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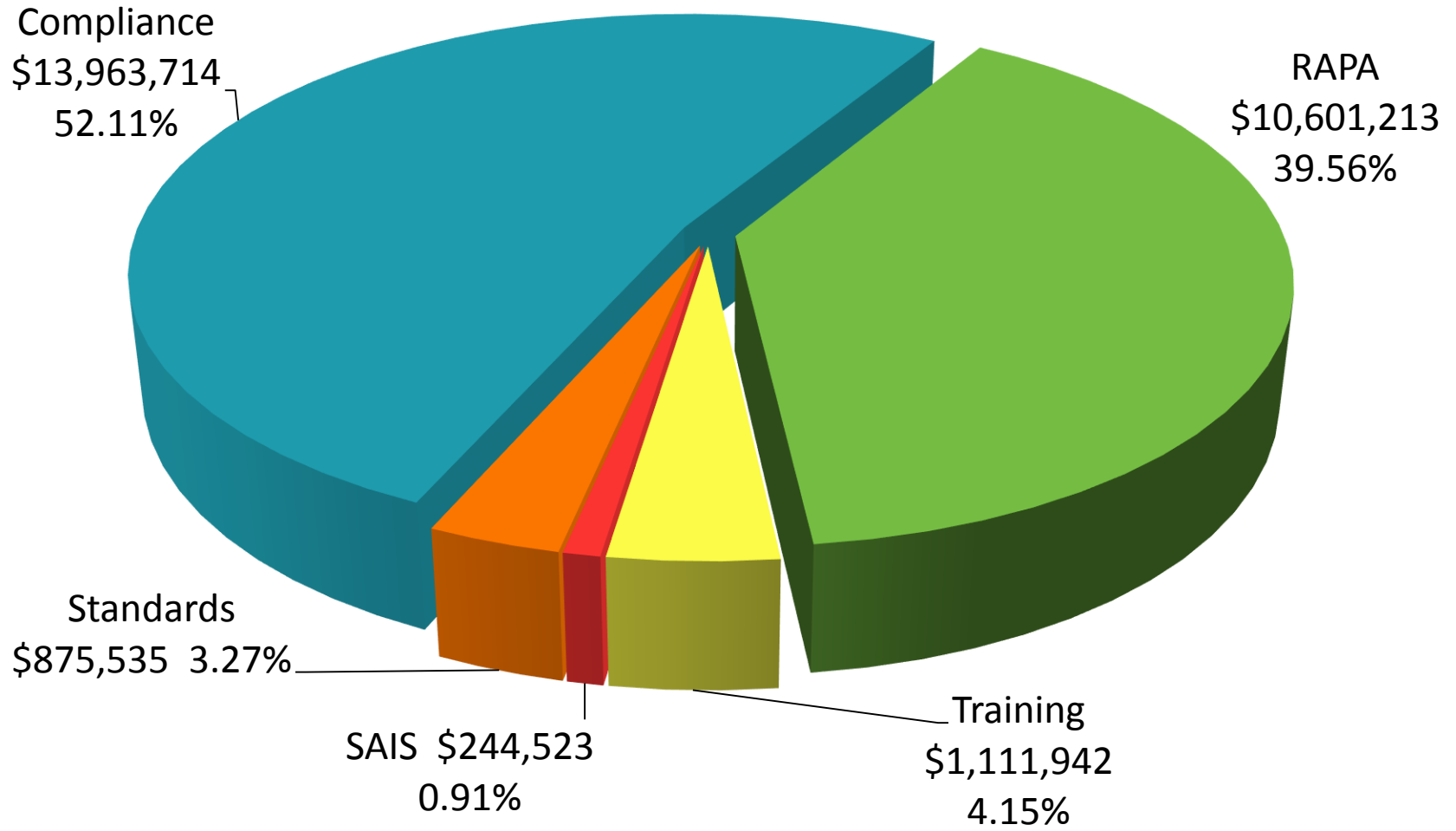
2017 Business Plan and Budget

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2017 Statutory Budget Overview

- Total budget decreases \$588K (2.15%)
- Assessments
 - 1% increase
 - Adding to reserves for future assessment stabilization
- Headcount
 - Decreases by a net of 1 (0.5 FTE)

2017 Budget by Functional Area



2016-2017 Statutory Budget Comparison

	2017	2016	Variance	% Variance	Primary Drivers
Funding					
Assessments	25,282,000	25,032,134	249,866	1.00%	Assessment stabilization initiative
Penalties	1,059,500	1,983,700	(924,200)	-46.59%	Penalty funds availability
Other Income	662,876	1,213,500	(550,624)	-45.37%	Elimination of System Operator Training Program
Total Funding	<u>27,004,376</u>	<u>28,229,334</u>	<u>(1,224,958)</u>		
Expenses					
Personnel	19,229,726	18,933,597	296,129	1.56%	Labor float, merit, benefits premiums
Meeting	2,082,329	2,064,394	17,935	0.87%	
Operating Expenses ¹	5,977,025	6,915,557	(938,532)	-13.57%	RAS modeling and other one-time projects
Indirect	(610,702)	(628,953)	18,251	-2.90%	
Total Expenses	<u>26,678,378</u>	<u>27,284,595</u>	<u>(606,217)</u>		
Fixed Assets ¹	<u>118,550</u>	<u>100,361</u>	<u>18,189</u>	18.12%	Server refresh
Total Budget	26,796,928	27,384,956	(588,028)	-2.15%	
Change in Working Capital	<u>207,448</u>	<u>844,379</u>	<u>(636,930)</u>		

¹ Depreciation excluded from these values

2016-2017 FTE Comparison

Total FTEs by Program Area	Budget 2016	Direct FTEs 2017 Budget	Shared FTEs* 2017 Budget	Total FTEs 2017 Budget	Change from 2016 Budget
STATUTORY					
Operational Programs					
Reliability Standards	4.0	3.0	0.0	3.0	(1.0)
Compliance Monitoring and Enforcement and Organization Registration and Certification	54.0	55.0	0.0	55.0	1.0
Training and Education	2.6	2.0	0.0	2.0	(0.6)
Reliability Assessment and Performance Analysis	32.5	36.0	0.0	36.0	3.5
Situation Awareness and Infrastructure Security	1.0	1.0	0.0	1.0	-
Total FTEs Operational Programs	94.1	97.0	0.0	97.0	2.9
Corporate Services					
Technical Committees and Member Forums	0.0	0.0	0.0	0.0	-
General & Administrative	21.4	19.0	0.0	19.0	(2.4)
Information Technology	10.0	8.0	0.0	8.0	(2.0)
Legal and Regulatory	6.0	7.0	0.0	7.0	1.0
Human Resources	4.0	4.0	0.0	4.0	-
Finance and Accounting	5.0	5.0	0.0	5.0	-
Total FTEs Corporate Services	46.4	43.0	0.0	43.0	(3.4)
Total FTEs	140.5	140.0	0.0	140.0	(0.5)

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

Statutory Working Capital Reserves

- Increasing reserves by \$207K
- No changes to reserve policy
 - Current target is range of 1 to 2 months of OpEx
 - Use for assessment stabilization in future years
- Projecting 2017 EOY balance of \$5.2 million

2018 and 2019 Statutory Budget Projections

- No changes in personnel
- 3% escalation rate applied to most expense categories
- Total budget increase of \$43K in 2018
 - 3% escalation in Personnel Expenses
 - RAS modeling completion in 2017
- Total budget increase of \$534K in 2019
 - 3% escalation in Personnel Expenses
- Assessments increase 1% each year
 - 2018 - \$25,534,820
 - 2019 - \$25,790,168