Infrastructure Security	352	345	169	(183)	-51.99%
General and Administrative	-	-	-	-	
Total Contracts & Consultants and Software & Licenses	\$ 641,975	\$ 452,704	\$ 530,329	\$ (111,646)	-17.39%

The Compliance Monitoring & Enforcement Program's Contracts & Consulting budget has decreased mainly due to a decreased estimate by SERC to perform as the CEA in 2017 because 2016 was an audit year for the FRCC RC function.

The Reliability Assessment and Performance Analysis Program's budget has decreased primarily due to a shift in expenses to Member Services to align Eastern Interconnection Model development with NERC's expectations for MOD-032.

The Training, Education and Operator Certification's budget decreases due to using internal staff for a portion of the seminars.

The General & Administrative areas budgeted for expenses in 2016 and 2017 are being allocated to the different programs and will continue to be allocated.

Office Rent

Table B-7

Office Rent	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Office Rent	\$ 568,158	\$ 561,834	\$ 552,603	\$ (15,555)	-2.74%
Total Office Rent	\$ 568,158	\$ 561,834	\$ 552,603	\$ (15,555)	-2.74%

Rent is budgeted to decrease due to Common Area Maintenance charges (CAMs) that are expected to decrease in 2017.

Office Costs

Table B-8

Office Costs	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Telephone	\$ 49,643	\$ 48,387	\$ 48,545	\$ (1,098)	-2.21%
Internet	4,119	4,014	1,773	\$ (2,346)	-56.96%
Office Supplies	16,937	20,540	20,347	\$ 3,410	20.13%
Computer Supplies	7,430	25,338	6,861	\$ (569)	-7.66%
Publications, Subscriptions & Dues	11,275	11,122	12,225	\$ 950	8.43%
Postage	1,141	1,741	1,895	\$ 754	66.08%
Equipment Maintenance	597	2,303	3,795	\$ 3,198	535.68%
Copying				\$ -	
Printing	25,720	15,426	21,321	\$ (4,399)	-17.10%
Stationary Forms				\$ -	
Commerical Insurance	15,159	14,851	15,753	\$ 594	3.92%
Miscellaneous				\$ -	
Total Office Costs	\$ 132,021	\$ 143,722	\$ 132,515	\$ 494	0.37%

Professional Services

Table B-9

Professional Services	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Outside Legal	\$ 15,165	\$ 11,082	\$ 19,773	\$ 4,608	30.39%
Accounting & Auditing Fees	11,241	16,604	17,727	\$ 6,486	57.70%
Total Services	\$ 26,406	\$ 27,686	\$ 37,500	\$ 11,094	42.01%

Legal Fees are budgeted to increase in order to cover potential administrative issues that may arise.

Accounting Fees are budgeted to increase because 2016 is the first year of a new contract.

Other Non-Operating Expenses

Table B-10

Other Non-Operating Expenses	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Interest Expense	\$ -	\$ -		\$ -	
Office Relocation	-	-		\$ -	
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	

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

Fixed Assets

Table B-11

Professional Services	Budget 2016	Projection 2016	Budget 2017	Variance 2017 Budget v 2016 Budget	Variance %
Depreciation	\$ (171,380)	\$ (173,992)	\$ (142,625)	\$ 28,755	-16.78%
Total Fixed Asset Purchases	\$ 116,627	\$ 148,590	\$ 187,894	\$ 71,267	61.11%
Total Services	\$ 54,753	\$ 25,402	\$ (45,269)	\$ (100,022)	-182.68%

Fixed Asset Purchases are budgeted to increase in 2017 due to increased Compliance Portal Software enhancements and the replacement of conference room tables.

