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2009 Business Plan and Budget

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Introduction

Total Regional Entity Resources				
(in whole dollars)				
	2009 Budget	U.S.	Canada	Mexico
Statutory FTEs	18.41			
Non-statutory FTEs	9.03			
Total FTEs	27.44			
Statutory Funding*	\$4,628,827	\$4,628,827		
Non-statutory Funding*	3,189,713	3,189,713		
Total Funding	\$7,818,540	\$7,818,540		
NEL				
NEL %				

*Includes a Cash Reserve requirement.

The Florida Reliability Coordinating Council (FRCC) is a not-for-profit corporation that was formed in 1996 and is one of the eight regions of the North American Electric Reliability Corporation (NERC). Membership in the FRCC's Regional Entity Division is open to any entity, without cost, that has a material interest in the reliability of the bulk power system in the FRCC Region. The FRCC is governed by a balanced stakeholder Board of Directors, and accomplishes its activities through standing committees which have balanced stakeholder governance.

The FRCC standing committees actively participate in the development and approval of their committee's budget. The budgets reflect activities of each committee's responsibilities, such as resource adequacy, stability studies, transmission studies, reliability assessments, operations tools, system operator training, telecommunications infrastructure and tools. The total FRCC budget will be presented to the FRCC Board of Directors in the second quarter of each year for informational purposes. The purpose of this is to give all FRCC members advanced indication of the funding level which will be required for the coming fiscal year (January 1 – December 31). This allows for a timely inclusion of each member's funding responsibility to be included in their individual budgeting process. The final budget will be presented to the FRCC Board of Directors in July of each year and will then be submitted to NERC upon approval by the FRCC Board of Directors.

The FRCC will provide the statutory functions and services for the FRCC Region through a Regional Entity Division, as well as non-statutory services for the FRCC Region through a Member Services Division. This divisional separation will allow for distinct funding regarding the activities determined to be statutory and in furtherance of NERC's mission. It will also allow for distinct funding for member services, particular and essential to the reliability of the bulk power system in the FRCC Region, and will also enhance efficiency. The revised FRCC By-Laws, creating the divisional separation, were approved by the Federal Energy Regulatory Commission ("FERC") on March 21, 2008.

Through its Regional Entity Division, the FRCC will work to enhance the reliability of the bulk power system in the FRCC Region through the development of regional reliability standards, assessment of reliability, and compliance assessment and enforcement of reliability standards

pursuant to the execution and implementation of a Regional Delegation Agreement with the Electric Reliability Organization (“ERO”) under the authority of the FERC.

Through its Member Services Division, FRCC will also promote the reliable and efficient operation of the bulk power system in the FRCC Region through establishment of regionally-specific criteria, coordination of system planning, design and operations, and monitoring and enforcement of compliance with such non-mandatory criteria.

Delegated Authority and the Regional Entities

As part of its responsibilities, NERC, as the ERO, delegates its authority to Regional Entities (FRCC) to perform certain functions through delegation agreements. On March 21, 2008, FERC approved revised delegation agreements between NERC and the eight regional entities. These delegations agreements describe the enforcement authority delegated to the Regional Entities. The funding for Regional Entities is approved separately with each Regional Entity submitting its own business plan and budget for consideration by NERC and FERC.

Membership and Governance

FRCC's Members in the Member Services Division include investor-owned utilities, cooperative utilities, municipal utilities, power marketers, independent power producers and a general membership category. There are projected to be 26 FRCC Members. The FRCC By-Laws approved by FERC establish a General Sector which increases the number of sectors from five (5) to six (6). The new sector will allow membership of parties with a material interest in the reliability of the bulk power system within the FRCC region. It is FRCC's goal to populate this sector by the fourth quarter of 2008.

The activities of FRCC are directed by its Board of Directors. The Board is comprised of top level executives from each member of FRCC.

Statutory Functional Scope

FRCC carries out its delegated functions as outlined in the Delegation Agreement and detailed in Exhibits C, D and E of the Delegation Agreement. These delegation functions include:

- Reliability Standards Development (Section 300)
- Compliance Monitoring and Enforcement (Section 400)
- Organization Registration and Certification (Section 500)
- Reliability Readiness Evaluation and Improvement (Section 700)
- Reliability Assessment and Performance Analysis (Section 800) (including necessary data gathering activities)
- Training, Education and Operator Certification (Section 900)
- Situational Awareness and Infrastructure Security (Section 1000)

Planning Cycle

The FRCC shall begin its planning cycle within 12 months of submittal of the final business plan to NERC.

2009 Primary Objectives (Regional Entity Division) —

- Implementation of the new Regional Reliability Standards Development Process as outlined in Exhibit C of the delegation agreement.

- Development of the Compliance Monitoring and Enforcement Program (“CMEP”) hearing process.
- Development of all forms, and infrastructure necessary to carry out timely hearings within the FRCC region.
- Improve communications to registered entities on compliance by (a) Developing and conducting two FRCC Compliance Workshops to educate registered entities; (b) Educating the FRCC Board Compliance Committee on the hearing process; (c) developing a Frequently Asked Question (FAQ) section to the website; (d) developing a letter explaining the process to be sent with the Notice of Violation.
- Work closely with the other Regional Entities and NERC to ensure that the delegated functions are implemented consistently and rationally.
- Gain FERC approval of at least four (4) Regional Reliability Standards.

Major 2009 Cost Impacts

- Further development of the CMEP software
- Consolidation of staff onto one floor
- Addition of two (2) positions to support Compliance Monitoring and Enforcement
- Addition of a Contract Consultant to support Reliability Readiness Evaluation and Improvement

Detailed Business Plans and Budgets by Program

Details of the planning, operation, review, and adjustment for each program area are included in Section A. The corresponding budget details are shown in Section B.

Section A — 2009 Business Plan

Reliability Standards Development Program

Reliability Standards Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	1.55	1.26	1.75
Total Direct Funding	\$311,623	\$260,600	\$338,838
Total Indirect Funding ¹	168,992	168,992	64,812
Total Funding	\$480,615	\$429,592	\$403,650

Background

The revised FRCC Regional Reliability Standard Development Process was approved by FERC on March 21, 2008. Historically, the FRCC Operating Committee and the FRCC Planning Committee, both of which are balanced stakeholder committees, had the primary responsibility for the development, modification or withdrawal of FRCC Regional Reliability Standards through standards drafting teams. However, the revised process establishes a Registered Ballot Body (RBB) to participate in and vote on FRCC Regional Reliability Standards. FRCC membership is not a requirement to participate in the development of and voting on FRCC Regional Reliability Standards. Any entity or person that has a material interest in the reliability of the FRCC Bulk Power System shall be allowed to register as potential ballot participants in the RBB.

The FRCC Board of Directors considers for adoption as FRCC Regional Reliability Standards, those Standards that have been developed and approved by this process. Upon adoption by the Board of Directors, such Standards are submitted to NERC for approval. When approved by NERC, they will be submitted to FERC for approval.

The proposed FRCC Regional Reliability Standard Development Process includes a registered ballot body which allows both members and non-members to vote on FRCC standards.

Standards Process

The FRCC Regional Reliability Standard Development Process is based on providing an open and fair process that ensures all interested and affected parties have an opportunity to participate in the development of FRCC Regional Reliability Standards. FRCC Regional Reliability Standards go beyond, add detail to, or implement NERC Reliability Standards, or cover matters not addressed in NERC Reliability Standards. FRCC Regional Reliability Standards shall not be inconsistent with or less stringent than NERC Reliability Standards.

¹ Indirect funding is calculated by allocating all administrative services funding to the operational program areas on a proportional FTE basis.

FRCC Regional Reliability Standards are based on NERC's Reliability Principles and Market Interface Principles. Each FRCC Regional Reliability Standard shall enable or support one or more of NERC's Reliability Principles and must accommodate competitive electricity markets by being consistent with NERC's Market Interface Principles.

The FRCC Regional Reliability Standard Development Process defines the fair and open process for development, revision, withdrawal and approval of FRCC Regional Reliability Standards for the FRCC Region and has the following characteristics:

- **Due Process** – Any interested party, or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System has a right to participate in this process.
- **Openness** – Participation is open to any interested party or any entity that is directly and materially affected by the reliability of the FRCC Bulk Power System. Participation shall not be conditional upon membership in the FRCC. All FRCC Regional Reliability Standards development meetings will be open and noticed on the FRCC website.
- **Balance** – The FRCC Regional Reliability Standard Development Process shall have a balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

Reliability Standards Development Program Objectives

The Standards Program objectives for 2009 are outlined below:

- Continue to follow and participate in NERC's revision and development of "Fill-in-the blank" standards and develop any needed Regional Reliability Standards as appropriate.
- Continue the development of Regional Reliability Standards that are required by NERC standards or are needed for reliability within the FRCC region.
- Participate in the development and approval of NERC Reliability Standards.
- Educate and inform industry stakeholders through standards workshops.

Section 215 Regional Entity Reliability Standards Development

The FRCC currently has under development the following Reliability Standards:

- Regional Generator Performance During Frequency and Voltage Excursions
- Automatic Underfrequency Load Shedding Program
- Analysis of Misoperations of Transmission and Generation Protection System
- Disturbance Monitoring and Reporting Requirements

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses – It is the intent of the FRCC to fill the Reliability Standards Development Manager position in 2008 and it is felt that it is possible to hire the candidate for less than was first anticipated. Therefore, salaries and associated costs have been adjusted for 2009 to a more reasonable projection.

Meeting and Travel Costs – A more realistic approach was used to estimate the cost of travel, meetings and conference calls now that it is known what meetings will be necessary to accomplish this function.

Operating Costs – It is felt that the hiring of a full time employee will replace the need for consultants and contractors for this function.

