



MRO Copyright 2007

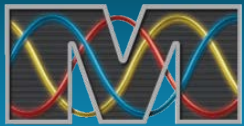
MIDWEST  
RELIABILITY  
ORGANIZATION

CLARITY ■ ASSURANCE ■ RESULTS

# Midwest Reliability Organization 2019 Business Plan and Budget

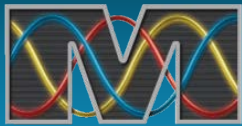
Sue Clarke, VP of Finance and  
Administration

Improving RELIABILITY and  
mitigating RISKS to the Bulk  
Power System



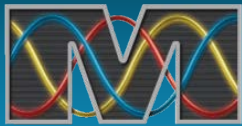
# 2019 Statutory Budget Overview

- Total budget increase is \$4.3M (36%)
- Assessments
  - 44% increase
  - Budget process “resets” the working capital at the current level of 30 days for the start of the budget year
    - Adjustment to achieve targeted operating and working capital reserves in 2019 will be a decrease of \$449K
- Headcount
  - Increase by a net of 14 (59 FTEs)



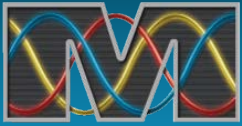
# 2019 Preliminary Budget by Category

	2018	2019	Variance \$	Variance %
	Budget	Budget	Over(Under)	Over(Under)
<b>Expenses</b>				
Total Personnel Expenses	\$ 8,564,796	\$ 11,569,667	\$ 3,004,871	35%
Total Meeting Expenses	\$ 749,380	\$ 1,051,164	\$ 301,784	40%
Total Operating Expenses	\$ 2,704,390	\$ 3,740,523	\$ 1,036,133	38%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
<b>Total Expenses (B)</b>	<b>\$ 12,018,566</b>	<b>\$ 16,361,354</b>	<b>\$ 4,342,788</b>	<b>36%</b>
<b>Inc(Dec) in Fixed Assets ( C )</b>	<b>(291,830)</b>	<b>(381,000)</b>	<b>(89,170)</b>	<b>31%</b>
<b>TOTAL BUDGET (=B + C)</b>	<b>\$ 11,726,736</b>	<b>\$ 15,980,354</b>	<b>\$ 4,253,618</b>	<b>36%</b>
FTEs	45.00	59.00	14.00	31%

