

# Analysis of 2018 Total ERO Enterprise Budget

## Total ERO Enterprise Budget and Assessments

The proposed 2018 budget for the Total ERO Enterprise<sup>1</sup>, inclusive of expenses and fixed asset expenditures, is \$197.7M, which is an increase of \$6.1M (3.2%), from the 2017 budget. Three Regional Entities (NPCC, SERC and SPP) and WIRAB have budget decreases in 2018 compared to 2017, and the remaining Regional Entities and NERC have budget increases ranging from 1.1% to 7.5%. Budget increases for FRCC, MRO, and RF are driven primarily by increases in personnel expenses resulting from market adjustments to salaries expense and the addition of FTEs. TRE's budget increase is also primarily driven by market adjustments to salaries expense, while the number FTEs remains constant with 2017. NERC's 5.1% budget increase is comprised of 2.5% related to existing operations, and 2.6% for additional E-ISAC long-term strategy costs, which are driven primarily by increases in personnel expenses for market compensation adjustments and FTE increases to support the E-ISAC long-term strategy.

### Total Budget

Entity	2017	% of Total ERO Budget	2018	% of Total ERO Budget	Change 2018 v 2017	% Change
NERC	\$ 69,602	36.3%	\$ 73,135	37.0%	\$ 3,533	5.1%
FRCC	7,178	3.7%	7,514	3.8%	336	4.7%
MRO	11,227	5.9%	11,727	5.9%	500	4.5%
NPCC	15,147	7.9%	15,107	7.6%	-40	-0.3%
RF	19,909	10.4%	21,394	10.8%	1,485	7.5%
SERC	17,482	9.1%	17,183	8.7%	-300	-1.7%
SPP RE	10,866	5.7%	10,793	5.5%	-72	-0.7%
TRE	12,167	6.4%	12,657	6.4%	490	4.0%
WECC	26,797	14.0%	27,097	13.7%	300	1.1%
WIRAB	1,229	0.6%	1,068	0.5%	-161	-13.1%
	<b>\$ 191,604</b>	<b>100.0%</b>	<b>\$ 197,675</b>	<b>100.0%</b>	<b>\$ 6,071</b>	<b>3.2%</b>

2018 assessments for the total ERO Enterprise are increasing approximately \$8.1M (4.7%), with the average increase for load serving entities (LSEs) by region ranging from 0.5% to 13.9% (combined NERC and RE assessments). The average increase for LSEs in the United States, Canada and Mexico is 4.7%, 5.0% and 7.8%, respectively.

<sup>1</sup> The ERO Enterprise consists of NERC, the eight Regional Entities and WIRAB.

REGION	CHANGE IN TOTAL ERO ASSESSMENTS BY REGION					CHANGE IN REGIONAL ENTITY & WIRAB ASSESSMENTS	CHANGE IN NERC ASSESSMENTS
	TOTAL		US	Canada	Mexico	TOTAL	TOTAL
	\$	%	\$	\$	\$	\$	\$
FRCC	653,010	7.0%	653,010	-	-	496,622	156,388
MRO	514,935	3.6%	469,927	45,008	-	235,761	279,174
NPCC	558,821	2.6%	7,816	551,005	-	86,727	472,094
RF	1,237,340	3.9%	1,237,340	-	-	586,826	650,514
SERC	2,168,882	7.3%	2,168,882	-	-	1,499,113	669,769
SPP RE	817,813	6.7%	817,813	-	-	634,712	183,101
TRE	1,986,841	13.9%	1,986,841	-	-	1,676,730	310,111
WECC	169,077	0.5%	(62,778)	185,961	45,894	(190,426)	359,503
<b>Total</b>	<b>8,106,719</b>		<b>7,278,852</b>	<b>781,974</b>	<b>45,894</b>	<b>5,026,065</b>	<b>3,080,654</b>
<b>% Change</b>	<b>4.7%</b>		<b>4.7%</b>	<b>5.0%</b>	<b>7.8%</b>	<b>4.5%</b>	<b>5.1%</b>

As detailed in the following table, four factors impact the change in assessments: (1) the increase in the amount of penalties that offset assessments results in a decrease of \$2.7M; (2) the decrease in the release of excess working capital and operating reserves increases assessments \$4.7M; (3) the decrease in other funding results in an increase in assessments of \$46k; and (4) the increase in the total ERO Enterprise and WIRAB budgets results in an increase of \$6.1M.