2018 and 2019 Projected Expenses

The following table showing 2018 and 2019 budget projections is based on the following assumptions:

Personnel Expenses

- There is one additional CMEP staff included in the 2018 budget for the full year
- There is one additional RA staff included in the 2018 budget for the full year
- A 3% increase in personnel costs due to salary increases in both 2018 and 2019
- Estimated medical expense increase of 5% in both 2018 and 2019
- 2018 includes funds for staff leadership training
- An attrition factor of 13% was used in both 2018 and 2019

Meeting Expenses

- Travel and Meeting expenses increase by a 3% inflation factor in both 2018 and 2019

Operating Expenses

- Contracts and Consultants in 2018 includes Contingency Study Modeling in Reliability Assessment
- Office Costs increase in 2019 primarily due to rising Commercial Insurance costs
- Office Rent, Professional Services, and Depreciation remain flat in both 2018 and 2019

Indirect Expenses – Administrative costs increase approximately 3% each year in 2018 and 2019

Fixed Assets

- Compliance Portal Software increases in 2018 to cover planned enhancements

2017, 2018 and 2019 Projections

Table B-11

Statement of Activities and Capital Expenditures										
Regional Entity										
	2016	2017	\$ Change	% Chg	2018	\$ Change	% Chg	2019	\$ Change	% Chg
	Budget	Budget	2017:2016	2017:2016	Projection	2018:2017	2018:2017	Projection	2019:2018	2019:2018
			Over(Under)	Over(Under)		Over(Under)	Over(Under)		Over(Under)	Over(Under)
Funding										
ERO Funding										
ERO Assessments	\$ 6,628,457	\$ 6,163,896	\$ (464,562)	-7.01%	\$ 7,477,495	\$ 1,313,600	21.31%	\$ 7,580,172	\$ 102,677	1.37%
Penalty Sanctions	81,000	95,000	14,000	0.00%	-	(95,000)	-100.00%	-	-	-
Total ERO Funding	\$ 6,709,457	\$ 6,258,896	\$ (450,562)	-6.72%	\$ 7,477,495	\$ 1,218,600	19.47%	\$ 7,580,172	\$ 102,677	1.37%
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Testing Fees	-	-	-	-	-	-	-	-	-	-
Services & Software	24,000	-	(24,000)	-100.00%	-	-	-	-	-	-
Workshops	92,000	92,000	-	0.00%	92,000	-	0.00%	92,000	-	0.00%
Interest	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Funding	\$ 6,825,457	\$ 6,350,896	\$ (474,562)	-6.95%	\$ 7,569,495	\$ 1,218,600	19.19%	\$ 7,672,172	\$ 102,677	1.36%
Expenses										
Personnel Expenses										
Salaries	\$ 4,021,604	\$ 3,958,699	\$ (62,905)	-1.56%	\$ 4,221,242	\$ 262,543	6.63%	\$ 4,354,265	\$ 133,023	3.15%
Payroll Taxes	243,373	233,832	(9,541)	-3.92%	250,726	16,894	7.22%	253,751	3,025	1.21%
