



2017 Business Plan and Budget

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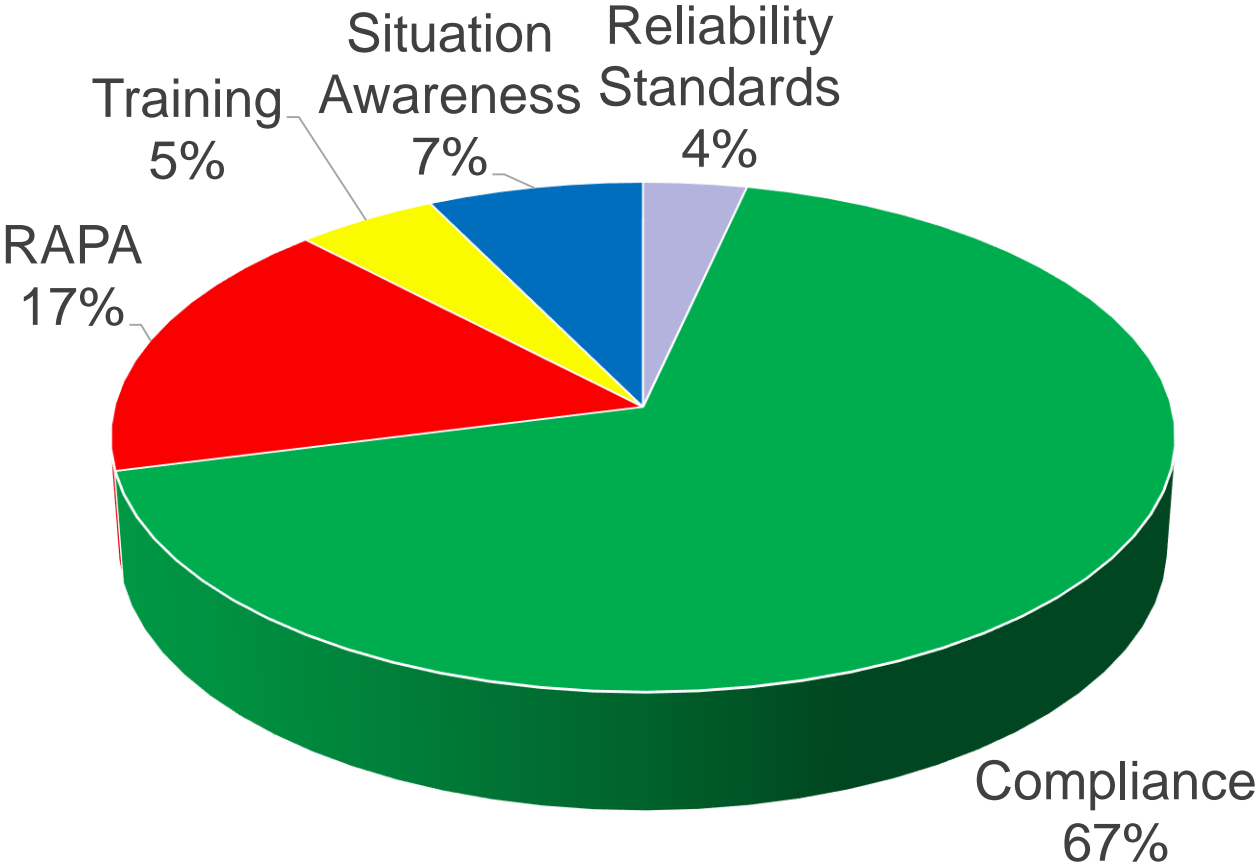
2017 Statutory Budget Overview

- Total budget increase \$1.3M (8.5%)
- Assessments increase \$1.8M (13.2%)
- Staffing
 - Decrease 3.12 FTEs (1.70 headcount)
- Working Capital
 - Decreasing reserves to offset assessment increase

Key Factors/Budget Assumptions

- 3.0% compensation increase
- 25.0% increase in benefits for anticipated medical insurance increase
- 6.0% vacancy rate applied to all personnel expenses
- Outsourcing Information Technology support
- Decrease in penalties