	ASSESSMENTS BY ENTITY		Factors Impacting the Change in assessments			
	2017 Budget	2018 Budget	Dec(Inc) in Penalties	Dec(Inc) in Release of Excess Reserves <sup>1</sup>	Dec(Inc) in Other Funding <sup>2</sup>	Budget Inc (Dec)
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
NERC	\$ 59,856	\$ 62,937	\$ 500	\$ (703)	\$ (249)	3,533
FRCC	6,164	6,661	(158)	319	-	336
MRO	10,494	10,730	24	(289)	-	500
NPCC	14,255	14,342	(75)	202	-	(40)
RF	19,561	20,148	(1,254)	406	(50)	1,485
SERC	15,706	17,205	(533)	2,034	298	(300)
SPP	9,093	9,727	80	627	-	(72)
TRE	9,595	11,272	(225)	1,412	-	490
WECC	25,282	25,282	(1,041)	692	48	300
WIRAB	901	711	-	(29)	-	(161)
	<b>\$ 170,908</b>	<b>\$ 179,014</b>	<b>(2,682)</b>	<b>4,671</b>	<b>\$ 46</b>	<b>6,071</b>

<sup>1</sup>For NERC, this includes proceeds from capital financing activities

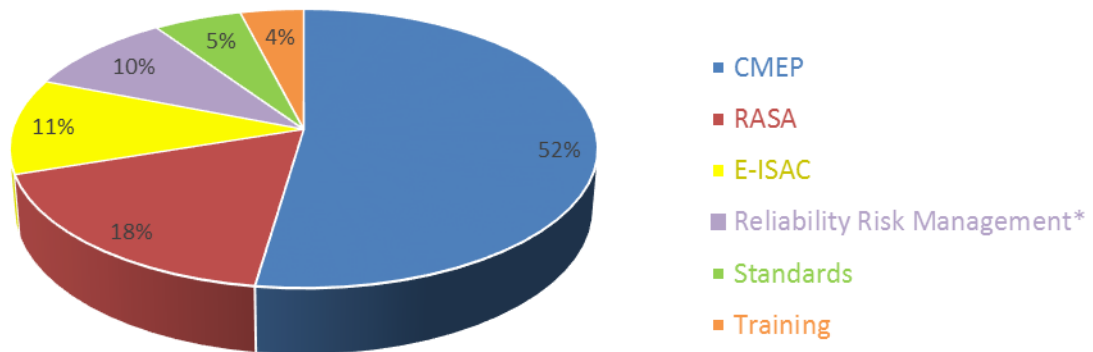
<sup>2</sup>For NERC, includes third-party funding for CRISP and system operator testing fees

**Total ERO Enterprise Budget by Program**

The total 2018 Budget for the ERO Enterprise is \$196.6M (excluding WIRAB), which is an increase of \$6.2M (3.3%) and reflects the ERO Enterprise’s allocation of resources and focus on the goals and objectives set forth in the Strategic Plan. The following charts, tables, and comments do not include the WIRAB budget because of the unique nature of their oversight and advisory role in the WECC Region.

The following chart reflects the percentage allocation of 2018 Total ERO Enterprise Budget by Program Area.

