



2017 Business Plan & Budget

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**RE Manager of Regulatory Interface
and Process Improvement**

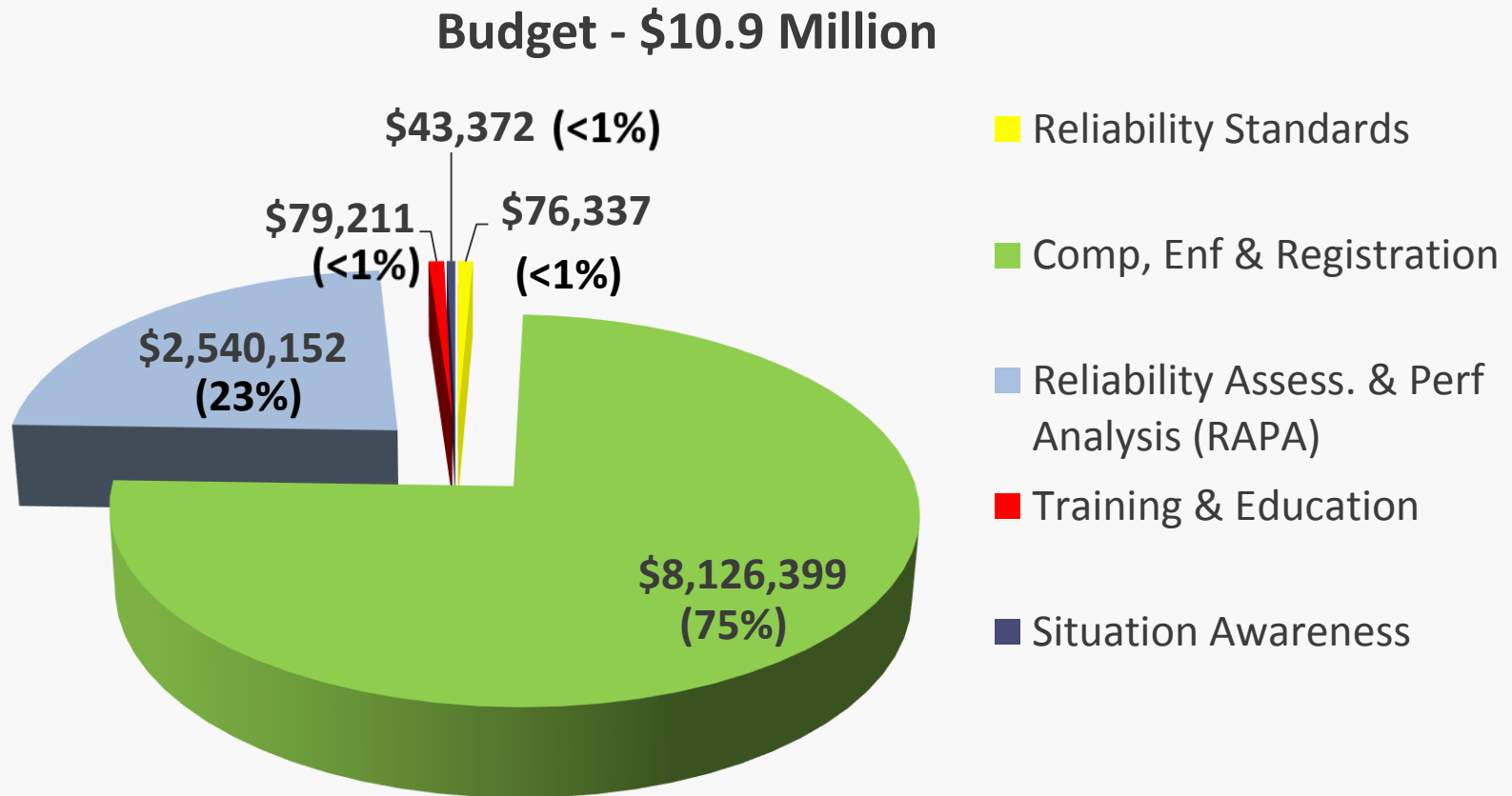
2017 Statutory Budget Overview

- **Total budget \$10.9 Million; Increase of \$770k or 7.6%**
- **Assessment increase of \$466k or 5.4% from \$8.6 Million to \$9.1 million**
- **Staffing**
 - **Direct Staff same as 2016 (28 FTEs)**
 - **Increase in Shared Staff from 4.25 in 2016 to 5.25 in 2017**
- **SPP does not maintain working capital**

Key Factors/Budget Assumptions

- **Budgetary Increases**
 - Increase number of Trustees from 3 to 4
 - Increase Shared Staff by 1.0 FTE; Reliability Assessment program area studies
 - Completion of Engineering Data Validation Tool
 - 3% salary increase; 5% attrition
- **Budgetary Reductions**
 - **Travel**
 - Funds for SPP RE Registered Entities to participate on Standard Draft Teams
 - Multi-Region Registered Entity audits for which SPP RE is not the lead