2017 Budget by Functional Area



2016 - 2017 Budget Comparison

STATUTORY					
			Variance		Variance
			2016 Projection		2017 Budget
	2016	2016	v 2016 Budget	2017	v 2016 Budget
	Budget	Projection	Over(Under)	Budget	Over(Under)
Funding					
NERC Assessments	\$ 13,730,986	\$ 13,730,986	\$ -	\$ 15,544,309	\$ 1,813,323
Penalty Sanctions	648,500	648,500	-	125,002	(523,498)
Workshops	210,075	180,055	(30,020)	176,025	(34,050)
Interest	1,000	2,495	1,495	1,000	-
Miscellaneous	444,000	469,869	25,869	383,500	(60,500)
Total Funding (A)	\$ 15,034,561	\$ 15,031,905	\$ (2,656)	\$ 16,229,836	\$ 1,195,275
Expenses					
Personnel Expenses	12,392,934	12,632,836	239,902	12,945,047	552,113
Meeting Expenses	780,431	778,985	(1,446)	845,289	64,858
Operating Expenses	2,969,649	3,191,982	222,333	3,413,496	443,847
Other Non-Operating Expenses	-	-	-	-	-
Total Expenses (B)	\$ 16,143,014	\$ 16,603,803	\$ 460,789	\$ 17,203,832	\$ 1,060,818
Fixed Assets					
Depreciation	\$ (483,480)	\$ (406,726)	\$ 76,754	\$ (234,882)	\$ 248,598
Computer & Software CapEx	207,311	300,000	92,689	100,000	(107,311)
Equipment CapEx	-	-	-	143,000	143,000
Leasehold Improvements	-	119,813	119,813	-	-
Inc(Dec) in Fixed Assets (C)	(276,169)	13,087	289,256	8,118	284,287
TOTAL BUDGET (=B + C)	\$ 15,866,845	\$ 16,616,890	\$ 750,045	\$ 17,211,950	\$ 1,345,105
FTEs	78.12	64.68	(13.44)	75.00	(3.12)

2016 - 2017 FTE Comparison

Total FTE's by Program Area	Budget	Projection	Direct FTEs	Shared	Total FTEs	Change
	2016	2016	2017 Budget	FTEs ¹ 2017 Budget	2017 Budget	from 2016 Budget
STATUTORY						
Operational Programs						
Reliability Standards	1.98	1.60	1.70	-	1.70	(0.28)
Compliance Monitoring and Enforcement and Organization Registration and Certification	36.92	32.00	34.31	-	34.31	(2.61)
Reliability Assessment and Performance Analysis	6.60	6.04	8.12	-	8.12	1.52
Training and Education	2.23	1.10	1.70	-	1.70	(0.53)
Situation Awareness and Infrastructure Security	3.40	3.87	3.87	-	3.87	0.47
Total FTEs Operational Programs	51.13	44.61	49.70	-	49.70	(1.43)
Administrative Programs						
Technical Committees and Member Forums	5.99	4.70	4.70	-	4.70	(1.29)
General & Administrative	13.00	12.75	13.25	-	13.25	0.25
Legal and Regulatory	3.00	2.61	2.55	-	2.55	(0.45)
Information Technology	-	-	-	-	-	-
Human Resources	2.20	1.90	1.90	-	1.90	(0.30)
Finance and Accounting	2.80	2.90	2.90	-	2.90	0.10
Total FTEs Administrative Programs	26.99	24.86	25.30	-	25.30	(1.69)
Total FTEs	78.12	69.47	75.00	-	75.00	(3.12)

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

Working Capital Reserves

- Decrease reserves by \$982K to \$1M
- No change to reserve policy
 - Working capital and operating reserve requirement is up to 10% the total annual budget
 - \$1M line of credit if needed
- Projecting 2017 ending balance to be \$1.9M

2018 and 2019 Projections

- Personnel
 - No changes in FTEs
 - 3.0% compensation increase
 - Reduction of vacancy rate
- 1.0% escalation rate applied to most expense categories
- 2018
 - Total assessment increase \$332K (2.1%)
 - Total budget increase \$550K (3.2%)
- 2019
 - Total assessment increase \$889K (5.6%)
 - Total budget increase \$761K (4.3%)

Questions?