Total ERO Enterprise 2018 Budget By Program Area



\*For NERC Includes Performance Analysis, Event Analysis and Situation Awareness  
For Regions includes Situation Awareness

The following table shows the change in the fully allocated budget from 2017 to 2018 for direct and indirect expenses, and the expenditures for fixed assets by statutory program, for NERC and the eight Regional Entities.<sup>2</sup>

Total ERO Enterprise 2017 vs 2018 Budget By Program Area												
										2018 v 2017		
Entity	2017 Budget	Standards	Compliance	RASA	Performance Analysis	Event Analysis	Situation Awareness	Training	E-ISAC	2018 Budget	\$ Variance Over(Under)	% Variance
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
NERC	69,602	(1,278)	3,160	(223)	(276)	(285)	(186)	(714)	3,335	73,135	3,533	5.1%
FRCC	7,178	(128)	163	313	-	-	4	(15)	-	7,514	336	4.7%
MRO	11,227	63	443	(137)	-	-	(33)	164	-	11,727	500	4.5%
NPCC	15,147	(12)	(432)	34	-	-	370	0	-	15,107	(40)	-0.3%
RF	19,909	-	538	4	-	-	898	44	-	21,394	1,485	7.5%
SERC	17,482	45	355	(260)	-	-	(444)	5	-	17,183	(300)	-1.7%
SPP	10,866	3	340	(419)	-	-	3	0	-	10,793	(72)	-0.7%
TRE	12,167	16	421	69	-	-	-	(17)	-	12,657	490	4.0%
WECC	26,797	(17)	680	(125)	-	-	(21)	(217)	-	27,097	300	1.1%
	<b>190,375</b>	<b>(1,309)</b>	<b>5,668</b>	<b>(743)</b>	<b>(276)</b>	<b>(285)</b>	<b>591</b>	<b>(749)</b>	<b>3,335</b>	<b>196,607</b>	<b>6,232</b>	<b>3.3%</b>

The table below shows the change in the number of full time equivalents (FTEs) by program area.

Total ERO Enterprise 2017 vs 2018 FTEs Budget By Program Area													
										2018 v 2017			
Entity	2017 Budget	Standards	Compliance	RASA	Performance Analysis	Event Analysis	Situation Awareness	E-ISAC	Administrative Services	2018 Budget	Variance Over(Under)	% Variance	
NERC	189.89	(1.65)	4.70	-	-	(1.18)	-	-	9.40	(1.89)	199.28	9.39	4.9%
FRCC	29.99	(0.54)	0.07	0.71	-	(0.04)	-	0.01	-	0.43	30.63	0.64	2.1%
MRO	43.00	0.05	1.91	(0.29)	-	0.75	-	(0.16)	-	(0.26)	45.00	2.00	4.7%
NPCC	36.86	-	(1.00)	-	-	-	-	1.00	-	-	36.86	-	0.0%
RF	72.30	-	0.50	-	-	-	-	2.50	-	0.90	76.20	3.90	5.4%
SERC	75.00	-	(1.75)	(1.75)	-	-	-	(1.50)	-	5.00	75.00	-	0.0%
SPP	33.26	(0.01)	-	(0.95)	-	-	-	(0.01)	-	-	32.30	(0.96)	-2.9%
TRE	60.00	-	-	-	-	-	-	-	-	-	60.00	-	0.0%
WECC	140.00	-	4.00	2.00	-	(0.70)	-	-	-	(2.30)	143.00	3.00	2.1%
	<b>680.30</b>	<b>(2.15)</b>	<b>8.43</b>	<b>(0.28)</b>	<b>-</b>	<b>(1.17)</b>	<b>-</b>	<b>1.85</b>	<b>9.40</b>	<b>1.88</b>	<b>698.27</b>	<b>17.97</b>	<b>2.6%</b>

**Standards**

The total ERO Enterprise budget for the Standards Program area is decreasing by \$1.3M over 2017. The number of FTEs is decreasing by 2.15. NERC, FRCC and SPP RE are reducing the number of FTEs in the Standards Program area in 2018. MRO has a slight increase of 0.05 FTEs. RF does not allocate resources specifically to the Standards Program, supporting the NERC Reliability Standards program with staff in their Reliability Assurance and Compliance Monitoring Program. The reduction in NERC’s budget and FTEs reflects reorganization initiatives and increased efficiencies in connection with the transformation of NERC Reliability Standards to a steady state.