Reliability Standards Development Program

Funding sources and related expenses for the reliability standards section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Standards Development					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Budget Over(Under)
Funding					
ERO Assessments	\$ 480,612	\$ 480,612	\$ -	\$ 403,650	\$ (76,962)
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ 480,612	\$ 480,612	\$ -	\$ 403,650	\$ (76,962)
Expenses					
Personnel Expenses					
Salaries	\$ 286,908	\$ 247,778	\$ (39,130)	\$ 233,529	\$ (53,379)
Payroll Taxes	20,083	17,934	(2,149)	15,172	(4,911)
Benefits	50,840	44,009	(6,831)	23,006	(27,834)
Retirement Costs	38,166	35,253	(2,913)	32,846	(5,320)
Total Personnel Expenses	\$ 395,997	\$ 344,974	\$ (51,023)	\$ 304,553	\$ (40,421)
Meeting Expenses					
Meetings	\$ 1,797	\$ 1,797	\$ -	\$ 4,453	\$ 2,656
Travel	8,627	8,627	-	21,907	13,280
Conference Calls	1,797	1,797	-	7,843	6,046
Total Meeting Expenses	\$ 12,221	\$ 12,221	\$ -	\$ 34,203	\$ 21,982
Operating Expenses					
Consultants & Contracts	\$ 10,036	\$ 10,036	\$ -		\$ (10,036)
Office Rent	26,411	26,411	-	27,415	1,004
Office Costs	14,911	14,911	-	20,103	5,192
Professional Services	2,301	2,301	-	12,019	9,718
Computer Purchase & Maintenance	10,001	10,001	-	841	(9,160)
Furniture & Equipment	8,375	8,375	-	4,270	(4,105)
Miscellaneous	359	359	-	246	(113)
Contingency	-	-	-		-
Total Operating Expenses	\$ 72,394	\$ 72,394	\$ -	\$ 64,894	\$ (7,500)
Other Non-Operating Expenses					
			\$ -		\$ -
Total Expenses	\$ 480,612	\$ 429,589	\$ (51,023)	\$ 403,650	\$ (76,962)
Change in Assets	\$ -	\$ 51,023	\$ 51,023	\$ -	\$ -

Compliance Monitoring and Enforcement Program

Compliance Monitoring and Enforcement Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	7.2	6.9	9.10
Total Direct Funding	\$1,218,578	\$1,126,125	\$1,975,696
Total Indirect Funding	784,996	784,996	346,855
Total Funding	\$2,003,574	\$1,911,121	\$2,322,551

Background

Monitoring, evaluating, investigating, and enforcing compliance with reliability standards by owners, operators, and users of the bulk power system, as well as the development and adoption of the reliability standards themselves, are at the core of FRCC's mission. As the Regional Entity, FRCC monitors and enforces compliance with approved reliability standards by owners, operators and users of the bulk power system in the FRCC Region.

Through a rigorous program of monitoring, evaluating, investigations, mitigation activities, and if necessary, the imposition of penalties and sanctions for noncompliance with reliability standards, FRCC will strive to maintain a high level of reliable operation of the bulk power system in the FRCC Region. Reliable operation of the bulk power system is in the public interest, because it will benefit all owners, operators, and users of the bulk power system, and, ultimately, all users and consumers of electric power in the FRCC Region.

The FRCC Compliance Monitoring and Enforcement Program (CMEP) is the program used by the FRCC to monitor, assess, and enforce compliance with Reliability Standards within the FRCC Region. This is accomplished through compliance monitoring and rigorous proactive compliance audits.

The 2008 staffing of the compliance function consists of: the Manager of Compliance, two Compliance Program Administrators, and three Compliance Engineers/Auditors. Due to the significant increase in workload resulting from the additional monitoring and enforcement activities necessary to meet the obligations under the delegation agreement, FRCC requested additional positions to perform the compliance program functions in 2008. The 2009 budget includes the addition of two (2) auditor positions.

In 2009, FRCC expects to complete nine (9) on-site compliance audits, nine (9) table top compliance audits, 79 self-certifications, 44 spot checks, and 948 periodic data submittals compared to five (5) on-site compliance audits, 10 table top compliance audits, 77 self-certifications, 72 spot checks, and 204 periodic data submittals done in 2008

2009 Highlights Compliance Monitoring and Enforcement Processes

The FRCC will monitor, assess and enforce compliance with Reliability Standards using eight (8) monitoring processes (a. Compliance Audits, b. Self-Certifications, c. Spot Checking, d.

Compliance Violation Investigations, e. Self-Reporting, f. Periodic Data Submittals, g. Exception Reporting, and h. Complaints) to collect information in order to make assessments of compliance to Reliability Standards.

Enforcement and Mitigation

Enforcement actions taken by FRCC through the Compliance Program may include the imposition of remedial actions, sanctions, and penalties, when applicable, which shall be based on the schedule of penalties and sanctions approved for implementation by FERC. Mitigation of violations of the approved Reliability Standards remains central to the FRCC's CMEP. Registered Entities found in violation of a Reliability Standard will be required to mitigate the violation regardless of any enforcement actions taken.

Compliance Monitoring and Enforcement Program Objectives

The Compliance Monitoring and Enforcement Program objectives for 2009 are outlined below:

- Continue to assess and update entity registration and certification. The FRCC will maintain an accurate registration of all owners, operators, and users of the bulk power system in the FRCC Region for compliance monitoring purposes.
- An annual Compliance Monitoring and Enforcement Program Implementation Plan will be submitted by November 1 of each year to NERC for approval. In accordance with NERC Rule of Procedure Section 401.6, the annual plan identifies (1) all Reliability Standards identified by NERC to be actively monitored during each year, (2) other Reliability Standards proposed for active monitoring by the FRCC, (3) the methods to be used by the FRCC for reporting, monitoring, evaluation, and assessment of performance criteria with each Reliability Standard, and (4) the FRCC's Annual Audit Plan.
- Implement the FRCC CMEP as approved by the FRCC Board of Directors and by FERC as part of the FRCC Delegation Agreement.
- Work with NERC Compliance staff and other Regional Entity Compliance staff to ensure consistency with other regional compliance programs.
- The FRCC will report and process all alleged violations as described in the NERC Compliance Monitoring and Enforcement Program.
- Conduct periodic audits, spot checks, self-certifications, and Compliance Violation Investigations as required by the NERC Compliance Monitoring and Enforcement Program.
- Develop and enhance processes, databases, and reporting tools to allow for seamless, uniform reporting of alleged and confirmed violations of standards, proposed penalty and sanctions actions, and disposition of all violations.
- Track the mitigation of identified violations of standards. Perform due diligence to ensure that mitigation plans that are reported as complete are completed to FRCC's expectations. Appropriately address mitigation plans that are not completed by the due date.

Funding Requirements — Explanation of Increase (Decrease)

Additional funding to further modify the CMEP software
Addition of two (2) personnel to perform Compliance Auditing functions

Personnel Expenses –It is felt that it will be necessary to hire two (2) additional Compliance Auditors in order to accomplish the 80% increase in the number of on-site audits scheduled for 2009. Therefore, salaries and associated costs have been adjusted for 2009 to reflect these employees.

Meeting and Travel Costs – This increase is the result of the two (2) additions to staff that are required to accomplish the work schedule.

Operating Costs – This increase is the result of additional space that is necessary to accommodate the additions to staff in a segregated controlled and secure area. It is also anticipated that the cost of additions and modifications to the Compliance Tracking and Monitoring software will be completed and in use.

Section B — 2009 Schedules

Compliance Monitoring and Enforcement Program
 Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Compliance Monitoring and Enforcement					
	2008	2008	2008 Projection	2009	2009 Budget
	Budget	Projection	Variance to	Budget	Variance to
			2008 Budget		2008 Budget
			Over(Under)		Over(Under)
Funding					
ERO Assessments	\$ 2,003,574	\$ 2,003,574	\$ -	\$ 2,322,551	\$ 318,977
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ 2,003,574	\$ 2,003,574	\$ -	\$ 2,322,551	\$ 318,977
Expenses					
Personnel Expenses					
Salaries	\$ 1,049,077	\$ 905,146	\$ (143,931)	\$ 1,220,522	\$ 171,445
Payroll Taxes	73,435	65,758	(7,677)	79,296	5,861
Benefits	185,896	184,634	(1,262)	120,238	(65,658)
Retirement Costs	139,552	124,625	(14,927)	171,666	32,114
Total Personnel Expenses	\$ 1,447,960	\$ 1,280,163	\$ (167,797)	\$ 1,591,722	\$ 311,559
Meeting Expenses					
Meetings	\$ 28,349	\$ 28,349	\$ -	\$ 24,974	\$ (3,375)
Travel	90,075	90,075	-	129,088	39,013
Conference Calls	8,349	8,349	-	342	(8,007)
Total Meeting Expenses	\$ 126,773	\$ 126,773	\$ -	\$ 154,404	\$ 27,631
Operating Expenses					
Consultants & Contracts	\$ 46,621	\$ 46,621	\$ -	\$ 80,000	\$ 33,379
Office Rent	122,681	122,681	-	143,283	20,602
Office Costs	74,066	74,066	-	105,067	31,001
Professional Services	98,437	98,437	-	62,820	(35,617)
Computer Purchase & Maintenance	46,459	46,459	-	4,398	(42,061)
Furniture & Equipment	38,907	114,251	75,344	179,573	140,666
Miscellaneous	1,670	1,670	-	1,284	(386)
Contingency			-		-
Total Operating Expenses	\$ 428,841	\$ 504,185	\$ 75,344	\$ 576,425	\$ 147,584
Other Non-Operating Expenses			\$ -		\$ -
Total Expenses	\$ 2,003,574	\$ 1,911,121	\$ (92,453)	\$ 2,322,551	\$ 318,977
Change in Assets	\$ -	\$ 92,453	\$ 92,453	\$ -	\$ -

Organization Registration and Certification Program

Organization Registration and Certification Program Resources			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs		.11	.16
Total Direct Funding		\$22,292	\$28,026
Total Indirect Funding			15,764
Total Funding		\$22,292	\$43,790

Background

Registration and Certification

The FRCC will register the organizations responsible for complying with Reliability Standards in accordance with Section 500 of the NERC Rules of Procedure. Registration for complying with the standards will be an ongoing activity. Additionally, maintaining a complete and accurate database will be an ongoing activity. The FRCC will develop, maintain, and provide to NERC a FRCC Compliance Registry with updates as changes occur in the registry.

Registration and Certification Program Objectives

The Registration and Certification Program objectives for 2009 are outlined below:

- Maintain an up-to-date Compliance Registry
- Review the Compliance Registry periodically to ensure accuracy
- Support NERC Certification Program activities

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses –It is felt that the FRCC will put more emphasis on this function in 2009 since it will be up to staffing in other program areas and can devote the time to this program.