Benefits	608,744	687,962	79,218	13.01%	716,286	28,324	4.12%	652,937	(63,349)	-8.84%
Retirement Costs	639,971	591,944	(48,027)	-7.50%	630,526	38,582	6.52%	637,981	7,455	1.18%
Total Personnel Expenses	\$ 5,513,692	\$ 5,472,437	\$ (41,255)	-0.75%	\$ 5,818,780	\$ 346,343	6.33%	\$ 5,898,934	\$ 80,154	1.38%
Meeting Expenses										
Meetings	\$ 58,176	\$ 81,212	\$ 23,036	39.60%	\$ 83,584	\$ 2,372	2.92%	\$ 86,112	\$ 2,528	3.02%
Travel	191,445	170,086	(21,359)	-11.16%	175,161	5,075	2.98%	180,433	5,272	3.01%
Conference Calls	13,027	13,281	254	1.95%	13,277	(4)	-0.03%	13,279	2	0.02%
Total Meeting Expenses	\$ 262,648	\$ 264,579	\$ 1,931	0.74%	\$ 272,022	\$ 7,443	2.81%	\$ 279,824	\$ 7,802	2.87%
Operating Expenses										
Consultants & Contracts	\$ 641,975	\$ 530,329	\$ (111,646)	-17.39%	\$ 523,973	\$ (6,356)	-1.20%	\$ 533,583	\$ 9,610	1.83%
Office Rent	568,158	552,603	(15,555)	-2.74%	551,273	(1,330)	-0.24%	555,044	3,771	0.68%
Office Costs	132,021	132,513	492	0.37%	133,093	580	0.44%	149,230	16,137	12.12%
Professional Services	26,406	37,499	11,093	42.01%	37,183	(316)	-0.84%	37,281	98	0.26%
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Depreciation	171,380	142,625	(28,755)	-16.78%	151,159	8,534	5.98%	149,609	(1,550)	-1.03%
Total Operating Expenses	\$ 1,539,940	\$ 1,395,569	\$ (144,371)	-9.38%	\$ 1,396,681	\$ 1,112	0.08%	\$ 1,424,747	\$ 28,066	2.01%
Total Direct Expenses	\$ 7,316,280	\$ 7,132,585	\$ (183,695)	-2.51%	\$ 7,487,483	\$ 354,898	4.98%	\$ 7,603,505	\$ 116,022	1.55%
Indirect Expenses	\$ -	\$ -	\$ (0)	-	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses	\$ 7,316,280	\$ 7,132,585	\$ (183,695)	-2.51%	\$ 7,487,483	\$ 354,898	4.98%	\$ 7,603,505	\$ 116,022	1.55%
Change in Assets	\$ (490,823)	\$ (781,690)	\$ (290,867)	59.26%	\$ 82,012	\$ 863,702	-110.49%	\$ 68,667	\$ (13,345)	-
Fixed Assets										
Depreciation	\$ (171,380)	\$ (142,625)	\$ 28,755	-16.78%	\$ (151,159)	\$ (8,534)	5.98%	\$ (149,609)	\$ 1,550	-1.03%
Total Fixed Asset Purchases	116,627	187,894	71,267	61.11%	233,171	45,277	24.10%	218,276	(14,895)	-6.39%
Change in Fixed Assets	\$ 54,753	\$ (45,269)	\$ (100,022)	-182.68%	\$ (82,012)	\$ (36,743)	81.17%	\$ (68,667)	\$ 13,345	-
TOTAL BUDGET	\$ 7,261,527	\$ 7,177,854	\$ (83,673)	-1.15%	\$ 7,569,495	\$ 391,641	5.46%	\$ 7,672,172	\$ 102,677	1.36%
TOTAL CHANGE IN WORKING CAPITAL	\$ (436,070)	\$ (826,959)	\$ (390,889)	89.64%	\$ -	\$ 826,959	-100.00%	\$ -	\$ -	-
FTEs	30.59	29.99	(0.60)	-1.96%	29.99	-	0.00%	29.92	(0.1)	-0.23%