<sup>2</sup> Excludes WIRAB.

### **Compliance Monitoring and Enforcement (CMEP)**

The total ERO Enterprise budget for CMEP is increasing by \$5.7M over 2017 and 8.4 additional FTEs are allocated to CMEP. Of the \$5.7M increase, \$2.1M is due to NERC's investment in a new entity registration tool (\$600k) and a new CMEP tool (\$1.5M). The remaining increase for NERC results from a transfer of resources to CMEP from other departments. MRO is transferring 1.9 FTEs from other programs to reduce processing and response times in the CMEP area. WECC is adding 4.0 FTEs in 2018, transferring 3.0 FTEs from General and Administrative to more appropriately align costs with scope of work and is adding one new position, a risk analyst, with expertise in internal controls.

### **Reliability Assessments and System Analysis (RASA) and Performance Analysis<sup>3</sup>**

The total ERO Enterprise budget for RASA and Performance Analysis combined is decreasing \$1.0M and total FTEs allocated to these areas are decreasing 0.3. NERC is maintaining the same number of FTEs, but is decreasing the budget \$498k, primarily due to a lower allocation of indirect expenses. MRO, SERC, SPP and WECC are reducing their budgets by a combined \$941k. MRO's budget reduction is primarily due to a lower allocation of indirect expenses. SERC and SPP have allocated fewer FTEs to the Program, resulting in lower indirect expenses, and each have also reduced contractor and consulting expenses. WECC's budget reduction is primarily due to lower contractor and consulting expenses. FRCC, NPCC and TRE are increasing their budgets in this area, while RF remains relatively flat.

### **Training, Education and Operator Certification**

The Total ERO Enterprise budget for Training, Education and Operator Certification (Training) is decreasing \$749k compared to 2017. The number of FTEs is decreasing by 1.17. NERC's budget is decreasing \$714k primarily due to a decrease of 1.18 FTEs which lowered personnel and indirect expenses. Budget increases and decreases among the Regions primarily offset.

### **Event Analysis**

As noted above, NERC budgets and reports the expenses of Event Analysis in a separate department. The Regional Entities, except NPCC, RF and SERC, include the costs associated with Event Analysis in RAPA. NPCC, RF and SERC include costs associated with event analysis in Situation Awareness. The Event Analysis Program at NERC is decreasing \$285k primarily due to a reduction in the allocation of indirect costs.

### **Situation Awareness and Infrastructure Security (SAIS)**

The total ERO Enterprise budget for SAIS is increasing \$591k. NPCC's budget is increasing \$370k due to an increase of 1.0 FTE, which increased personnel and indirect expenses. RF's budget is increasing \$898k due to the transfer of Event Analysis activity, including 1.5 FTEs from CMEP to Situation Awareness. SERC's budget is decreasing \$444k due to a reduction of 1.5 FTEs, eliminating one position and reallocating 0.5 FTE to the RAPA program.

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<sup>3</sup> In 2016, NERC divided the RAPA Program into (2) areas: RASA, Reliability Assessment and System Analysis; and Performance Analysis. Several years ago, NERC also separated the event analysis function into a separate area. The Regional Entities, except NPCC and RF, combine costs related to regional specific reliability assessment studies, costs to support NERC's RASA Program and costs related to Event Analysis in their Reliability Assessment and Performance Analysis (RAPA) Program. NPCC and RF include costs related to Event Analysis in their Situation Awareness Program. In the table above, the Regional Entity budgets for RAPA are reflected under RASA.