Registration and Certification Program

Funding sources and related expenses for the registration and certification program section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Organization Registration and Certification					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Budget Over(Under)
Funding					
ERO Assessments			\$ -	\$ 43,790	\$ 43,790
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ -	\$ -	\$ -	\$ 43,790	\$ 43,790
Expenses					
Personnel Expenses					
Salaries		\$ 13,116	\$ 13,116	\$ 27,539	\$ 27,539
Payroll Taxes		1,240	1,240	1,789	1,789
Benefits		1,888	1,888	2,713	2,713
Retirement Costs		2,964	2,964	3,873	3,873
Total Personnel Expenses	\$ -	\$ 19,208	\$ 19,208	\$ 35,914	\$ 16,706
Meeting Expenses					
Meetings		\$ 32	\$ 32	\$ 22	\$ 22
Travel		472	472	197	197
Conference Calls		28	28	8	8
Total Meeting Expenses	\$ -	\$ 532	\$ 532	\$ 227	\$ (305)
Operating Expenses					
Consultants & Contracts		\$ 96	\$ 96		\$ -
Office Rent		1,608	1,608	3,233	3,233
Office Costs		476	476	2,369	2,369
Professional Services		276	276	1,417	1,417
Computer Purchase & Maintenance		68	68	99	99
Furniture & Equipment		28	28	503	503
Miscellaneous			-	28	28
Contingency			-		-
Total Operating Expenses	\$ -	\$ 2,552	\$ 2,552	\$ 7,649	\$ 7,649
Other Non-Operating Expenses			\$ -		\$ -
Total Expenses	\$ -	\$ 22,292	\$ 22,292	\$ 43,790	\$ 43,790
Change in Assets	\$ -	\$ (22,292)	\$ (22,292)	\$ -	\$ -

Reliability Readiness Evaluation and Improvement Program

Reliability Readiness Evaluation and Improvement Program Resources			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	.14	.12	.09
Total Direct Funding	\$74,951	\$74,951	\$109,248
Total Indirect Funding	15,264	15,264	10,507
Total Funding	\$90,215	\$90,215	\$119,755

Background

The NERC Reliability Readiness Evaluation and Improvement Program will continue to conduct independent evaluations of the operations of all balancing authorities, transmission operators, reliability coordinators, and other entities that support the reliable operation of the bulk power system in North America and assesses their readiness to maintain safe and reliable operations. The Program also serves as an industry forum for sharing industry operating and planning experience and practices. NERC evaluates entities that conduct activities and functions particularly critical to achieving the reliable operation of the bulk power systems. Readiness evaluations are designed to ensure operators of the bulk power system have adequate tools, processes, procedures, and infrastructure in place to operate reliably. The evaluations identify strengths and areas for improvement in an effort to promote excellence in operations among those organizations. Evaluations typically result in recommendations on potential improvements to evaluated participants along with recognition of positive observations or examples of excellence relating to an entity's processes and procedures that support interconnected system reliability in an exemplary fashion. The Readiness Program, which is under the oversight of the NERC Operating Committee, along with the associated evaluations are distinctly separate from NERC compliance audits, which specifically measure performance minimums against established metrics (NERC Reliability Standards).

NERC Readiness evaluations are conducted on a three-year cycle, and are led by a NERC staff member or representative and consist of industry volunteers with appropriate technical expertise.

2009 Highlights

The NERC Readiness Program, which was initiated to ensure balancing authorities, transmission operators, and reliability coordinators were ready to perform under emergency conditions, has had evolving goals since its original inception. The program focus has shifted to promoting organizational excellence in performing assigned reliability functions and responsibilities. In 2009, NERC will develop and implement a plan to shift the emphasis of a portion of the evaluations to a new era, assistance. The objective will be to improve reliability by helping the industry to help itself. The current program goals are based on the recognition that reliability standards may lag behind the current developments in reliable operations and that historically, NERC standards have presented a threshold, not necessarily a target, for performance to the industry.

The NERC Readiness Program evaluations are designed to ensure that operators of the bulk power system have the tools, processes, and procedures in place to operate reliably and ensure that operating entities recognize and assess their reliability responsibilities and evaluate how their operations support those responsibilities.

Finally, the resulting evaluations along with the Regional tracking process foster and enable organizational focus on continuous improvement of established operations and continued organizational focus on reliable interconnected operations.

In previous years, the FRCC has supported all facets of the NERC Readiness Program implementation and will continue to do so in 2009.

Reliability Readiness Evaluation and Improvement Program Objectives:

The Reliability Readiness Evaluation and Improvement Program objectives for 2009 are outlined below:

- FRCC will host nine Readiness Evaluations compared to four planned in 2008. To date, most FRCC entities (balancing authorities, transmission operators, reliability coordinator) have been evaluated for readiness at least once, and the FRCC staff actively tracks implementation of the resulting recommendations on a quarterly basis.
- Continue to provide staff support to both coordinate and participate in future evaluations of entities within the Region. It is anticipated that the Readiness Evaluation schedule of FRCC entities will remain on the current three year cycle and seamlessly transition through full implementation of the ERO and resulting Regional Entities.
- Continue to encourage and facilitate participation in out-of-Region Readiness Evaluations by FRCC volunteers in support of the Readiness Program goals.

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses – It is felt that this program will be administered independently from the Compliance Monitoring and Enforcement department and that the job requirements do not warrant a full time employee which requires benefits in addition to salary. Therefore, Personnel Expenses reflect this change while Consultants reflect the addition of a Part Time consultant that will accomplish the goals of this function.

Meeting and Travel Costs – This decrease reflects a more accurate picture of the amount of travel that will be incurred to accomplish the goals for this function.

Operating Costs – Consultants reflect the addition of a Part Time consultant that will accomplish the goals of this function rather than employ a full time employee.

Reliability Readiness Evaluations and Improvement Program

Funding sources and related expenses for the reliability readiness audits and improvement section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Readiness Evaluation and Improvement					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Budget Over(Under)
Funding					
ERO Assessments	\$ 90,215	\$ 90,215	\$ -	\$ 119,755	\$ 29,540
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ 90,215	\$ 90,215	\$ -	\$ 119,755	\$ 29,540
Expenses					
Personnel Expenses					
Salaries	\$ 23,600	\$ 23,600	\$ -	\$ 16,523	\$ (7,077)
Payroll Taxes	1,655	1,655	-	1,073	(582)
Benefits	4,181	4,181	-	1,628	(2,553)
Retirement Costs	3,139	3,139	-	2,324	(815)
Total Personnel Expenses	\$ 32,575	\$ 32,575	\$ -	\$ 21,548	\$ (11,027)
Meeting Expenses					
Meetings	\$ 162	\$ 162	\$ -	\$ 13	\$ (149)
Travel	50,779	50,779	-	13,651	(37,128)
Conference Calls	162	162	-	5	(157)
Total Meeting Expenses	\$ 51,103	\$ 51,103	\$ -	\$ 13,669	\$ (37,434)
Operating Expenses					
Consultants & Contracts	\$ 907	\$ 907	\$ -	\$ 70,000	\$ 69,093
Office Rent	2,385	2,385	-	1,940	(445)
Office Costs	1,346	1,346	-	1,421	75
Professional Services	208	208	-	849	641
Computer Purchase & Maintenance	903	903	-	59	(844)
Furniture & Equipment	756	756	-	10,252	9,496
Miscellaneous	32	32	-	17	(15)
Contingency			-		-
Total Operating Expenses	\$ 6,537	\$ 6,537	\$ -	\$ 84,538	\$ 78,001
Other Non-Operating Expenses			\$ -		\$ -
Total Expenses	\$ 90,215	\$ 90,215	\$ -	\$ 119,755	\$ 29,540
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Training, Education and Operator Certification Program

Training, Education and Operator Certification Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	.3	.07	.03
Total Direct Funding	\$47,677	\$107,677	\$92,272
Total Indirect Funding	32,708	32,708	5,267
Total Funding	\$80,386	\$140,386	\$97,539

Background

FRCC is a NERC-approved Continuing Education Provider. The FRCC System Operator Subcommittee develops and delivers training in which FRCC grants NERC CE hours to those individuals who successfully complete a course. FRCC will utilize the NERC database to accommodate the recordkeeping requirements for the continuing education program. Maintaining the reliability of the bulk power system requires informed and trained personnel. The FRCC supports training activities through its staff and its System Operator Subcommittee which reports to the FRCC Operating Committee.

System Operator Certification Program

The FRCC System Operator Subcommittee (SOS) identifies and manages annual training activities for the FRCC System Operators, and provides assistance to FRCC members for compliance with NERC training standards and any issues they may have related to system operators obtaining/retaining required NERC Certification.

The training and education program activities are carried out by FRCC's professional/technical staff and SOS members possessing the appropriate technical knowledge and competencies. In addition, vendors that specialize in System Operator training are also used. Providing the FRCC training and education programs will help to achieve a high level of knowledge and competence among the operating personnel in the performance of their reliability-related functions.

2009 Highlights

System Operator Certification

In 2009, the NERC System Operator Certification Program will finalize the three-year transition from reliance on testing for credential maintenance to using continuing education hours.

To accommodate the recordkeeping requirements for using continuing educations, the program implemented a new portal and database in 2007, with additional upgrades in 2008. The database allows system operators to register for exams and track the status of maintaining their credential with approved continuing education hours. Continued improvements to the database are expected in 2009. The costs of these improvements by FRCC will be recovered through the fees received by the System Operator Certification Program and the Continuing Education Program.

Continuing Education Program

NERC's Continuing Education Program will continue to grow in 2009 as all system operators must use continuing education hours to maintain their credential instead of retesting. The program will continue to audit approved activities to verify the quality of these activities. FRCC will support this effort.

Training, Education and Operator Certification Program Objectives

The training, education and operator certification program objectives for 2009 are outlined below:

- Provide assistance to our members in any issues they may have related to System Operator Certification.
- Conduct the annual training seminars over a four (4) week period, with two (2) days each for the training. The training seminars involve from two – four FRCC staff members, as well as industry volunteers who participate as presenters. This activity is funded primarily through registration fees.

Funding Requirements — Explanation of Increase (Decrease)

This program is funded primarily by the attendees

Personnel Expenses – It is felt that the 2009 budget better reflects the actual cost of this function as it has evolved in definition over the last two years. The decrease in personnel costs is a reflection of a more accurate estimate of time to be spent to accomplish this function and its goals for 2009.

Training, Education and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Training, Education and Operator Certification					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Budget Over(Under)
Funding					
ERO Assessments	\$ 80,385	\$ 80,385	\$ -	\$ 18,109	\$ (62,276)
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops		60,000	60,000	79,430	79,430
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ 80,385	\$ 140,385	\$ 60,000	\$ 97,539	\$ 17,154
Expenses					
Personnel Expenses					
Salaries	\$ 38,587	\$ 38,587	\$ -	\$ 6,610	\$ (31,977)
Payroll Taxes	2,699	2,699	-	429	(2,270)
Benefits	6,838	6,838	-	651	(6,187)
Retirement Costs	5,133	5,133	-	930	(4,203)
Total Personnel Expenses	\$ 53,257	\$ 53,257	\$ -	\$ 8,620	\$ (44,637)
Meeting Expenses					
Meetings	\$ 11,098	\$ 71,098	\$ 60,000	\$ 84,113	\$ 73,015
Travel	1,670	1,670	-	2,957	1,287
Conference Calls	348	348	-	2	(346)
Total Meeting Expenses	\$ 13,116	\$ 73,116	\$ 60,000	\$ 87,072	\$ 13,956
Operating Expenses					
Consultants & Contracts	\$ 1,943	\$ 1,943	\$ -		\$ (1,943)
Office Rent	5,112	5,112	-	776	(4,336)
Office Costs	2,885	2,885	-	568	(2,317)
Professional Services	445	445	-	340	(105)
Computer Purchase & Maintenance	1,936	1,936	-	24	(1,912)
Furniture & Equipment	1,621	1,621	-	120	(1,501)
Miscellaneous	70	70	-	19	(51)
Contingency			-		-
Total Operating Expenses	\$ 14,012	\$ 14,012	\$ -	\$ 1,847	\$ (12,165)
Other Non-Operating Expenses			\$ -		\$ -
Total Expenses	\$ 80,385	\$ 140,385	\$ 60,000	\$ 97,539	\$ 17,154
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	3.9	4.27	3.64
Total Direct Funding	\$ 781,107	\$ 734,370	\$907,159
Total Indirect Funding	425,206	425,206	166,414
Total Funding	\$1,206,314	\$1,159,576	\$1,073,573

Background

The FRCC will assess the reliability of the Bulk Power System in the FRCC region and will continue to ensure that the system is robust, reliable and stable. The FRCC will lead Event Analysis Teams to analyze disturbances that occur within the FRCC region and participate on Event Analysis Teams when disturbances occur within the FRCC region and impact an adjacent region (SERC).