2017 Budget by Functional Area



2016-2017 Budget Comparison Overview

	2016 Budget	2016 Projection	Variance Over(Under)	2017 Budget	2016 vs 2017 Budget Over (Under)	
					\$	%
Funding						
SPP RE Assessments	\$ 8,626,751	\$ 8,626,751	\$ -	\$ 9,092,553	\$ 465,802	
Penaltes	193,000	193,000	-	369,750	176,750	
Total SPP RE Funding (A)	\$ 8,819,751	\$ 8,819,751	\$ -	\$ 9,462,303	\$ 642,552	7.3%
Expenses						
Personnel	\$ 4,683,997	\$ 4,683,997	\$ -	\$ 5,254,791	\$ 570,793	
Meeting	770,200	745,200	(25,000)	657,000	(113,200)	
Operating	1,200,937	1,200,937	-	1,242,810	41,873	
SPP Inc. Indirect Expenses	3,440,685	3,440,685	-	3,710,910	270,225	
SPP RE Indirect Expenses (1)	-	-	-	-	-	
Non-Operating	-	-	-	-	-	
Total Expenses (B)	\$ 10,095,819	\$ 10,070,819	\$ (25,000)	\$ 10,865,511	\$ 769,691	7.6%
Fixed Assets						
Depreciation	-	-	-	-	-	
Computer, Software, Equipment	-	-	-	-	-	
Furniture & Fixtures CapEx	-	-	-	-	-	
Equipment CapEx	-	-	-	-	-	
Leasehold Improvements	-	-	-	-	-	
Net Fixed Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL BUDGET (=B + C)	\$ 10,095,819	\$ 10,070,819	\$ (25,000)	\$ 10,865,511	\$ 769,691	7.6%
FTEs	32.25	32.25	0.00	33.25	1.00	3.1%

(1) SPP RE Indirect Expenses which represent direct expenses for SPP RE Administrative Services, are included in direct expenses.

2016-2017 FTE Comparison

Total FTEs by Program Area	Budget 2016	Projection 2016	Direct FTEs 2017 Budget	Shared FTEs ¹ 2017 Budget	Total FTEs 2017 Budget	Change from 2016 Budget
STATUTORY						
Operational Programs						
Reliability Standards	0.15	0.15	0.13	0.00	0.13	-0.03
Compliance and Organization Registration and Certification	21.35	21.35	21.75	0.00	21.75	0.40
Training and Education	0.50	0.50	0.00	0.00	0.00	-0.50
Reliability Assessment and Performance Analysis	5.63	5.63	1.50	5.25	6.75	1.13
Situation Awareness and Infrastructure Security	0.13	0.13	0.13	0.00	0.13	0.00
Total FTEs Operational Programs	27.75	27.75	23.50	5.25	28.75	1.00
Administrative Programs						
Technical Committees and Member Forums	0.00	0.00	0.00	0.00	0.00	0.00
General & Administrative	4.50	4.50	4.50	0.00	4.50	0.00
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00
Legal and Regulatory	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00
Finance and Accounting	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	4.50	4.50	4.50	0.00	4.50	0.00
Total FTEs	32.25	32.25	28.00	5.25	33.25	1.00

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

2018 and 2019 Projections

- **No significant changes in personnel**
- **No significant cost changes in any program area or expense category; 3% escalation**
- **Assuming SPP RE remains on budget and excess cash is depleted as planned by the end of 2017, assessments would equal budget by 2018**
 - **Penalty payments, SPP Inc. charge true-up, and/or budget variances could cause assessments to diverge from the budget in any given year**
 - **Assessment stabilization will be managed on a year-by-year basis**

2018 and 2019 Projections

	2017 Budget	2018 Projection	\$ Change 18 v 17	% Change 18 v 17	2019 Projection	\$ Change 19 v 18	% Change 19 v 18
Personnel Expenses	5,254,791	5,412,435	157,644	3.0%	5,574,808	162,373	3.0%
Meeting Expenses	657,000	676,710	19,710	3.0%	697,011	20,301	3.0%
Operating Expenses	1,242,810	1,280,094	37,284	3.0%	1,318,497	38,403	3.0%
Total Direct Expenses	7,154,601	7,369,239	214,638	3.0%	7,590,316	221,077	3.0%
Indirect Expenses	3,710,910	3,822,237	111,327	3.0%	3,936,904	114,667	3.0%
Other Non-Operating Expenses	-	-	-	-	-	-	-
Total Expenses	10,865,511	11,191,476	325,965	3.0%	11,527,221	335,744	3.0%
FTEs	33.25	33.25	-	0.0%	33.25	-	0.0%

Planned Use of Unreserved Cash

- **Beginning 2016 cash balance of \$3.3 million will partially fund 2016 operations**
 - **2016 Budget \$10.1 million; Assessments \$8.6 million**
- **Ending cash balance of \$1.4 million will partially fund 2017 operations**
- **Preliminary 2017 Budget \$10.9 million; Preliminary 2017 Assessments \$9.1 million**
- **2017 ending balance should achieve desired working capital of \$0**