**Electricity Information Sharing and Analysis Center (E-ISAC)**

NERC budgets activities supporting the E-ISAC initiatives as a separate department and a function similar to the E-ISAC does not exist at the Regional Entity level. NERC’s E-ISAC budget is increasing by \$3.3M due to resources added to support the long-term strategy and funding, as detailed fully in Exhibit F of NERC’s 2018 Business Plan and Budget.

**Total ERO Enterprise Budget by Expense Category**

The following table shows the changes in the budget from 2017 to 2018 by expense category for NERC, each Region and WIRAB.

**2018 vs 2017 - Budget Variances by Expense Category**

Entity	2017 Budget (\$000's)	2018 vs 2017 - Budget Variances by Expense Category					2018 v 2017			
		Meetings, Travel and Personnel	Operating Conferecing Expenses	Other Non- Operating Expenses	Indirect Expenses	Fixed Assets	2018 Budget (\$000's)	\$ Variance Over(Under) (\$000's)	% Variance	
NERC	69,602	2,328	22	1,552	32	-	(401)	73,135	3,533	5.1%
FRCC	7,178	406	(12)	(27)	-	-	(31)	7,514	336	4.7%
MRO	11,227	519	29	56	-	-	(105)	11,727	500	4.5%
NPCC	15,147	395	(45)	(207)	-	(3)	(180)	15,107	(40)	-0.3%
RF	19,909	1,572	5	(14)	-	-	(79)	21,394	1,485	7.5%
SERC	17,482	(271)	72	15	-	-	(116)	17,183	(300)	-1.7%
SPP	10,866	14	(99)	77	-	(65)	-	10,793	(72)	-0.7%
TRE	12,167	584	(15)	(168)	-	-	89	12,657	490	4.0%
WECC	26,797	642	150	(657)	-	65	101	27,097	300	1.1%
WIRAB	1,229	(58)	2	(50)	-	(55)	-	1,068	(161)	-13.1%
	<b>191,604</b>	<b>6,132</b>	<b>110</b>	<b>578</b>	<b>32</b>	<b>(58)</b>	<b>(722)</b>	<b>197,675</b>	<b>6,071</b>	<b>3.2%</b>

**Total Personnel Expenses**

Total 2018 personnel expenses for the ERO Enterprise are increasing \$6.1M (4.9%) over 2017 due to a 2.6% increase in total FTEs, average increases of 3% in salaries expense for existing staff, and projected market increases in the cost of employee benefit plans.

**Total Meeting, Travel and Conferencing Expenses**

The total ERO Enterprise budget for meetings, travel and conferencing expenses is increasing by \$110k. SERC’s increase is due to an increase in the travel budget related to the number of audits planned for 2018, an increase in the number of meetings and a focus of bringing remote employees to the office more frequently. WECC’s budget is increasing due to an increase in meeting expenses for training, education and stakeholder outreach and an increase in travel related to the 2018 audit schedule. SPP’s budget is decreasing due to lower travel costs resulting from the number of multi-regional registered entity audits being led by other Regional Entities.

**Operating Expenses**

Total operating expenses for the ERO Enterprise are increasing by \$578k, due to increases in Office Costs and Contractor and Consulting costs. NERC’s budget for Office Costs is increasing \$1.0M due to the reclass of costs related to the audio/visual equipment lease from fixed assets and new technology tools

related to the E-ISAC strategy. NERC's budget for Contractor and Consulting costs is increasing \$596k in support of the E-ISAC strategy and the Cyber Risk Information Sharing Program.

#### **Fixed Assets (excluding the reversal of depreciation)<sup>4</sup>**

The ERO Enterprise total fixed asset (capital) budget, including the reversal of depreciation, is decreasing \$722k, as reflected in the table above. As reflected in the following table, the fixed asset budget for the total ERO Enterprise, excluding the reversal of depreciation, is decreasing \$769k (13.2%). NERC's 2018 budget is decreasing \$498k, primarily due to leasing audio/visual and certain computer equipment, resulting in a decrease in fixed assets and an increase in Office Costs, as noted above. NERC's total budget for expenditures for fixed assets includes \$600k for the entity registration tool, \$1.5M for the CMEP tool and \$150k for leasehold improvements related to the long-term E-ISAC strategy. NPCC's fixed asset budget is decreasing \$161k, and includes continued implementation of an enterprise content management system, compliance issues tracking system, and CMEP data administration application. SERC's budget is increasing \$102k due to increases in the Consortium User Group's computer and software expenditures.