The FRCC performs transmission reliability studies in order to provide an assessment to NERC for their periodic NERC Reliability Assessments. These studies include regional and inter-regional studies. The FRCC prepares three reliability assessments each year: a long-term reliability assessment report, a summer assessment report, and a winter assessment report. These reports analyze electricity demand, the adequacy of supply and its deliverability, adequacy of fuel deliverability and the adequacy of the transmission system within the FRCC. The FRCC will prepare special reliability assessment reports as conditions warrant.

The FRCC will analyze unusual events that occur on the bulk power systems, identify the root causes of such events and lessons learned, assess past reliability performance and disseminate the findings of such analyses.

The FRCC is an active participant in the Eastern Interconnection Reliability Assessment Group (ERAG) which is responsible for the Eastern Interconnection transmission models and inter-regional studies. The FRCC is active on the NERC Reliability Assessment Subcommittee which is responsible for performing an independent review of reliability assessments.

Reliability Assessment and Performance Analysis Program Objectives

The Reliability Assessment and Performance Analysis Objectives for 2009 are outlined below:

- Conduct comprehensive transmission planning studies of the FRCC transmission system to ensure that the planned system meets the existing and future needs of all users of the transmission system (e.g., utility generation, network generation, network loads, merchant generation, IPPs and LSEs).
- Conduct inter-regional studies with SERC (Southern sub-region) to ensure that there are not any 'seams' issues that could adversely impact system reliability.

- Conduct and report the results of assessments of the overall reliability and adequacy of the FRCC bulk power system for 2009 summer, 2009/10 winter, and 2009–2018.
- Assess and report on the key issues, risks, and uncertainties that affect or have the potential to affect the reliability of existing and future electric supply and transmission — supply shortages, generating unit shutdowns, fuel supply and transportation disruptions, droughts, floods, strikes, extreme weather, etc.
- Investigate and analyze off-normal events on the FRCC bulk power system.
- Identify the root causes of events that may be precursors of potentially more serious events.
- Assess past reliability performance for lessons learned.
- Establish and maintain relationships with NERC, regulatory, and governmental organizations involved with bulk power system reliability (e.g., FPSC, DOE, FERC, EIA, etc.).
- Develop new and enhance existing regional reliability assessment processes, regional criteria, and methodologies to ensure bulk power system reliability.
- Develop methods of sharing best practice for transmission planning to ensure reliability.
- Maintain a databank of power flow models, including dynamic models, to use in planning and evaluating future systems and current operating conditions.
- Coordinate with ERAG Multi-Area Modeling Working Group (MMWG) to develop Eastern Interconnection steady-state and dynamics models.
- Conduct the Loss of Load Probability and the Scenario Analysis studies.

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses – It is felt that this less time will be required to accomplish the objectives for this program than has been spent in the past. It is expected that the efficiencies gained from experience and the automation of reports will help keep the personnel costs down.

Operating Costs – This reflect the increased cost for the Loss of Load Probability and Scenario Analysis studies that have to be performed in 2009.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Reliability Assessment and Performance Analysis					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Budget Over(Under)
Funding					
ERO Assessments	\$ 1,206,313	\$ 1,206,313	\$ -	\$ 1,073,573	\$ (132,740)
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ 1,206,313	\$ 1,206,313	\$ -	\$ 1,073,573	\$ (132,740)
Expenses					
Personnel Expenses					
Salaries	\$ 618,742	\$ 573,142	\$ (45,600)	\$ 505,614	\$ (113,128)
Payroll Taxes	43,310	41,931	(1,379)	32,848	(10,462)
Benefits	109,641	103,092	(6,549)	49,810	(59,831)
Retirement Costs	82,307	77,388	(4,919)	71,114	(11,193)
Total Personnel Expenses	\$ 854,000	\$ 795,553	\$ (58,447)	\$ 659,386	\$ (136,167)
Meeting Expenses					
Meetings	\$ 13,802	\$ 13,802	\$ -	\$ 4,808	\$ (8,994)
Travel	21,708	21,708	-	39,008	17,300
Conference Calls	4,522	4,522	-	2,395	(2,127)
Total Meeting Expenses	\$ 40,032	\$ 40,032	\$ -	\$ 46,211	\$ 6,179
Operating Expenses					
Consultants & Contracts	\$ 147,755	\$ 147,755	\$ -	\$ 207,472	\$ 59,717
Office Rent	66,452	66,452	-	59,356	(7,096)
Office Costs	45,140	45,140	-	43,526	(1,614)
Professional Services	5,789	5,789	-	26,022	20,233
Computer Purchase & Maintenance	25,166	25,166	-	1,821	(23,345)
Furniture & Equipment	21,075	32,785	11,710	29,247	8,172
Miscellaneous	904	904	-	532	(372)
Contingency			-		-
Total Operating Expenses	\$ 312,281	\$ 323,991	\$ 11,710	\$ 367,976	\$ 55,695
Other Non-Operating Expenses			\$ -		\$ -
Total Expenses	\$ 1,206,313	\$ 1,159,576	\$ (46,737)	\$ 1,073,573	\$ (132,740)
Change in Assets	\$ -	\$ 46,737	\$ 46,737	\$ -	\$ -

Situation Awareness and Infrastructure Security Program

Situation Analysis and Infrastructure Security Program Resources			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	.1	.11	.12
Total Direct Funding	\$117,942	\$117,942	\$28,621
Total Indirect Funding	10,903	10,903	8,757
Total Funding	\$128,845	\$128,845	\$37,378

Background

The FRCC Operating Committee (OC), which develops and monitors a budget made up of both statutory and non-statutory functions, relies on a hierarchy of subordinate committees, working groups and agents to achieve its regional reliability goals. The various reliability roles and functions are coordinated and monitored in accordance with the FRCC Security Process document and through established FRCC organizational processes and procedures. Two of the primary reliability goals of the FRCC OC are continuous improvement of the situational awareness of the operators interconnected within the FRCC and ensuring that adequate physical, operational and cyber security objectives are in place for the Regions shared communications networks.

The statutory functions are: FRCC satellite phone, screen snapshot from the RC system, and the FRCC hotline drop.

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses – It is felt that the 2009 budget better reflects the actual cost of this function as it has evolved in definition over the last two years. The decrease in personnel costs is a reflection of a more accurate estimate of time to be spent to accomplish this function and its goals for 2009.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2009 business plan are shown in the table below.

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
Situational Awareness and Infrastructure Security					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Budget Over(Under)
Funding					
ERO Assessments	\$ 128,845	\$ 128,845	\$ -	\$ 37,378	\$ (91,467)
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ 128,845	\$ 128,845	\$ -	\$ 37,378	\$ (91,467)
Expenses					
Personnel Expenses					
Salaries	\$ 83,944	\$ 83,944	\$ -	\$ 18,727	\$ (65,217)
Payroll Taxes	5,875	5,875	-	1,217	(4,658)
Benefits	14,875	14,875	-	1,844	(13,031)
Retirement Costs	11,167	11,167	-	2,634	(8,533)
Total Personnel Expenses	\$ 115,861	\$ 115,861	\$ -	\$ 24,422	\$ (91,439)
Meeting Expenses					
Meetings	\$ 116	\$ 116	\$ -	\$ 15	\$ (101)
Travel	557	557	-	133	(424)
Conference Calls	116	116	-	6	(110)
Total Meeting Expenses	\$ 789	\$ 789	\$ -	\$ 154	\$ (635)
Operating Expenses					
Consultants & Contracts	\$ 8,172	\$ 8,172	\$ -		\$ (8,172)
Office Rent	1,704	1,704	-	2,198	494
Office Costs	962	962	-	9,211	8,249
Professional Services	149	149	-	963	814
Computer Purchase & Maintenance	645	645	-	67	(578)
Furniture & Equipment	540	540	-	343	(197)
Miscellaneous	23	23	-	20	(3)
Contingency			-		-
Total Operating Expenses	\$ 12,195	\$ 12,195	\$ -	\$ 12,802	\$ 607
Other Non-Operating Expenses			\$ -		\$ -
Total Expenses	\$ 128,845	\$ 128,845	\$ -	\$ 37,378	\$ (91,467)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

General and Administrative

Background

Charges included in General and Administrative are general legal expenses, executive time and expenses, human resources, information technology and accounting and finance. Every effort is made to charge items and time directly to activities and to designate as statutory or non-statutory. These undesignated items are shared costs between the Regional Entity Division and the Member Services Division and are allocated based on actual labor hours charged. The costs of General and Administrative have been included within the functional budgets as indirect costs for both 2008 and 2009 in order to present a full picture of the actual costs of each functional program.

Legal and Regulatory

Background

The FRCC has retained outside counsel in Washington DC to assist the FRCC in carrying out its delegated responsibilities. These attorneys will serve as chief legal advisor to the President and CEO, Board of Directors, staff and stakeholders on all legal and regulatory matters affecting the FRCC. Outside counsel may review items filed with governmental agencies for legal sufficiency and impact to FRCC.

2009 Goals and Objectives

- Assist the FRCC in carrying out its delegated responsibilities for mandatory compliance and enforcement of reliability standards.
- Assist the FRCC in carrying out its delegated responsibilities for development of reliability standards.
- Serve as legal counsel to the FRCC on FERC-related matters.

Information Technology

Background

The FRCC maintains a number of tools and other support services for the benefit of its members, Reliability Coordinator agent(s), and other system operators. These services include the FRCC Hotline, Florida Transaction Management System (FTMS), Reliability Data Link (RDL), FRCCNet, FRCC satellite phone, and multiple databases. The FRCC Website provides information to the public as well as its members.

Information Technology Objectives

The Information Technology Objectives for 2009 are outlined below:

- Provide I.T. and telecommunications resources for additional FRCC personnel.
- Expand current co-located remote backup capability to include all FRCC hosted I.T. Services, including all websites and SQL databases.
- Develop tools to automate and improve FRCC data collection and analysis processes.
- Re-evaluate tools and services for enabling the FRCC mobile workforce.

