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Final

2018 Business Plan and Budget

Florida Reliability Coordinating Council, Inc.

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Introduction

TOTAL RESOURCES (in whole dollars)				
	2018 Budget	U.S.	Canada	Mexico
Statutory FTEs	30.63			
Non-statutory FTEs	20.21			
Total FTEs	50.84			
Statutory Expenses	\$ 7,499,956			
Non-Statutory Expenses	\$ 11,325,743			
Total Expenses	\$ 18,825,699			
Statutory Inc(Dec) in Fixed Assets	\$ 14,156			
Non-Statutory Inc(Dec) in Fixed Assets	\$ 409,284			
Total Inc(Dec) in Fixed Assets	\$ 423,440			
Statutory Working Capital Requirement*	(508,449)			
Non-Statutory Working Capital Requirement**	53,301			
Total Working Capital Requirement	(455,148)			
Total Statutory Funding Requirement	\$ 7,005,663			
Total Non-Statutory Funding Requirement	\$ 11,788,328			
Total Funding Requirement	\$ 18,793,991			
Statutory Funding Assessments	\$ 6,660,518	\$ 6,660,518		
Non-Statutory Fees	\$ 11,584,228	\$ 11,584,228		
NEL	234,140	234,140		
NEL%				

*Refer to Table B-1 on page 40 in Section B.

**Refer to the Reserve Analysis on page 58 in Section C.

Organizational Overview

The Florida Reliability Coordinating Council (FRCC) is a Florida not-for-profit corporation that was formed in 1996 and is one of the eight regions of the North American Electric Reliability Corporation (NERC). The FRCC's mission is to identify, prioritize, and assure effective and cost efficient mitigation of risks to the reliability and security of the peninsular Florida bulk power system. The FRCC's Web site is www.frcc.com. The FRCC Region is comprised of all of Florida east of the Apalachicola River. Florida's unique geography and its highly integrated transmission system coupled with its single interface boundary to the rest of the Eastern Interconnection required the development of a reliability focus in the FRCC Region.

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 BES in the FRCC Region. Currently there are 45 Registered Entities within the FRCC Region. The FRCC is governed by a balanced stakeholder Board of Directors, and accomplishes its activities through qualified professional staff and standing committees which also have balanced stakeholder governance.

The FRCC provides the statutory functions and services for the FRCC Region through its Regional Entity Division. Non-statutory services for the FRCC Region are provided through its Member Services Division. This divisional structure is an efficient and effective means of

clearly separating statutory and non-statutory activities and related funding for each. The FRCC Bylaws, creating this divisional structure, were first approved by the Federal Energy Regulatory Commission (“FERC”) on March 21, 2008.

The FRCC Regional Entity Division works to enhance the reliability of the BES in the FRCC Region pursuant to the approved Regional Delegation Agreement (RDA) with NERC, as the Electric Reliability Organization (“ERO”), under the authority of the FERC. The functions performed by the FRCC Regional Entity Division include regional reliability standards development, compliance monitoring and enforcement of reliability standards, reliability assessment and performance analysis, event analysis and reliability improvement, training and education, situation awareness and infrastructure security. The Regional Entity division of the FRCC has one standing committee, the FRCC Regional Entity Committee and Compliance Forum (RECCF). This committee provides input to the FRCC in support of the delegated activities and functions. The RECCF actively participates in the development of the Regional Entity Business Plan and Budget by reviewing and providing comments on assumptions, goals, resources and verbiage to the FRCC staff and to the Board of Directors.

The Member Services division of the FRCC provides, coordinates and administers a variety of services relating to the reliable planning and operation of the BES within the FRCC Region. These services are carried out by the FRCC Planning Committee (PC) and the FRCC Operating Committee (OC) and their various subcommittees, task forces and working groups, as well as FRCC Staff.

The FRCC PC and OC actively participate in the development and approval of their committee’s budget. The budget reflects the activity of each committee’s responsibilities, such as reliability coordination, resource adequacy, stability studies, transmission studies, operations tools, telecommunication tools and infrastructure.

Each year, the total FRCC budget is presented to the FRCC Board of Directors early in the second quarter for informational purposes prior to final approval in June. This process gives all FRCC members advanced indication of the funding level, both statutory and non-statutory, which will be required for the coming fiscal year (January 1 – December 31). This allows for timely inclusion of each member’s funding responsibility in their individual budgeting process. The final budget is presented for approval to the FRCC Board of Directors in June of each year and is then submitted to NERC for approval by the NERC Board of Trustees and then by FERC.