<b>Increase(Decrease) in Fixed Assets - excluding Depreciation</b>				
<b>Entity</b>	<b>2018 Budget</b>	<b>2017 Budget</b>	<b>Change</b>	<b>% Change</b>
<b>NERC</b>	\$ 3,874,000	\$4,372,000	\$ (498,000)	-11.4%
<b>FRCC</b>	127,337	187,894	(60,557)	-32.2%
<b>MRO</b>	286,170	316,781	(30,611)	-9.7%
<b>NPCC</b>	115,000	276,000	(161,000)	-58.3%
<b>RF</b>	207,500	269,500	(62,000)	-23.0%
<b>SERC</b>	345,000	243,000	102,000	42.0%
<b>SPP RE</b>	-	-	-	
<b>TRE</b>	30,000	40,000	(10,000)	-25.0%
<b>WECC</b>	69,301	118,550	(49,249)	-41.5%
<b>WIRAB</b>	-	-	-	
	<b>\$ 5,054,308</b>	<b>\$5,823,725</b>	<b>\$ (769,417)</b>	<b>-13.2%</b>

#### **Total ERO Enterprise Working Capital and Operating Reserves**

The 2017 ending Working Capital and Operating Reserve budget for the Total ERO Enterprise is \$24.2M, based upon a projected beginning balance of \$31.4M and the planned reduction of \$7.2M. As reported in the Total ERO Enterprise Second Quarter Variance Report, the projected beginning balances for 2017 are closely aligned with the projected 2016 year-end balances included in the second quarter 2016 variance reports.

<sup>4</sup> Depreciation is reversed from fixed assets to eliminate the funding requirement that would otherwise be created due to the inclusion of depreciation expense in operating expenses.

**Working Capital and Operating Reserves - 2018 Business Plan and Budget**

<b>Entity</b>	<b>Projected 2018 Beginning Balance</b>	<b>2018 Adjustment</b>	<b>Projected 2018 Ending Balance</b>	<b>Stated Policy</b>
<b>NERC</b>	\$ 7,978,733	\$ (502,999)	\$ 7,475,734	As detailed in Exhibit C of NERC's 2018 Budget
<b>FRCC</b>	1,134,625	(508,449)	\$ 626,176	One (1) month of the total annual budget
<b>MRO</b>	1,818,473	(854,632)	\$ 963,841	30-day cash reserve
<b>NPCC</b>	4,499,893	(626,180)	\$ 3,873,713	Range of 16.67% to 33.33% of Budget
<b>RF</b>	3,789,535	558,612	\$ 4,348,147	10% or a minimum \$1M in operating reserves, plus additional working capital to manage cash flow and stabilize assessments
<b>SERC</b>	686,729	1,013,271	\$ 1,700,000	Up to 10% of budgeted annual costs
<b>SPP RE</b>	775,930	(775,930)	-	None required; rely on SPP, Inc.
<b>TRE</b>	2,352,967	(1,107,967)	\$ 1,245,000	Operating reserve of approximately \$2M, or as adjusted by the Board
<b>WECC</b>	4,894,555	899,706	\$ 5,794,261	Working Capital Reserve balance equal to one to two months of Personnel, Meeting and Operating Expenses. Additional reserves for assessment stabilization
<b>WIRAB</b>	956,109	(356,109)	\$ 600,000	56% of budgeted expenses
	<b>\$ 28,887,549</b>	<b>\$ (2,260,677)</b>	<b>\$ 26,626,872</b>	

Funds in excess of projected starting working capital and operating reserve balances will be subject to applicable NERC and Regional Entity controls over the expenditure of such funds and will be taken into account in developing 2019 funding requirements.