Section C – Non-Statutory Activities
2017 Business Plan and Budget

Non-Statutory Members Services Division

Member Services Activities (in whole dollars)			
	2016 Budget	2017 Budget	Increase (Decrease)
Total FTEs	18.1	20.4	2.4
Direct Expenses	8,430,698	10,103,890	1,673,192
Indirect Expenses	-	-	-
Inc(Dec) in Fixed Assets	261,299	94,695	(166,604)
Total Funding Requirement	8,691,997	10,198,585	1,506,588

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 as outlined in the Coordinated Functional Agreement with the other Planning Authority entities within the FRCC.

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.

Event Analysis Working Group (EAWG)

The FRCC Event Analysis Working Group (EAWG) has been established as a peer review process within the FRCC Region to encourage consistency and quality of entity event reports submitted through the ERO Event Analysis Process. The EAWG also serves as a forum for FRCC registered entities to voluntarily disseminate individual entity lessons learned in a timely manner as well as serve as an interface with the ERO to receive other relevant event and “lessons learned” information. The EAWG primarily supports the Regional Entity efforts in Event Analysis and Reliability Improvements.

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 2017 Cost Impacts

The FRCC's proposed 2017 Members Services budgeted expenses and net fixed assets are \$10,198,585, which is a \$1,506,588 or 17% increase over the 2016 budgeted expenses.

Planning Committee (PC)

The Member Services Planning Committee (PC) expenses for 2017 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 2017 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 2017 are made up of a 2017 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 2017, 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 2017 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.

2016 Member Services Budget and Projection and 2017 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2016 Budget & Projection, and 2017 Budget

NON-STATUTORY MEMBER SERVICES

Funding	2016 Budget	2016 Projection	Variance 2016 Projection v 2016 Budget Over(Under)	2017 Budget	Variance 2017 Budget v 2016 Budget Over(Under)
ERO Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Dues	\$ 8,595,503	\$ 8,595,503	\$ -	10,301,621	1,706,118
Testing Fees	-	-	-	-	-
Services & Software	277,790	277,790	-	203,700	(74,090)
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ 8,873,293</u>	<u>\$ 8,873,293</u>	<u>\$ -</u>	<u>\$ 10,505,321</u>	<u>\$ 1,632,028</u>
Expenses					
Personnel Expenses					
Salaries	\$ 2,426,216	\$ 2,525,632	\$ 99,416	\$ 2,872,547	\$ 446,331
Payroll Taxes	143,604	153,533	9,929	171,024	27,420
Benefits	358,720	449,650	90,930	482,575	123,855
Retirement Costs	370,837	370,757	(80)	410,392	39,555
Total Personnel Expenses	<u>\$ 3,299,377</u>	<u>\$ 3,499,572</u>	<u>\$ 200,195</u>	<u>\$ 3,936,538</u>	<u>\$ 637,161</u>
Meeting Expenses					
Meetings	\$ 34,082	\$ 34,297	\$ 215	\$ 31,209	\$ (2,873)
Travel	68,597	80,950	12,353	88,973	20,376
Conference Calls	32,957	32,991	34	32,713	(244)
Total Meeting Expenses	<u>\$ 135,636</u>	<u>\$ 148,238</u>	<u>\$ 12,602</u>	<u>\$ 152,895</u>	<u>\$ 17,259</u>
Operating Expenses					
Consultants & Contracts	\$ 4,193,583	\$ 4,413,498	\$ 219,915	\$ 5,255,111	\$ 1,061,528
Office Rent	245,183	259,649	14,466	273,573	28,390
Office Costs	423,151	462,445	39,294	330,765	(92,386)
Professional Services	47,894	53,615	5,721	42,501	(5,393)
Miscellaneous	-	-	-	-	-
Depreciation	85,874	86,695	821	112,507	26,633
Total Operating Expenses	<u>\$ 4,995,685</u>	<u>\$ 5,275,902</u>	<u>\$ 280,217</u>	<u>\$ 6,014,457</u>	<u>\$ 1,018,772</u>
Total Direct Expenses	<u>\$ 8,430,698</u>	<u>\$ 8,923,712</u>	<u>\$ 493,014</u>	<u>\$ 10,103,890</u>	<u>\$ 1,673,192</u>
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	<u>\$ 8,430,698</u>	<u>\$ 8,923,712</u>	<u>\$ 493,014</u>	<u>\$ 10,103,890</u>	<u>\$ 1,673,192</u>
Change in Assets	<u>\$ 442,595</u>	<u>\$ (50,419)</u>	<u>\$ (493,014)</u>	<u>\$ 401,431</u>	<u>\$ 41,164</u>
Fixed Assets					
Depreciation	\$ (85,874)	\$ (86,695)	\$ (821)	\$ (112,507)	\$ (26,633)
Total Fixed Asset Purchases	347,173	318,838	(28,335)	207,202	(139,971)
Change in Fixed Assets	<u>\$ (261,299)</u>	<u>\$ (232,143)</u>	<u>\$ 29,156</u>	<u>\$ (94,695)</u>	<u>\$ 166,604</u>
TOTAL BUDGET	\$ 8,691,997	\$ 9,155,855	\$ 463,858	\$ 10,198,585	\$ 1,506,588
TOTAL CHANGE IN WORKING CAPITAL	<u>\$ 181,296</u>	<u>\$ (282,562)</u>	<u>\$ (463,858)</u>	<u>\$ 306,736</u>	<u>\$ 125,440</u>
FTEs	18.06	18.06	-	20.43	2.37