Membership and Governance

The FRCC’s members include investor-owned utilities, cooperative utilities, municipal utilities, power marketers, independent power producers and others. Membership is currently 32 FRCC members in the Regional Entity Division and 23 FRCC members in the Member Services Division including affiliate and adjunct members.

The FRCC has six (6) membership sectors which include the following:

- Non-Investor Owned Utility Wholesale
- Load Serving Entity
- Generating Load Serving Entity
- Investor Owned Utility
- Suppliers

- General

The activities of FRCC are governed by its Board of Directors. The Board is comprised of senior level executives from members of FRCC.

As part of its responsibilities, NERC, as the ERO, delegates its authority to Regional Entities to perform certain functions through delegation agreements. On November 4, 2015, FERC approved revised delegation agreements between NERC and the eight (8) Regional Entities that became effective January 1, 2016 and will expire at the end of 2020. These delegation agreements describe the responsibility and authority delegated to the Regional Entities. NERC and the Regional Entities worked collaboratively to revise the delegation agreements which were presented to the NERC Board of Trustees for approval mid-2015 and were approved by FERC and became effective January 1, 2016. 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.

Statutory Functional Scope

The FRCC carries out its delegated functions as outlined and detailed in the delegation agreement. NERC and the Regional Entities will continue to work under the existing regulatory framework governing the establishment and enforcement of reliability standards for the Bulk Power System (BPS). The delegated functions as defined by the NERC Rules of Procedures include:

- Reliability Standards Development (“RSD”) - Section 300
- Compliance Monitoring and Enforcement (“CMEP”) - Section 400
- Organization Registration and Certification - Section 500 (This program budget has been combined with the Compliance Monitoring and Enforcement function budget.)
- Reliability Assessment and Performance Analysis (“RA”) - Section 800 (including necessary data gathering activities and Events Analysis)
- Training, Education and Operator Certification (“TE”) - Section 900
- Situation Awareness and Infrastructure Security (“SA”) - Section 1000

2018 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of shared assumptions and key focus areas developed jointly by NERC and the Regional Entities (see Exhibit A of the NERC 2018 Business Plan and Budget) as part of the annual business plan and budget process. The significant assumptions underlying FRCC’s 2018 business plan include:

- NERC and the Regional Entities will continue to work under the existing regulatory framework governing the establishment and enforcement of Reliability Standards for the BES.
- NERC and Regional Entity collaboration to refine and revise processes and procedures to eliminate duplication, increase operational efficiencies, enhance ERO-wide consistency, and achieve measurable reliability outcomes will continue.
- NERC and the Regional Entities will continue to develop their Business Plan and Budgets (BP&B’s) based upon the assumption of continued stakeholder participation in support of key program areas, while recognizing that stakeholder resource limitations may affect specific levels of participation in any given activity.

- The number of continent-wide Reliability Standards development projects is expected to remain relatively stable, except as required to address any new FERC directives to create or modify Reliability Standards, or industry submittals of standard authorization requests.
- Continent-wide Reliability Standards projects will consist primarily of conducting enhanced periodic reviews on existing Reliability Standards to improve their content and quality, respond to identified risks to reliability (including those that may be identified through the implementation of risk-based Compliance Monitoring and Enforcement), and address FERC directives that may arise.
- Regional Reliability Standards development activity is expected to remain low.
- Compliance personnel will need to continue support of the implementation of cybersecurity Reliability Standards:
 - NERC will continue Critical Infrastructure Protection (CIP) V5 training, coordination, and facilitation with the ERO Enterprise CIP auditors and the industry. ERO Enterprise CIP subject matter experts will support these activities to ensure appropriate knowledge and guidance is developed, understood by industry, and administered.
 - The allocation of resources in 2018 should be responsive to continued implementation by registered entities of new versions of the CIP Reliability Standards, while recognizing that the risk-informed focus will be used.
- The implementation of the risk-based CMEP requires the allocation of dedicated resources from NERC and the Regional Entities for both compliance and enforcement. Regional Entities will require resources to complete the Inherent Risk Assessments (IRAs) for all registered entities in 2017-2019. In addition, Regional Entities will require resources to continuously update previously completed IRAs based on identified triggers and focus on creating compliance oversight plans that include compliance monitoring tools, the interval of compliance monitoring, and the Reliability Standards that are to be monitored.
- The success of the Compliance Monitoring and Enforcement Process Tool project, Entity Registration project and the Enterprise Reporting data warehouse project will be dependent on Regional Entity participation. The Regional Entities should consider allocating resources at an adequate level of participation to support the success of these projects.
- The results from the 2016 registration program review will result in modifications to the program in 2018. The work for 2017 and 2018 will be prioritized by the Organization Registration and Certification Group which may include an in-depth review of Joint Registration Organizations/Coordinated Functional Registrations.
- The activities associated with the implementation of the BES definition have decreased and, therefore, no additional resource demands are expected in the registration area. However, with applications for Self-Determined Notifications no longer being accepted through the ERO Enterprise BESnet application, Regional Entities will need to validate, with NERC oversight, their submittal to determine complete and proper application of the BES definition requiring continued need of the existing resources.
- NERC and the Regional Entities will continue to focus resources on high quality reliability assessments that address goals and their associated contributing activities identified in the ERO Enterprise's 2017-2020 Strategic Plan for Goal 3 – Identification and Mitigation of Significant Risks to Reliability and Goal 4 – Identification and Assessment of Emerging Risks to Reliability.
- NERC and the Regional Entities will continue to support a common approach for NERC reliability assessments and ensure consistent evaluation, aligned with the ROP Section