**Consolidated ERO**  
**Statement of Activities, Fixed Assets and Change in Working Capital**  
**2018 Budget v 2017 Budget**

	<b>2018 Budget</b>	<b>2017 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Funding</b>				
<b>ERO Funding</b>				
ERO Assessments	\$ 179,014,498	\$ 170,907,781	\$ 8,106,717	
Penalty Sanctions	6,376,000	3,694,500	2,681,500	
<b>Total ERO Funding</b>	<b>\$ 185,390,498</b>	<b>\$ 174,602,281</b>	<b>\$ 10,788,217</b>	<b>6.2%</b>
Third Party Funding	\$ 7,324,253	\$ 6,990,447	333,806	
Testing Fees	1,790,000	1,921,900	(131,900)	
Services & Software	50,000	50,000	0	
Workshops	1,057,075	1,149,901	(92,826)	
Interest	223,650	81,650	142,000	
Miscellaneous	86,000	383,500	(297,500)	
<b>Total Funding (A)</b>	<b>\$ 195,921,476</b>	<b>\$ 185,179,678</b>	<b>\$ 10,741,797</b>	<b>5.8%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 99,418,702	\$ 94,929,512	\$ 4,489,190	
Payroll Taxes	6,392,761	6,135,923	256,838	
Benefits	13,914,648	13,110,453	804,196	
Retirement Costs	11,880,852	11,299,190	581,661	
<b>Total Personnel Expenses</b>	<b>\$ 131,606,963</b>	<b>\$ 125,475,078</b>	<b>\$ 6,131,884</b>	<b>4.9%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 3,114,913	\$ 3,080,818	\$ 34,095	
Travel	7,499,442	7,450,740	48,702	
Conference Calls	370,664	343,772	26,892	
<b>Total Meeting Expenses</b>	<b>\$ 10,985,019</b>	<b>\$ 10,875,330</b>	<b>\$ 109,689</b>	<b>1.0%</b>
<b>Operating Expenses</b>				
Consultants & Contracts	\$ 22,412,100	\$ 22,994,828	\$ (582,728)	
Office Rent	8,044,183	7,847,633	196,550	
Office Costs	10,294,211	9,060,314	1,233,897	
Professional Services	5,928,017	6,140,028	(212,011)	
Miscellaneous	135,746	146,122	(10,376)	
Depreciation	3,767,189	3,814,602	(47,414)	
<b>Total Operating Expenses</b>	<b>\$ 50,581,445</b>	<b>\$ 50,003,528</b>	<b>\$ 577,917</b>	<b>1.2%</b>
<b>Total Direct Expenses</b>	<b>\$ 193,173,426</b>	<b>\$ 186,353,936</b>	<b>\$ 6,819,490</b>	<b>3.7%</b>
<b>Indirect Expenses</b>	<b>\$ 3,075,589</b>	<b>\$ 3,134,086</b>	<b>\$ (58,497)</b>	<b>-1.9%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 138,878</b>	<b>\$ 106,725</b>	<b>\$ 32,153</b>	<b>30.1%</b>
<b>Total Expenses (B)</b>	<b>\$ 196,387,893</b>	<b>\$ 189,594,747</b>	<b>\$ 6,793,146</b>	<b>3.6%</b>
<b>Change in Assets</b>	<b>\$ (466,418)</b>	<b>\$ (4,415,069)</b>	<b>\$ 3,977,782</b>	<b>-90.1%</b>
<b>Fixed Assets</b>				
Depreciation	(3,767,189)	(3,814,602)	47,414	
Computer & Software CapEx	3,710,007	3,604,064	105,943	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	1,187,000	2,020,000	(833,000)	
Leasehold Improvements	150,000	193,111	(43,111)	
Allocation of Fixed Assets	7,301	6,550	751	
<b>Inc(Dec) in Fixed Assets ( C)</b>	<b>\$ 1,287,119</b>	<b>\$ 2,009,123</b>	<b>\$ (722,003)</b>	<b>-35.9%</b>
<b>TOTAL BUDGET (=B + C)</b>	<b>\$ 197,675,013</b>	<b>\$ 191,603,870</b>	<b>\$ 6,071,143</b>	<b>3.2%</b>
<b>CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (1,753,537)</b>	<b>\$ (6,424,191)</b>	<b>\$ 4,670,654</b>	<b>-72.7%</b>
<b>FTEs</b>	<b>703.8</b>	<b>685.8</b>	<b>18.0</b>	<b>2.6%</b>