Personnel Analysis

Total FTE's by Program Area	Budget 2016	Projection 2016	Direct FTEs 2017 Budget	Shared FTEs ¹ 2017 Budget	Total FTEs 2017 Budget	Change from 2016 Budget
NON-STATUTORY						
Operational Programs						
Operations Committee	10.55	10.18		10.90	10.90	0.35
Planning Committee	3.96	4.20		5.43	5.43	1.47
Total FTEs Operational Programs	14.51	14.38	0.00	16.33	16.33	1.82
Administrative Programs						
General & Administrative	3.55	3.68		4.10	4.10	0.55
Total FTEs Administrative Programs	3.55	3.68	0.00	4.10	4.10	0.55
Total FTEs	18.06	18.06	0.00	20.43	20.43	2.37

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

Member Services Reserve Analysis — 2016 – 2017

Working Capital Reserve Analysis 2016-2017	
NON-STATUTORY MEMBER SERVICES	
Beginning Working Capital Reserve (Deficit), December 31, 2015	825,708
	2016 Funding (from members) 8,595,503
	2016 Projected Other funding sources 277,790
Total Cash Available 2016	9,699,001
Less: '2016 Projected expenses & capital expenditures	(9,155,855)
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2016	543,146
Desired Working Capital Reserve, December 31, 2017	¹ 849,882
Less: Projected Working Capital Reserve, December 31, 2016	(543,146)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	306,736
	2017 Expenses and Capital Expenditures 10,198,585
	Less: Other Funding Sources (203,700)
Adjustment to achieve desired Working Capital Reserve	306,736
2017 Funding (reserve adjustment)	10,301,621

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**
2017 Business Plan and Budget