Human Resources

Background

FRCC has assembled an exceptional team of highly qualified employees to carry out the activities of the FRCC. The human resources department, in adherence with applicable federal and state laws, designs, plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

2009 Goals and Objectives

- Recruit successful employees
- Improve human resource policies and procedures
- Conduct member satisfaction surveys
- Provide management and training programs
- Review employee compensation and benefits

Finance and Accounting

Background

FRCC will submit its annual budget for statutory and non-statutory activities to the FRCC Board of Directors for approval and then file the approved annual budget for statutory and non-statutory activities to NERC. This includes supporting materials such as a complete business plan and organizational chart, and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.

The Finance and Accounting department will: direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget, tax, and audit activities; and oversee financial and accounting system controls and standards.

Finance and Accounting Objectives

The Finance and Accounting Objectives for 2009 are outlined below:

- Prepare the 2009 statutory and non-statutory budgets.
- Report budget variances to the FRCC Board and to NERC on a quarterly basis.
- Evaluate and advise on the impact of long-range planning.
- Provide on-going training to employees to ensure employees charge their time correctly.

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses – The IT department has one addition to staff for the 2009 budget in order to accomplish its goals for 2009 and support the functional programs.

Non Operating Expense – Cash Reserve Requirement – According to the delegation agreement, the FRCC is required to set a cash reserve. It is felt that a reserve equal to three (3) months working capital is sufficient to be held for a cash reserve.

Section B — 2009 Budget

2008 Budget and Projection and 2009 Budget Comparisons

Table 1

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
STATUTORY TOTAL					
	2008	2008	2008 Projection	2009	2009 Budget
	Budget	Projection	Variance to	Budget	Variance to
			2008 Budget		2008 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding	\$ 3,989,944	\$ 3,989,944	-	\$ 4,628,827	\$ 638,883
Membership Dues/Non-Stat Assessments			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops	-	60,000	60,000	79,430	79,430
Interest			-		-
Miscellaneous			-		-
Total Funding	\$ 3,989,944	\$ 4,049,944	\$ 60,000	\$ 4,708,257	\$ 718,313
Expenses					
Personnel Expenses					
Salaries	\$ 2,100,858	\$ 1,885,313	(215,545)	\$ 2,029,064	\$ (71,794)
Payroll Taxes	147,057	137,092	(9,965)	131,824	(15,233)
Benefits	372,271	359,517	(12,754)	199,890	(172,381)
Retirement Costs	279,464	259,669	(19,795)	285,387	5,923
Total Personnel Expenses	\$ 2,899,650	\$ 2,641,591	\$ (258,059)	\$ 2,646,165	\$ (253,485)
Meeting Expenses					
Meetings	\$ 55,324	\$ 115,356	60,032	\$ 118,398	\$ 63,074
Travel	173,416	173,888	472	206,941	33,525
Conference Calls	15,294	15,322	28	10,601	(4,693)
Total Meeting Expenses	\$ 244,034	\$ 304,566	\$ 60,532	\$ 335,940	\$ 91,906
Operating Expenses					
Consultants	\$ 215,434	\$ 215,530	96	\$ 357,472	\$ 142,038
Office Rent	224,745	226,353	1,608	238,201	13,456
Office Costs	142,368	142,844	476	184,411	42,043
Professional Services	107,329	107,605	276	104,430	(2,899)
Computer Purchase & Maint.	85,110	85,178	68	7,309	(77,801)
Furniture & Equipment	71,274	158,356	87,082	224,308	153,034
Miscellaneous			-		-
Contingency			-		-
Total Operating Expenses	\$ 846,260	\$ 935,866	\$ 89,606	\$ 1,116,131	\$ 269,871
Other Non-Operating Expenses-Cash Reserve	\$ -	\$ -	\$ 610,021	\$ 610,021	\$ 610,021
Total Expenses	\$ 3,989,944	\$ 3,882,023	\$ (107,921)	\$ 4,708,257	\$ 718,313
Change in Assets	\$ -	\$ 167,921	\$ 167,921	\$ -	\$ -

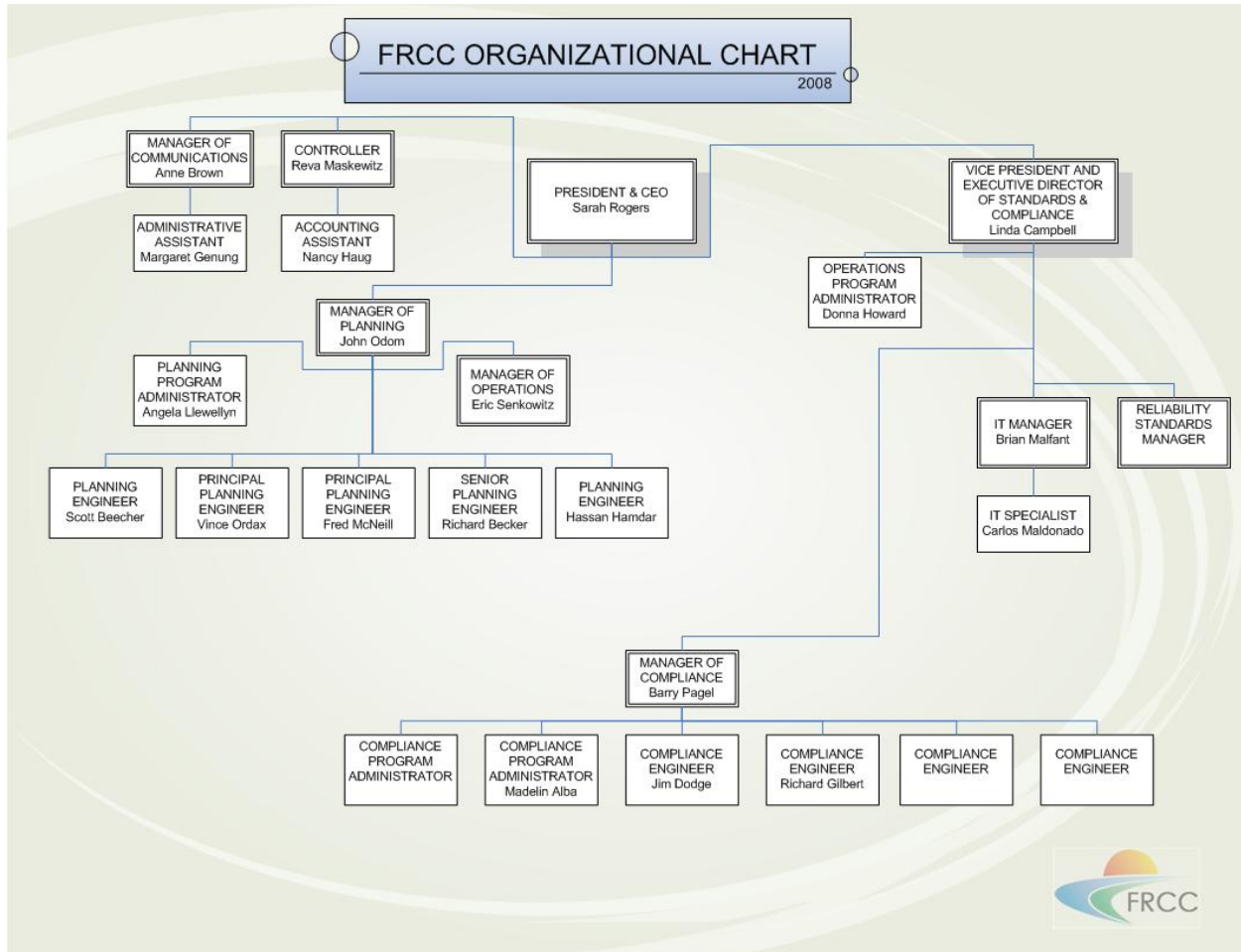
Personnel Analysis

Table 2

Total FTE's by Program Area	Budget 2008	Projection 2008	Budget 2009	Change from 2008 Budget
STATUTORY				
Operational Programs				
Reliability Standards Development	1.55	1.26	1.75	0.2
Compliance Monitoring and Enforcement	7.20	6.90	9.10	1.9
Organization Registration & Certification		0.11	0.16	0.2
Reliability Readiness Evaluation and Improvement	0.14	0.12	0.09	-0.1
Training, Education and Operator Certification	0.30	0.07	0.03	-0.3
Reliability Assessment and Performance Analysis	3.90	4.27	3.64	-0.3
Situational Awareness and Infrastructure Security	0.10	0.11	0.12	0.0
Total FTEs Operational Programs	13.19	12.84	14.89	1.7
Administrative Programs				
General & Administrative	3.30	3.30	3.5	0.2
Total FTEs Administrative Programs	3.30	3.30	3.52	0.2
Total FTEs	16.49	16.14	18.41	1.9