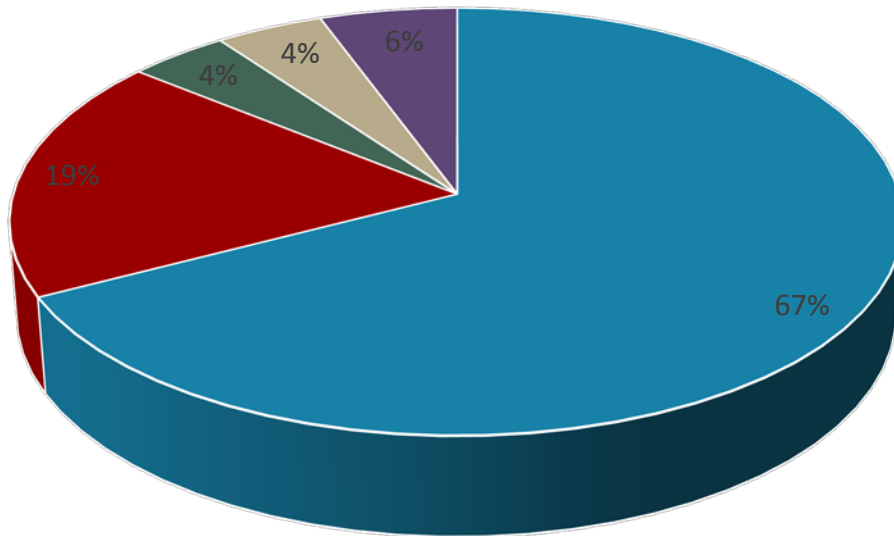


# 2018–2019 FTE Comparison

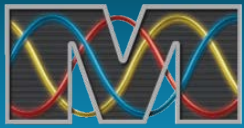
Total FTEs by Program Area	2018 Budget	Direct FTEs 2019 Budget	Variance from 2018 Budget
<b>STATUTORY</b>			
<b>Operational Programs</b>			
Reliability Standards and Organization and Certification	2.01	1.88	(0.13)
Compliance	10.06	16.72	6.66
Compliance Risk Assessment and Mitigation	9.97	12.62	2.65
Compliance Enforcement	2.99	3.01	0.02
Training and Education	2.10	2.58	0.48
Reliability Assessment and Performance Analysis	6.13	8.33	2.20
Situation Awareness and Infrastructure Security	0.33	2.64	2.31
<b>Total FTEs Operational Programs</b>	<b>33.59</b>	<b>47.78</b>	<b>14.19</b>
<b>Administrative Programs</b>			
Technical Committees and Member Forums	-	-	-
General and Administrative	2.85	2.84	(0.01)
Legal and Regulatory	0.92	0.86	(0.06)
Information Technology	4.02	3.97	(0.05)
Human Resources	-	-	-
Finance and Accounting	3.62	3.55	(0.07)
<b>Total FTEs Administrative Programs</b>	<b>11.41</b>	<b>11.22</b>	<b>(0.19)</b>
<b>Total FTEs</b>	<b>45.00</b>	<b>59.00</b>	<b>14.00</b>



# Budget by Program Area



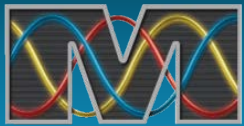
- Compliance
- Reliability Assessments and Performance Analysis
- Reliability Standards, Organization Registration and Certification
- Situation Awareness and Infrastructure Security
- Training and Education



# Major Budget Impacts

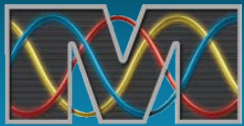
## Personnel costs and assumptions

- 59 headcount / 59 FTEs
  - 14 FTE increase largely driven by expanded footprint
- 3% average salary increase (merit, promotion, and market adjustments)
- 6% benefit increase
  - No increase in cost for retiree medical



# Major Budget Impacts, continued

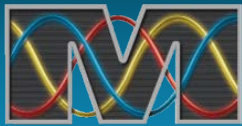
- Meetings and Travel with increased outreach
  - We are planning one off-site workshop in the expanded MRO footprint
- Contract help may be needed in the short-term as we determine whether the additional 14 FTEs is sufficient for staffing



# 2019 Preliminary Assessments

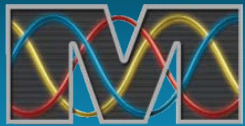
- 44% assessment increase
- The 2019 MRO NEL assessment rate is \$0.031689754/MWh based on a total MRO load of 488,223,072 for registered LSEs
  - Net NEL savings of 14.6% for entities registered in MRO in 2018
  - Net NEL savings of 22.8% for entities registered in SPP RE in 2018





# Projected Reserve Balance

- Policy and Procedure 13: Operating and Working Capital Reserves
  - MRO's Operating and Working Capital Reserves are identified and quantified each year in the Business Plan and Budget
  - MRO's Business plan and Budget is submitted first to the MRO FAC for review and then to the board
- FAC and board approved 30-day reserve
  - More of an art than a science
  - An analysis is performed that establishes the targeted operating and working capital reserves amount
- Budget process “resets” the working capital at the current level of 30 days for the start of the budget year
  - Adjustment to achieve targeted operating and working capital reserves in 2019 will decrease by \$449K



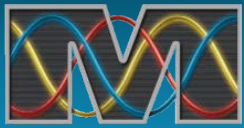
# Preliminary 2020 and 2021 Projections

## 2020

- Total budget increase of \$.5M or 3%
- Headcount increase of 0
- Salary increases of 3%

## 2021

- Total budget increase of \$.5M or 3%
- Headcount increase of 0
- Salary increases of 3%



# Questions and Answers