Section D — 2017 Additional Consolidated Financial Information

Statement of Activities and Capital Expenditures by Program 2017 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards Development (Section 300)	Compliance Monitoring and Org Reg % Cert (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	\$ 6,163,896	\$ 6,163,896	\$ -	\$ 6,163,896	\$ 392,887	\$ 5,263,317	\$ 1,011,039	\$ 314,044	\$ 9,567	\$ (826,959)	\$ -	\$ -	\$ -
Penalty Sanctions	95,000	95,000	-	95,000	5,448	72,106	13,251	4,086	110	-	-	-	-
Total ERO Funding	6,258,896	6,258,896	-	6,258,896	398,334	5,335,423	1,024,290	318,130	9,678	(826,959)	-	-	-
Membership Dues	\$ 10,301,621	\$ -	\$ 10,301,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,301,621	\$ 8,490,433	\$ 1,811,188
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	203,700	-	203,700	-	-	-	-	-	-	-	203,700	179,700	24,000
Workshops	92,000	92,000	-	92,000	-	-	-	92,000	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	16,856,217	6,350,896	10,505,321	6,350,896	398,334	5,335,423	1,024,290	410,130	9,678	(826,959)	10,505,321	8,670,133	1,835,188
Expenses													
Personnel Expenses													
Salaries	\$ 6,831,246	\$ 3,958,699	\$ 2,872,547	\$ 3,958,699	\$ 212,820	\$ 2,461,771	\$ 517,669	\$ 159,615	\$ 4,314	\$ 602,510	\$ 2,872,547	\$ 1,927,237	\$ 945,310
Payroll Taxes	404,856	233,832	171,024	233,832	12,687	144,595	30,860	9,515	257	35,918	171,024	114,780	56,244
Benefits	1,170,537	687,962	482,575	687,962	37,965	459,445	85,720	23,701	649	80,482	482,575	335,357	147,218
Retirement Costs	1,002,336	591,944	410,392	591,944	31,264	372,041	76,047	23,448	634	88,510	410,392	271,625	138,767
Total Personnel Expenses	9,408,975	5,472,437	3,936,538	5,472,437	294,736	3,437,852	710,296	216,279	5,854	807,420	3,936,538	2,648,999	1,287,539
Meeting Expenses													
Meetings	\$ 112,421	\$ 81,212	\$ 31,209	\$ 81,212	\$ 1,479	\$ 10,857	\$ 1,261	\$ 67,603	\$ 12	\$ -	\$ 31,209	\$ 16,616	\$ 14,593
Travel	259,059	170,086	88,973	170,086	11,676	93,365	47,221	17,786	38	-	88,973	75,484	13,489
Conference Calls	45,994	13,281	32,713	13,281	1,997	9,286	275	1,720	3	-	32,713	17,745	14,968
Total Meeting Expenses	417,474	264,579	152,895	264,579	15,152	113,508	48,757	87,109	53	-	152,895	109,845	43,050
Operating Expenses													
Consultants & Contracts	\$ 5,785,440	\$ 530,329	\$ 5,255,111	\$ 530,329	\$ 7,443	\$ 417,540	\$ 74,594	\$ 30,583	\$ 169	\$ -	\$ 5,255,111	\$ 5,011,149	\$ 243,962
Office Rent	826,176	552,603	273,573	552,603	19,814	413,238	48,195	14,860	402	56,094	273,573	182,495	91,078
Office Costs	463,278	132,513	330,765	132,513	5,308	91,505	10,422	20,588	2,086	2,604	330,765	304,796	25,969
Professional Services	80,000	37,499	42,501	37,499	2,150	28,462	5,225	1,612	50	-	42,501	21,681	20,820
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	255,132	142,625	112,507	142,625	2,489	130,006	8,379	1,707	44	-	112,507	96,900	15,607
Total Operating Expenses	7,410,026	1,395,569	6,014,457	1,395,569	37,204	1,080,751	146,815	69,350	2,751	58,698	6,014,457	5,617,021	397,436
Total Direct Expenses	17,236,475	7,132,585	10,103,890	7,132,585	347,092	4,632,111	905,868	372,738	8,658	866,118	10,103,890	8,375,865	1,728,025
Indirect Expenses	-	-	-	-	49,665	657,391	120,807	37,249	1,007	(866,118)	-	-	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	17,236,475	7,132,585	10,103,890	7,132,585	396,757	5,289,502	1,026,675	409,987	9,665	-	10,103,890	8,375,865	1,728,025
Change in Assets	(380,258)	(781,690)	401,431	(781,690)	1,577	45,921	(2,385)	143	13	(826,959)	401,431	294,268	107,163
Fixed Assets													
Depreciation	\$ (255,132)	\$ (142,625)	\$ (112,507)	\$ (142,625)	\$ (2,489)	\$ (130,006)	\$ (8,379)	\$ (1,707)	\$ (44)	\$ -	\$ (112,507)	\$ (96,900)	\$ (15,607)
Total Fixed Asset Purchases	395,096	187,894	207,202	187,894	4066	175,927	5,994	1,850	57	-	207,202	186,527	20,675
Change in Fixed Assets	(159,964)	(45,269)	(94,695)	(45,269)	(1,577)	(45,921)	2,385	(143)	(13)	-	(94,695)	(89,627)	(5,068)