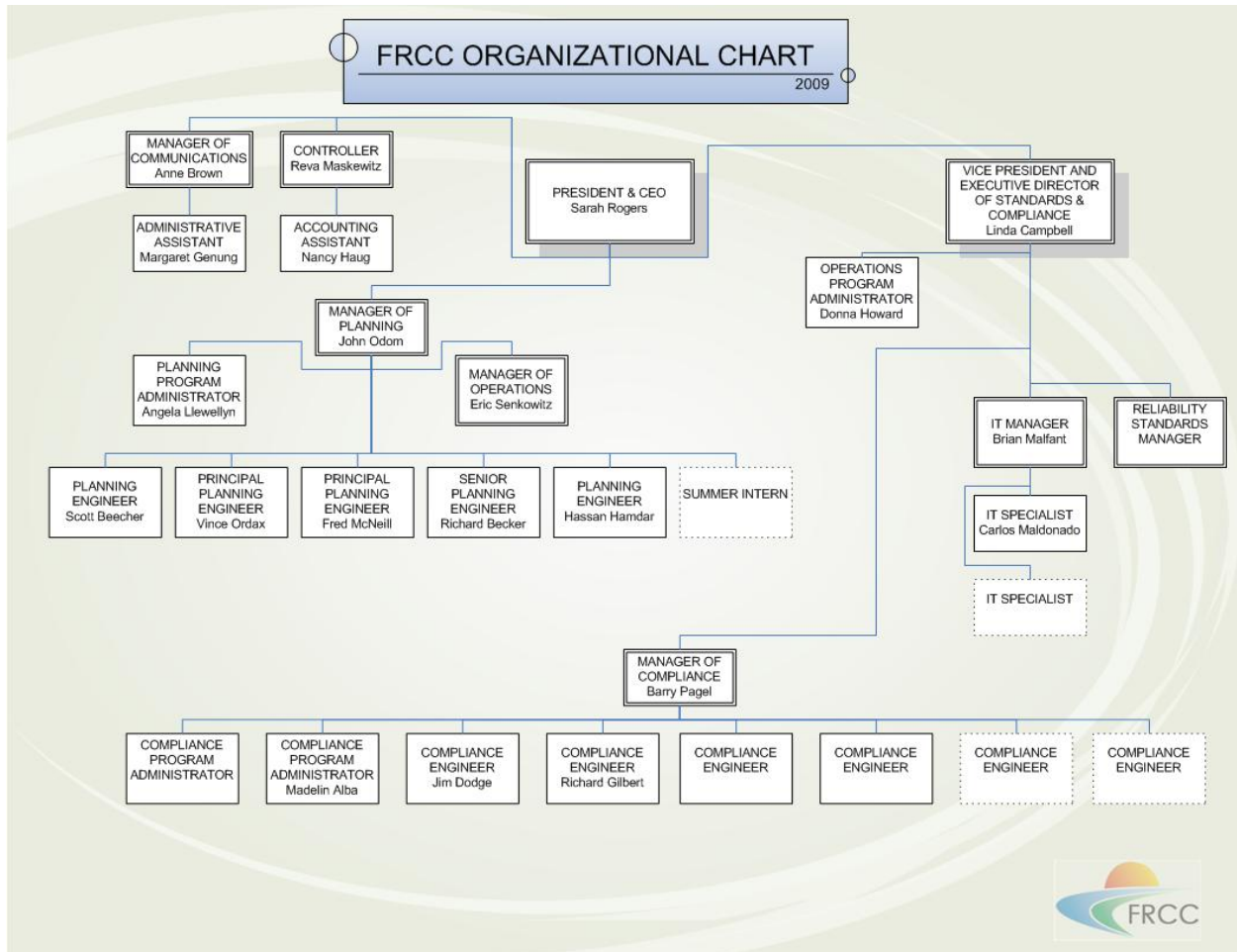
2008 Organizational Chart

Table 3



2009 Organizational Chart

Table 4



Reserve Balance

Table 5

Reserve Analysis 2008-2009	
STATUTORY	
Cash Available 2008	
Beginning Cash @ January 1, 2008	246,617
2008 ERO Funding (from LSEs or designees)	3,989,944
2008 Other funding sources (Cash basis)	60,000
Change in assets ¹	
Total Cash Available 2008	4,296,561
Cash Needed 2008	
2008 Projected expenses (Cash basis) ²	3,882,023
Change in liabilities	
Total Cash Needed 2008	3,882,023
Projected Ending Cash Balance, December 31, 2008	414,538
Desired Cash Balance, December 31, 2009 (3 Months Working Capital) ³	1,024,559
Less: Projected Cash Balance December 31, 2008	414,538
Increase(decrease) in assessments needed to raise cash balance	610,021
2009 Assessment	4,018,806
Adjustment to increase cash balance	610,021
2009 Assessment and reserve adjustment	4,628,827

¹ Assumes all other assets remain at same levels as 12/31/08

² Assumes all other liabilities remain at same levels as 12/31/08

³ Comment from Board of Trustees explaining reserve balance required.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of Table 1, page __, of the 2009 FRCC Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Supplemental Funding

Table B-1

Outside Funding Breakdown By Program (excluding ERO Assessments)	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Training and Education					
SO Training Seminar		\$ 60,000	\$ 79,430	\$ 79,430	-
Total Outside Funding	\$ -	\$ 60,000	\$ 79,430	\$ 79,430	

Personnel Expenses

Table B-2

Personnel Expenses	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Salaries					
Salary		\$ 2,029,064			
Employment Agency Fees				-	
Temporary Office Services				-	
Total Salaries	\$ 2,100,858	\$ 1,885,313	\$ 2,029,064	\$ (71,794)	-3.42%
Payroll Taxes					
FICA		\$ 98,741			
Medicare		29,422			
SUTA/FUTA		3,661			
Total Payroll Taxes	\$ 147,057	\$ 137,092	\$ 131,824	\$ (15,233)	-10.36%
Benefits					
Workers Compensation		\$ 1,826			
Medical Insurance		149,546			
Education		24,662			
Relocation		12,544			
Other Benefits		11,312			
Total Benefits	\$ 372,271	\$ 359,517	\$ 199,890	\$ (172,381)	-46.31%
Retirement					
Profit Sharing Plan		\$ 188,877			
Admin Plan Fees		7,024			
401(k) Match		89,486			
Total Retirement	\$ 279,464	\$ 259,669	\$ 285,387	\$ 5,923	2.12%
Total Personnel Costs	\$ 2,899,650	\$ 2,641,591	\$ 2,646,165	\$ (253,485)	-8.74%

Meeting Expenses

Table B-3

Meeting Expenses

Meeting Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Reliability Standards Development	\$ 1,797	\$ 1,797	\$ 4,453	\$ 2,656	147.80%
Compliance Monitoring and Enforcement	28,349	28,349	24,974	(3,375)	-11.91%
Organization Registration & Certification		32	22	22	
Reliability Readiness Evaluation & Improvement	162	162	13	(149)	-91.98%
Reliability Assessment & Performance Analysis	13,802	13,802	4,808	(8,994)	-65.16%
Training, Education and Operator Certification	11,098	71,098	84,113	73,015	657.91%
Situational Awareness & Infrastructure Security	116	116	15	(101)	-87.07%
				-	
Total Meeting Expenses	\$ 55,324	\$ 115,356	\$ 118,398	\$ 63,074	114.01%

Travel Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards Development	\$ 8,627	\$ 8,627	\$ 21,907	\$ 13,280	153.94%
Compliance Monitoring and Enforcement	90,075	90,075	129,088	39,013	43.31%
Organization Registration & Certification		472	197	197	
Reliability Readiness Evaluation & Improvement	50,779	50,779	13,651	(37,128)	-73.12%
Reliability Assessment & Performance Analysis	21,708	21,708	39,008	17,300	79.69%
Training, Education and Operator Certification	1,670	1,670	2,957	1,287	77.07%
Situational Awareness & Infrastructure Security	557	557	133	(424)	-76.12%
				-	
Total Travel Expenses	\$ 173,416	\$ 173,888	\$ 206,941	\$ 33,525	19.33%

Conference Call Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards Development	\$ 1,797	\$ 1,797	\$ 7,843	\$ 6,046	336.45%
Compliance Monitoring and Enforcement	8,349	8,349	342	(8,007)	-95.90%
Organization Registration & Certification		28	8	8	
Reliability Readiness Evaluation & Improvement	162	162	5	(157)	-96.91%
Reliability Assessment & Performance Analysis	4,522	4,522	2,395	(2,127)	-47.04%
Training, Education and Operator Certification	348	348	2	(346)	-99.43%
Situational Awareness & Infrastructure Security	116	116	6	(110)	-94.83%
				-	
Total Conference Calls	\$ 15,294	\$ 15,322	\$ 10,601	\$ (4,693)	-30.69%
Total Meeting Expenses	\$ 244,034	\$ 304,566	\$ 335,940	\$ 91,906	37.66%

Operating Expenses

Table B-4

Consulting & Contracts	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Consulting & Contracts					
Reliability Standards Development	\$ 10,036	\$ 10,036	\$ -	\$ (10,036)	-100.00%
Compliance Monitoring and Enforcement	46,621	46,621	80,000	33,379	71.60%
Organization Registration & Certification		96	-	-	
Reliability Readiness Evaluation & Improvement	907	907	70,000	69,093	7617.75%
Reliability Assessment & Performance Analysis	147,755	147,755	207,472	59,717	40.42%
Training, Education and Operator Certification	1,943	1,943		(1,943)	-100.00%
Situational Awareness & Infrastructure Security	8,172	8,172		(8,172)	-100.00%
Consulting & Contracts Total	\$ 215,434	\$ 215,530	\$ 357,472	\$ 142,038	65.93%

Table B-6

Office Rent	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Office Rent	\$ 224,745	\$ 226,353	\$ 238,201	\$ 13,456	5.99%
Utilities	-	-	-	-	
Maintenance	-	-	-	-	
Security	-	-	-	-	
Total Office Rent	\$ 224,745	\$ 226,353	\$ 238,201	\$ 13,456	5.99%

Table B-7

Office Costs	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Telephone	\$ 26,572	\$ 26,572	\$ 126,645	\$ 100,073	376.61%
Internet	3,959	3,959	6,680	2,721	68.73%
Office Supplies	43,247	43,723	16,658	(26,589)	-61.48%
Publications & Subscriptions & Dues	23,751	23,751	6,507	(17,244)	-72.60%
Postage	3,959	3,959	1,881	(2,078)	-52.49%
Copying	7,917	7,917	2,407	(5,510)	-69.60%
Printing			753	753	
Stationary Forms	15,834	15,834	5,580	(10,254)	-64.76%
Commercial Insurance	14,071	14,071	15,154	1,083	7.70%
Miscellaneous	3,058	3,058	2,146	(912)	-29.82%
Total Office Costs	\$ 142,368	\$ 142,844	\$ 184,411	\$ 42,043	29.53%

Table B-8

Section B — 2009 Schedules

Professional Services	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Outside Legal	95,093	95,369	91,011	\$ (4,082)	-4.29%
Accounting & Auditing Fees	12,236	12,236	13,419	1,183	9.67%
Total Services	\$ 107,329	\$ 107,605	\$ 104,430	\$ (2,899)	-2.70%

Table B-9

Computer	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Equip Maintenance & Supplies	\$ 3,959	\$ 3,959	\$ 5,431	\$ 1,472	37.18%
Computer Maintenance & Supplies	81,151	81,219	1,878	(79,273)	-97.69%
Total Computer	\$ 85,110	\$ 85,178	\$ 7,309	\$ (77,801)	-91.41%

Table B-10

Furniture & Equipment	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Furniture	\$ 26,612	\$ 26,612	\$ 16,300	\$ (10,312)	-38.75%
Equipment	44,662	44,662	20,125	(24,537)	-54.94%
Leasehold Improvements			32,133	32,133	
Software		87,082	155,750	155,750	
Total Furniture & Fixtures	\$ 71,274	\$ 158,356	\$ 224,308	\$ 153,034	214.71%

Table B-11

Other Non-Operating Expenses	Budget 2008	Projection 2008	Budget 2009	Variance To 2008 Budget	Variance % To 2008 Budget
Interest Expense				\$ -	
Office Relocation				-	
Cash Reserve Requirement			610,021	610,021	
Total Furniture & Fixtures	\$ -	\$ -	\$ 610,021	\$ 610,021	

Section C — 2009 RE Non-Statutory Business Plan and Budget

Member Services Division

Non Statutory Program Resources (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	7.9	7.9	5.0
Total Direct Funding	\$1,792,961	\$1,792,961	\$2,278,381
Total Indirect Funding*	814,817	814,817	1,063,032
Total Funding	\$2,607,778	\$2,607,778	\$3,341,413

*Includes a Cash Reserve Requirement

Background

The Member Services division of the FRCC provides, coordinates or administers a variety of services relating to the reliable planning and operation of the bulk power system in the FRCC Region. These services are carried out by the FRCC Planning Committee (PC) and the FRCC Operating Committee (OC), and its various subcommittees, task forces and working groups.

