

Preliminary 2016 ERO Consolidated Budgets and Assessments

May 27, 2015

NERC Finance and Audit Committee Conference Call

RELIABILITY | ACCOUNTABILITY



- 2016 Consolidated ERO Enterprise Budget
- 2016 Consolidated Total Assessments
- 2016 Consolidated Assessments by Region
- Factors Impacting Assessments
- 2017 and 2018 Budget Projections
 - NERC
 - Regional Entities and WIRAB

2016 Consolidated ERO Enterprise Budget

Entity	2014		2015		2015 Projection v 2015 Budget Over (Under)		2016		2016 Budget v 2015 Budget Over (Under)	
	Actual	Budget	Projection	2015 Projection v 2015 Budget Over (Under)	%	Budget	Over (Under)	%		
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	%	(\$000's)	(\$000's)	%		
NERC	\$ 54,691	\$ 66,649	\$ 66,891	\$ 242	0.4%	\$ 68,798	\$ 2,149	3.2%		
FRCC	6,000	7,162	7,111	(52)	-0.7%	7,262	99	1.4%		
MRO	9,614	10,329	10,615	286	2.7%	11,355	1,026	9.9%		
NPCC	14,603	14,779	14,779	-	0.0%	15,073	294	2.0%		
RFirst	19,663	18,757	18,757	-	0.0%	19,367	610	3.3%		
SERC	15,543	15,996	16,013	17	0.1%	15,706	(290)	-1.8%		
SPP RE	9,818	11,808	11,775	(33)	-0.3%	10,261	(1,547)	-13.1%		
TRE	9,832	11,984	11,984	-	0.0%	11,782	(201)	-1.7%		
WECC	25,438	26,300	26,300	-	0.0%	27,385	1,085	4.1%		
WIRAB*	704	1,014	1,019	6	0.5%	1,370	357	35.2%		
	\$ 165,203	\$ 184,777	\$ 185,243	\$ 466	0.3%	\$ 188,359	\$ 3,582	1.9%		

Entity	2014	2015		2016		Change	
	Budget (\$000's)	Budget (\$000's)	% of Total ERO Budget	Budget (\$000's)	% of Total ERO Budget	2016 v 2015 (\$000's)	% Change
NERC	51,401	55,308	33.8%	57,216	34.3%	1,908	3.4%
FRCC	5,488	6,063	3.7%	6,628	4.0%	566	9.3%
MRO	8,741	9,426	5.8%	10,901	6.5%	1,475	15.7%
NPCC	13,612	14,069	8.6%	14,349	8.6%	280	2.0%
RFirst	15,160	18,714	11.4%	19,367	11.6%	653	3.5%
SERC	13,734	13,731	8.4%	13,731	8.2%	0	0.0%
SPP	9,219	9,681	5.9%	8,712	5.2%	-968	-10.0%
TRE	10,509	10,500	6.4%	9,612	5.8%	-888	-8.5%
WECC	15,631	25,032	15.3%	25,032	15.0%	0	0.0%
WIRAB	588	1,058	0.6%	1,240	0.7%	182	17.2%
	144,085	163,582	100.0%	166,791	100.0%	3,208	2.0%

Dollar and Percentage Increase (Decrease) in Preliminary Assessments by Region 2016 v 2015

REGION	CHANGE IN TOTAL ERO ASSESSMENTS BY REGION		CHANGE IN REGIONAL ENTITY & WIRAB ASSESSMENTS	CHANGE IN NERC ASSESSMENTS
	TOTAL		TOTAL	TOTAL
	\$	%	\$	\$
FRCC	665,559	7.5%	565,619	99,940
MRO	1,602,191	12.2%	1,475,293	126,898
NPCC	389,803	1.9%	280,318	109,485
RF	1,063,689	3.5%	653,312	410,377
SERC	451,489	1.7%	(62)	451,551
SPP RE	(749,859)	-6.0%	(968,256)	218,397
TRE	(737,753)	-5.0%	(887,998)	150,245
WECC	523,332	1.5%	182,199	341,133
Total	3,208,452		1,300,425	1,908,027
% Change		2.2%	1.4%	3.4%

- NERC and Regional Entity Resource Requirements and Budgets
- Year End Reserve Levels
 - Surplus reserves
 - Reserves from prior years that can be applied (e.g. Stabilization Reserve)
- Penalty Funds
 - Loss of one time offsets applied in prior year
 - New penalty funds available
- Year to Year NEL (Net Energy for Load) Variations
 - NERC funding requirements allocated among Regions on NEL basis (Each Region's NEL compared to total ERO NEL)
 - Combined NERC Regional funding requirements allocated to LSEs within Regions on NEL basis within the Region

Working Capital, Operating and Other Reserves

Entity	Projected Beginning 2016 Balance	2016 Adjustment	Projected 2016 Ending Balance	Stated Policy
NERC	\$ 6,551,887	\$ (281,323)	\$ 6,270,564	As detailed in Exhibit C of NERC's 2016 Budget
FRCC	1,041,197	(436,070)	605,127	one (1) month of the total annual budget
MRO	1,260,087	(326,829)	933,258	30-day cash reserve for 2016
NPCC	3,932,546	(596,634)	3,335,912	Range of 16.67% and 33.33% of Budget
RFirst	1,055,079	559,426	1,614,505	10% of budgeted expenses or a minimum of \$1M as determined by the Board each budget cycle, plus \$615k in working capital
SERC	3,566,957	(671,457)	2,895,500	10% of budgeted annual costs (\$1.6M), plus temporary increase (\$1.3M)
SPP	1,355,229	(1,355,229)	-	None required; rely on SPP, Inc.
TRE	4,288,102	(1,883,767)	2,404,335	Operating reserve of \$2M
WECC	3,014,942	627,378	3,642,320	Working Capital Reserve balance equal to one-to-two months of Personnel and Operating Expenses
WIRAB	229,367	(129,367)	100,000	\$100,000 for contingencies
	\$ 26,295,393	\$ (4,493,872)	\$ 21,801,521	

Entity	2016 Budget (\$000's)	2017 Budget (\$000's)	Change		2018 Budget (\$000's)	Change	
			2017 v 2016 (\$000's)	% Change		2018 v 2017 (\$000's)	% Change
NERC	68,798	70,937	2,139	3.1%	70,454	-483	-0.7%
FRCC	7,262	7,588	327	4.5%	7,769	181	2.4%
MRO	11,355	11,214	-140	-1.2%	11,551	336	3.0%
NPCC	15,073	15,415	342	2.3%	15,770	355	2.3%
RFirst	19,367	20,073	706	3.6%	21,255	1,182	5.9%
SERC	15,706	15,859	153	1.0%	16,138	279	1.8%
SPP RE	10,261	10,568	308	3.0%	10,885	317	3.0%
TRE	11,782	11,715	-67	-0.6%	12,184	469	4.0%
WECC	27,385	27,192	-193	-0.7%	27,908	716	2.6%
WIRAB	1,370	1,410	40	2.9%	1,453	43	3.1%
	188,359	191,972	3,614	1.9%	195,367	3,395	1.8%