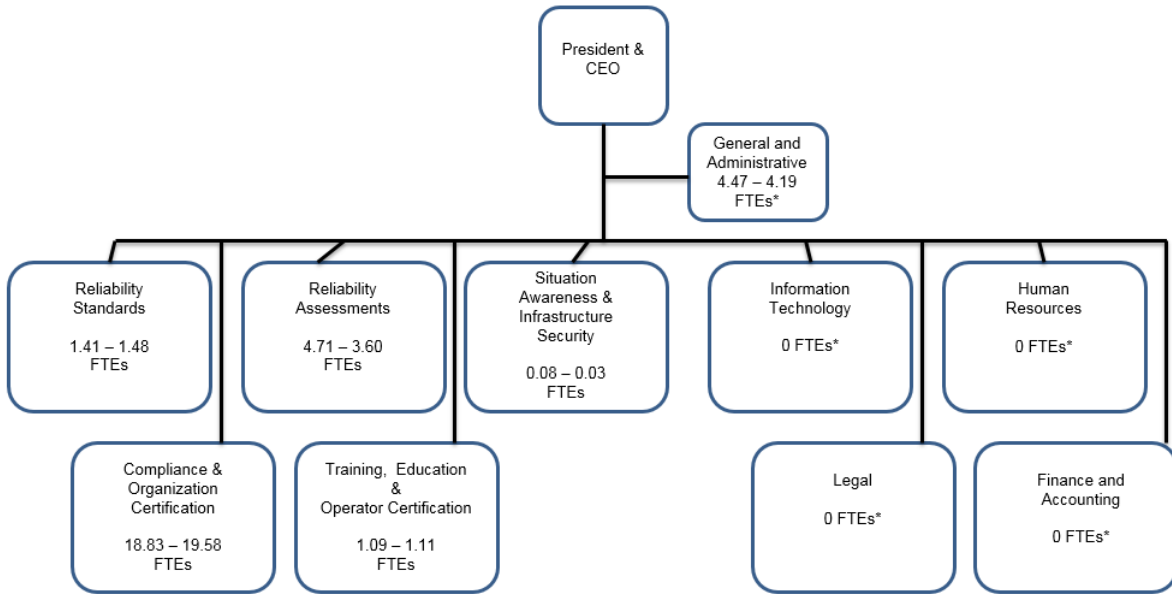
Statement of Financial Position

Statement of Financial Position				
2015 Audited, 2016 Projection, 2017 Budget and 2018 Projected				
STATUTORY and NON-STATUTORY				
	(Per Audit)	Projected	Budget	Projected
	12/31/2015	12/31/2016	12/31/2017	12/31/2018
ASSETS				
Cash	5,162,919	4,830,823	4,310,601	4,610,601
Accounts receivable	3,246,441	3,266,441	3,286,441	3,436,441
Other receivables	-	-	-	-
Prepaid expenses and other current assets	123,991	125,000	135,000	145,000
Other Assets	327,261	234,761	242,261	249,761
Property and equipment (net of depreciation)	417,372	432,372	447,372	462,372
Total Assets	9,277,984	8,889,397	8,421,675	8,904,175
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	2,614,847	2,682,347	2,764,847	2,822,347
Deferred income	3,809,740	3,805,990	4,116,379	4,633,339
Compliance Penalty Assessment	147,000	81,000	95,000	-
Accrued postretirement benefits obligation	423,862	441,862	463,955	487,153
Total Liabilities	6,995,449	7,011,199	7,440,181	7,942,839
Net Assets - unrestricted	2,282,535	1,878,198	981,493	961,336
Total Liabilities and Net Assets	9,277,984	8,889,397	8,421,675	8,904,175

Statutory Organizational Chart

**Florida Reliability Coordinating Council, Inc.
Statutory Organization Chart**

**2016 Budgeted FTEs 30.59
2017 Budgeted FTEs 29.99**



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