Members' Services Objectives

- Ensure the reliability of the Bulk Power System in the FRCC region.
- Coordination, planning, operation and maintenance of reliable bulk electricity supply in the FRCC region.

Membership and Governance

FRCC's Members in the Member Services Division include investor-owned utilities, cooperative utilities, municipal utilities, power marketers and independent power producers.. There are projected to be 26 FRCC Members.

The activities of FRCC are directed by its Board of Directors. The Board is comprised of top level executives from each member of FRCC.

Non-Statutory Functional Scope

Planning Committee (PC)

The PC promotes the reliability of the bulk power system in the FRCC Region, and assesses and encourages generation and transmission adequacy. The PC, through the FRCC Regional Transmission Planning Process, provides a vehicle for ensuring that transmission planning within the FRCC will provide for the development of a robust transmission network within the FRCC Region. The Regional Transmission Planning Process is a coordinated transmission planning process that evaluates all transmission facilities with voltages 69kV and above. The major goal of this process is to ensure that the planning transmission facilities will meet the needs of all market participants in a coordinated, open and transparent transmission planning environment.

The FRCC will continue to develop on an annual basis a Regional Transmission Plan using this planning process. The Regional Plan is based on the Ten Year Site Plans that are required to be submitted to the Florida Public Service Commission (“FPSC”) on April 1st of each year. The FRCC participates in an annual Ten Year Site Plan Workshop held by the FPSC.

Operating Committee (OC)

The OC is responsible for the coordination, planning, operation and maintenance of reliable bulk power supply in the FRCC. Its primary reliability goals are the continuous improvement of the situational awareness of the operators interconnected within the FRCC, and ensuring that adequate physical, operational and cyber security objectives are in place for the Region’s shared communications network. The OC ensures reliable operations are maintained through the development and implementation of the FRCC Security Process. As a result of the Operating Reliability Subcommittee’s (ORS) Recommendations to the 2007 FRCC Agent Operational Audit Report, the FRCC is currently revising the FRCC Security Process to ensure it continues to adequately address the NERC Reliability Standards requirements for Reliability Coordinators (RC). Additionally, it is the goal of the FRCC to develop an internal RC continuous improvement program for the Region.

Operating Reliability Subcommittee (ORS)

The ORS provides overall administration for the development and implementation of operating procedures and other reliability matters. The ORS reviews and assesses regional import and export limits, scheduled transmission outages, real-time system reliability, events analysis, information and data exchange and other reliability issues. The ORS provides formal oversight and implementation of the Security Process which establishes the reliability responsibilities of the various entities within the Region and specifically monitors the agents responsible for performing the Reliability Coordinator (RC) and Operations Planning Coordinator (OPC) functions.

Data Exchange Working Group (DEWG)

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC Reliability Coordinator and other entities identified by the FRCC ORS, and for developing methodologies to facilitate the exchange of real-time, modeling, and other operational data to help assure reliable electric power system operations. Accurate modeling of the FRCC bulk power system is essential to maintaining situational awareness and ensuring reliability. Within the FRCC, all entities provide system data via the FRCC Reliability Data Link (RDL). The FRCC RDL receives all substation topology information, line flows, voltage levels, unit parameters, etc. from the operating entities on a real-time basis. Data is available to all.

FRCC Telecommunications Subcommittee (TS)

The TS provides formal oversight over the TS budget which is included in the OC budget. The primary purpose of the TS is to ensure that adequate and redundant communications facilities are made available to the operating entities within the FRCC. The TS administers the FRCC hotline program, Satellite phone program, Reliability Data Link program and also ensures that reliable and redundant communications are maintained with NERCNet, from a Regional communications perspective. All TS programs had been deemed “non-statutory” and are in support of the Reliability Coordinator function, with the exception of the FRCC satellite phone which is clearly a tool used by the Regional Entity to perform situational awareness and thus is budgeted as statutory.

Non Statutory Situation Awareness and Infrastructure Security Program Objectives

The Situation Awareness and Infrastructure Security Program Objectives for 2009 are outlined below: **(these are suggestions for objectives)**

- Continuous improvement of the situation awareness of the operators interconnected with the FRCC by monitoring the activities of the Electricity Sector Information Sharing and Analysis Center (ES-ISAC) Operations.
- Ensure that adequate physical, operational and cyber security objectives are in place for the FRCC's shared communications networks.
- Continue to accurately model the FRCC Bulk Power System to maintain situational awareness and ensuring reliability.
- Continue to participate in and monitor the activities of the NERC Critical Infrastructure Protection Committee.
- Develop an internal FRCC Reliability Coordinator internal RC continuous improvement program for the FRCC Region.

Major 2009 Cost Impacts

Operating Committee

The 2009 Operating Committee (OC) budget is developed based on the activities of the Operating Reliability Subcommittee (ORS), the System Operator Subcommittee (SOS), the Telecommunications Subcommittee (TS), the Fuel Reliability Working Group (FRWG) and the Critical Infrastructure Protection Subcommittee (CIPS). These budgets are primarily related to the FRCC Reliability Coordinator (RC) functions and include consulting costs, contract costs, computer software purchases and expenses to support some of the associated activities. These budgets do not include FRCC staff salaries or associated personnel costs.

The 2009 Direct Operating Cost budget is \$1,310,826 which is 7.78 % (-\$109,145) less than last year's budget of \$1,419,961. The decrease in the 2009 budget is primarily due to a decrease in software costs associated with the RC function and a decrease in telecommunications costs associated with the FRCC Net.

Operating Reliability Subcommittee (ORS)

The ORS budget makes up approximately 80 % of the total FRCC OC 2009 budget. The 2009 budget has a net decrease of approximately \$65,000 as compared to the 2008 budget. This is due to a software purchase of \$100,000, incurred last year associated with a move of the FTMS application to an external hosting site, which is not required for 2009. There was an approximate increase of \$20,000 associated with the additional RC time required to support the generation of a "Daily Report" to be submitted to NERC and FERC and an approximate increase of \$15,000 associated with the increase in consultant rates charged for the various personnel performing the RC functions.

Fuel Reliability Working Group (FRWG)

The FRWG budget makes up approximately 5.5 % of the total FRCC OC 2009 budget. In 2008, the FRWG was formed as a permanent working group reporting to ORS and now serves as budgetary oversight for the FRCC Gas Study Project. The Gas Study Project budget was increased by approximately \$25,000 as compared to the 2008 budgeted amount. This increase is due to anticipated consulting fees needed to support fuel reliability analyses of the FRCC Region. The budget includes a statutory portion to support the NERC Reliability Assessment

process as well as a non-statutory portion to support overall FRCC fuel reliability studies and assessment.

System Operator Subcommittee (SOS)

The SOS budget makes up approximately 0.9 % of the total FRCC OC 2009 budget. The SOS budget for 2009 is unchanged and is used to support the annual FRCC system operator seminars. The majority of the seminar expenses are self-funded except for the FRCC Staff expenses and administrative expenses related to the seminars. The budget is considered statutory in support of training and education.

Telecommunications Subcommittee (TS)

The TS budget makes up approximately 12.7 % of the total FRCC OC 2009 budget. The 2009 Direct Operating Cost budget has a net decrease of approximately \$72,000 as compared to the 2008 budget. In 2008, \$76,000 was budgeted for a one-time upgrade from the Frame Relay to a Multi Protocol Label Switching (MPLS) network. Without this expense, the 2009 budget is approximately \$4,000 more than the 2008 budget. This increase is primarily due to the addition of a Hotline connection.

Critical Infrastructure Protection Subcommittee (CIPS)

The CIPS budget makes up approximately 0.8 % of the total FRCC OC 2009 budget. The CIPS was newly formed in 2008. The \$10,000 budget for 2009 is the anticipated costs associated with supporting CIPS workshops.

Planning Committee (PC)

The 2009 Planning Committee (PC) budget is developed based on the activities of the Available Transfer Capability Working Group (ATCWG), the Resource Working Group (RWG), the Stability Working Group (SWG) and the Transmission Working Group (TWG). These budgets are primarily for the labor involved in coordination activities performed by member representatives, software and meeting costs. These budgets do not include FRCC staff salaries or other costs associated with FRCC staff.

The total 2009 PC Direct Operating Cost budget is \$203,891, which is 2.33% higher than last year's budget of \$199, 242. Even though the overall budget is the same as last year, the expenses associated with each Working Group are different. Below is a breakdown of the major changes in the expenses for each Working Group.

Available Transfer Capability Working Group (ATCWG)

In 2008, more than \$24,000 was budgeted for outside labor associated with loadflow creation and maintenance. In 2009, it is expected that those tasks will all be completed internally by FRCC staff and those expenses have not been included in the PC budget. In addition, with the new ATC software being purchased by FRCC members in 2008, it is expected that the software enhancements required in 2009 will be reduced from \$20,000 down to \$10,000. The overall ATCWG budget is \$12,644, which is approximately 27% of the 2008 budget.

Resource Working Group

The workload for the Resource Working Group (RWG) is expected to continue to increase in 2009 due to increased requirements from the NERC Reliability Assessment Subcommittee

(RAS). To complete this additional work, the 2009 budget for RWG is \$37,040, which is an increase from the 2008 budget of \$17,420.

Stability Working Group

The focus on Bulk Power System stability is expected to increase to meet higher expectations created by revised NERC standards. To meet these higher expectations, the SWG will be required to complete more stability studies. In addition, the stability module of the MOD software is needed in 2009 to improve the efficiency and accuracy of the stability data. The SWG budget for 2009 is \$38,711, which is an increase from the 2008 budget of \$20,724.

Transmission Working Group

The Transmission Working Group budget for 2009 is \$115,496, which is essentially the same as the 2008 budget of \$114,038. Even though the overall budget did not change, the TWG expenses for labor is lower because FRCC staff continues to complete more of the coordinated activities for the TWG. The software expenses are higher to reflect higher maintenance costs for the software and the purchase of a new module for the MOD software to maintain the short circuit database.

Funding Requirements — Explanation of Increase (Decrease)

Personnel Expenses – It is felt that the amount of time spent to achieve the goals of these member services committees is expected to increase 30% in 2009 or approximately \$375,000 in order to accomplish the goals that have been set.

Non Operating Expense – Cash Reserve Requirement – It is felt that a reserve equal to one (1) months working capital is sufficient to be held for a cash reserve.