## 2019 and 2020 Preliminary Projections

The 2019 total budget for the ERO Enterprise (NERC, Regional Entities and WIRAB) is projected to increase approximately \$8.6M (4.4%) over the 2018 total budget. NERC and the Regional Entities are projecting the 2020 total budget to increase approximately \$6.4M (3.1%) over the 2019 Total Budget. Total FTEs projected to increase in 2019 by 18.0 (2.6%) over 2018 and by 4.7 (0.7%) in 2020 over 2019. For NERC, the increases in FTEs are primarily related to the E-ISAC long-term strategy. NERC and Regional Entity management will continue to review and refine these projections as part of the 2019 business plan and budget cycle with the continued objective of maximizing the efficiency and effectiveness of overall enterprise operations and mitigating significant budget increases where possible.

Total Budget								
Entity	2018	2019	Change		2020	Change		%
	Budget	Projection	2019 v 2018	% Change	Projection	2019 v 2018	% Change	
NERC	\$ 73,135	\$ 78,065	\$ 4,930	6.7%	\$ 80,186	\$ 2,121	2.7%	
FRCC	7,514	7,588	74	1.0%	7,922	335	4.4%	
MRO	11,727	12,079	352	3.0%	12,441	362	3.0%	
NPCC	15,107	15,457	350	2.3%	15,835	378	2.4%	
RF	21,394	22,479	1,085	5.1%	23,300	821	3.7%	
SERC	17,183	18,140	958	5.6%	18,902	762	4.2%	
SPP RE	10,793	11,117	324	3.0%	11,451	334	3.0%	
TRE	12,657	13,163	506	4.0%	13,690	527	4.0%	
WECC	27,097	27,133	35	0.1%	27,865	733	2.7%	
WIRAB	1,068	1,097	29	2.7%	1,127	30	2.7%	
	<b>\$ 197,675</b>	<b>\$ 206,317</b>	<b>\$ 8,642</b>	<b>4.4%</b>	<b>\$ 212,719</b>	<b>\$ 6,401</b>	<b>3.1%</b>	

Total FTEs								
Entity	2018	2019	Change		2020	Change		%
			2018 v 2017	% Change		2019 v 2018	% Change	
NERC	199.3	207.7	9.4	4.7%	212.44	4.70	2.3%	
FRCC	30.6	30.64	0.6	2.1%	30.64	-	0.0%	
MRO	45.0	45.00	2.0	4.4%	45.00	-	0.0%	
NPCC	36.9	36.86	-	0.0%	36.86	-	0.0%	
RF	76.2	76.20	3.9	5.1%	76.20	-	0.0%	
SERC	75.0	75.00	-	0.0%	75.00	-	0.0%	
SPP RE	32.3	33.25	(1.0)	-2.9%	33.25	-	0.0%	
TRE	60.0	60.00	-	0.0%	60.00	-	0.0%	
WECC	143.0	143.00	3.0	2.1%	143.00	-	0.0%	
WIRAB	5.5	5.50	-	0.0%	5.50	-	0.0%	
	<b>703.8</b>	<b>713.19</b>	<b>18.00</b>	<b>2.6%</b>	<b>717.89</b>	<b>4.70</b>	<b>0.7%</b>	