2008 Budget and Projection and 2009 Budget Comparisons

Table 1

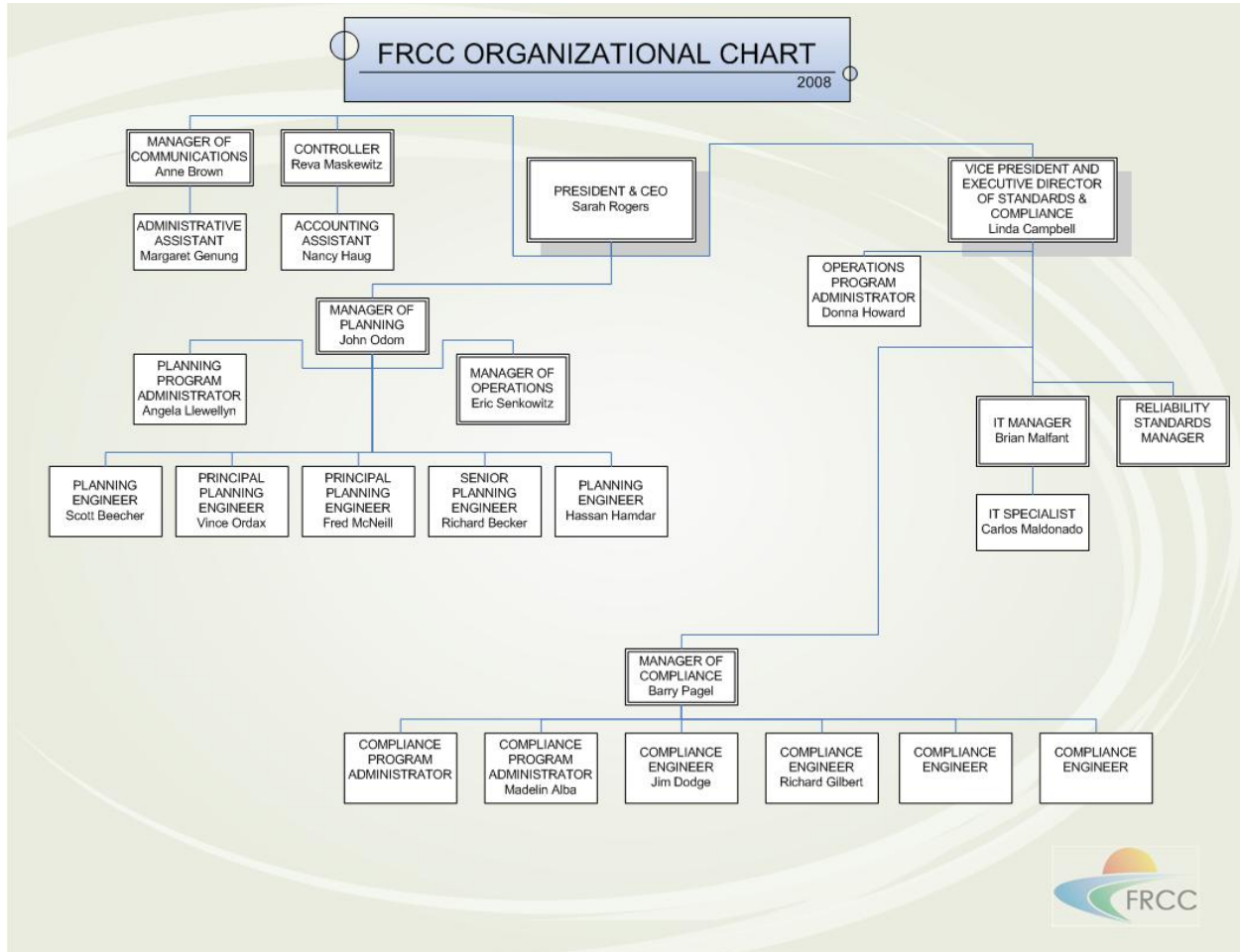
Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
NON-STATUTORY					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Budget Over(Under)
Funding					
ERO Funding	-	# -	\$ -	-	\$ -
Membership Dues/Non-Stat Assessments	2,607,773	2,607,773	-	3,189,713	581,940
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	151,700	151,700
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 2,607,773	\$ 2,607,773	\$ -	\$ 3,341,413	\$ 733,640
Expenses					
Personnel Expenses					
Salaries	667,743	667,743	\$ -	994,703	\$ 326,960
Payroll Taxes	46,742	46,742	-	64,622	17,880
Benefits	119,269	119,269	-	97,992	(21,277)
Retirement Costs	87,804	87,804	-	139,904	52,100
Total Personnel Expenses	\$ 921,558	\$ 921,558	\$ -	\$ 1,297,221	\$ 375,663
Meeting Expenses					
Meetings	12,285	12,285	\$ -	27,080	\$ 14,795
Travel	28,500	28,500	-	41,814	13,314
Conference Calls	5,938	5,938	-	16,394	10,456
Total Meeting Expenses	\$ 46,723	\$ 46,723	\$ -	\$ 85,288	\$ 38,565
Operating Expenses					
Consultants	1,046,219	1,046,219	\$ -	1,019,203	\$ (27,016)
Office Rent	142,605	142,605	-	116,772	(25,833)
Office Costs	178,657	178,657	-	381,876	203,219
Professional Services	21,351	21,351	-	51,194	29,843
Computer Purchase & Maintenance	-	-	-	3,583	3,583
Furniture & Equipment	248,719	248,719	-	28,142	(220,577)
Miscellaneous	1,941	1,941	-	1,050	(891)
Contingency	-	-	-	-	-
Total Operating Expenses	\$ 1,639,492	\$ 1,639,492	\$ -	\$ 1,601,820	\$ (37,672)
Other Non-Operating Expenses	-	-	\$ -	357,084	\$ 357,084
Total Expenses	\$ 2,607,773	\$ 2,607,773	\$ -	\$ 3,341,413	\$ 733,640
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ -

Personnel Analysis

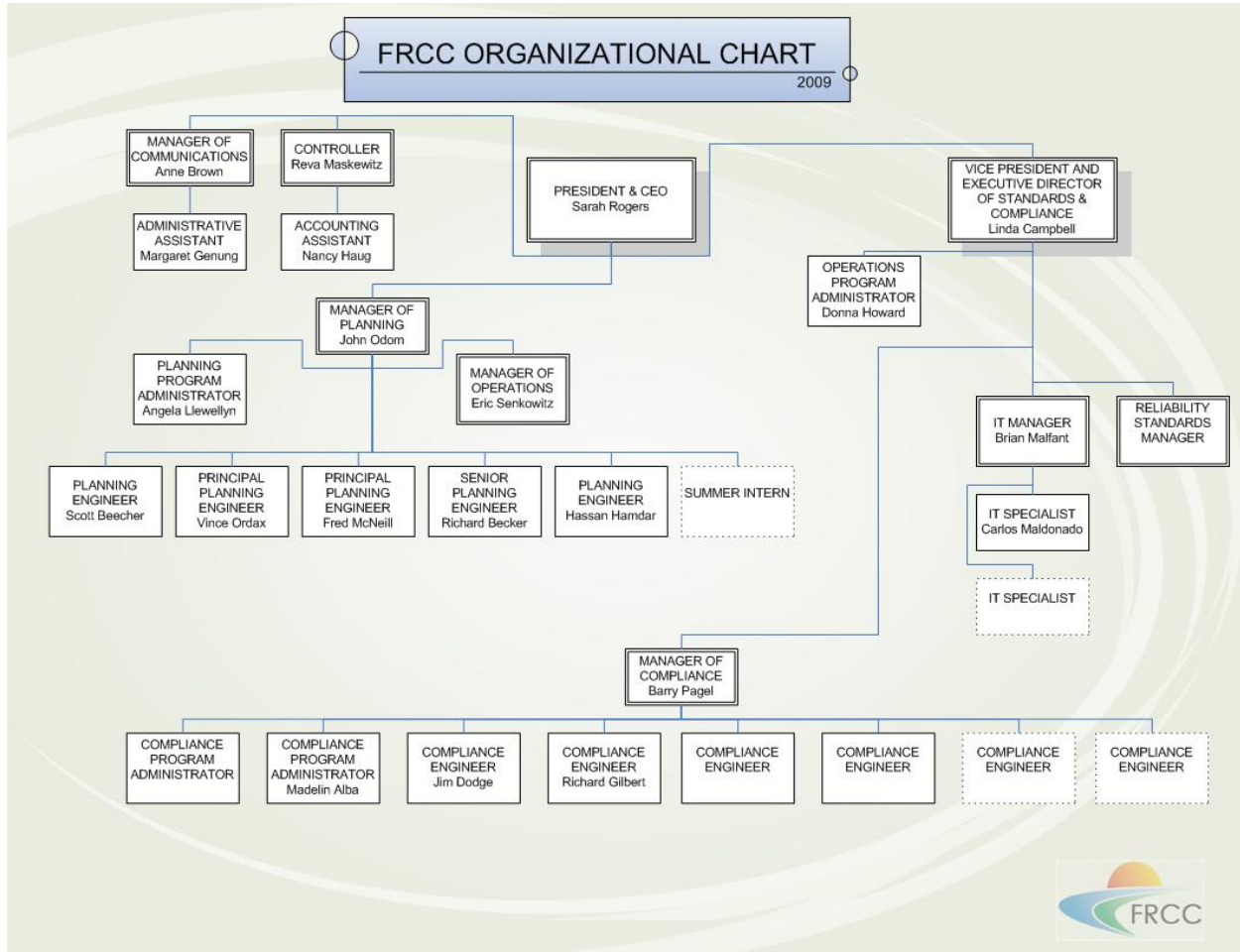
Table 2

Total FTE's by Program Area	Budget 2008	Projection 2008	Budget 2009	Change from Projection
Non-Statutory				
Operational Programs				
Operating Committee			2.25	2.3
Planning Committee			2.75	2.8
				0.0
Total FTEs Operational Programs	0.0	0.0	5.00	5.0
Administrative Programs				
General & Administrative			4.03	4.0
				0.0
				0.0
Total FTEs Administrative Programs	0.0	0.0	4.03	4.0
Total FTEs	0.0	0.0	9.03	9.0

2008 Organizational Chart



2009 Organizational Chart



Reserve Analysis — 2008–2009

Table 5

Reserve Analysis 2008-2009	
Non STATUTORY	
Cash Available 2008	
Beginning Cash @ January 1, 2008	(121,032)
Membership Dues/Non-Stat Assessments	2,607,773
2008 Other funding sources (Cash basis)	0
Change in assets ¹	
Total Cash Available 2008	2,486,741
Cash Needed 2008	
2008 Projected Non Statutory expenses (Cash basis) ²	2,607,773
Change in liabilities	
Total Cash Needed 2008	2,607,773
Projected Ending Cash Balance, December 31, 2008	(121,032)
Desired Cash Balance, December 31, 2009 (1 month of Working Capital) ³	236,052
Less: Projected Cash Balance December 31, 2008	(121,032)
Increase(decrease) in assessments needed to raise cash balance	357,084
2009 Assessment	2,832,629
Adjustment to increase cash balance	357,084
2009 Assessment and reserve adjustment	3,189,713

¹ Assumes all other assets remain at same levels as 12/31/08

² Assumes all other liabilities remain at same levels as 12/31/08

³ Comment from Board of Trustees explaining reserve balance required.