- 800, Reliability Assessment Guidebook, and the Reliability Assessment Oversight Plan to be developed in 2017.
- NERC and the Regional Entities will advance data management strategies and analytical capabilities for identifying and determining reliability risks and conducting reliability assessments by:
 - Integrating the analysis and measures of essential reliability services (ERS) into the Long-Term Reliability Assessment. The process encompasses new data collection and analysis approaches needed to address assessment objectives of identifying reliability issues due to a changing resource mix.
 - Providing technical resources to examine transmission and deliverability studies and providing high-level evaluation for the Long-Term Reliability Assessment.
 - Providing technical resources, advanced statistical analysis tools, objective expert input, and reliability leadership for the advancement of probabilistic analyses supporting the Long-Term Reliability Assessment.
 - Support the NERC Enterprise Reporting Project to ensure Reliability Assessment data is integrated and supported by analytical reporting, data checking, and validation tools.
 - NERC and the Regional Entities may require contractor and consultant services to maintain continued support and technical expertise associated with activities listed in the above assumptions with supporting special assessment, scenario, or other technical research efforts. This could potentially impact both NERC and Regional Entity resource allocation.
 - NERC will continue to fund the ERO Enterprise Learning Portal. NERC will work with the Regional Entities to consolidate learning resources and promote better coordination, planning, delivery, and management of learning activities across the ERO Enterprise in concert with Region-specific learning activities/requirements.
 - Regional Entities must allocate resources to address compliance and enforcement staff learning needs that are associated with the implementation of the risk-informed CMEP.
 - Regional Entities should continue to budget travel funds for attendance at development meetings that result from special requirements as business needs are clarified throughout the year.
 - The Regional Entities, in collaboration with NERC, will jointly contribute to the assessment and determination of ERO Enterprise learning and outreach needs. This includes advocating flexibility in the approach between Regional Entities, and anticipating areas of support for their staff and stakeholders regarding the ERO Enterprise programs.
 - NERC and the Regional Entities will continue to focus resources on system insights from high quality performance analysis, including:
 - Development and implementation of expanded and enhanced enterprise-based data collection and analysis systems, and capabilities for performance analyses. This area includes Transmission Availability Data System (TADS), Generating Availability Data System (GADS), Demand Response Availability Data System (DADS), Event Analysis, Alerts, substation equipment failure, and protection systems misoperations data.
 - Providing technical resources, analytical tools, and expertise to perform analyses as needed, including supporting and identifying risk priorities for standards development, compliance, and enforcement activities.
 - Support the NERC Enterprise Reporting Project to ensure Performance Analysis data is integrated into consolidated system and supported by analytical reporting tools, as well as

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- feedback loops to other parts of the ERO Enterprise such as compliance, standards, enforcement, etc.
- Regional Entities will continue to budget for event analysis and situational awareness activities based on their respective Region's historical workload, as they did in the past.
 - Registered entity participation in the ERO Enterprise Event Analysis Process, which involves active participation by Regional Entity staffs, will continue at or above current levels through 2018-2020.
 - NERC and the Regional Entities will advance modeling improvement capabilities to ensure the power system planning and operation models closely resemble actual operating conditions.
 - Perform periodic model validation against measured quantities and operational practices of the power system.
 - Perform case quality and fidelity assessment on interconnection wide models.
 - Drive the advancement and use of dynamic load modeling on an interconnection-wide basis.
 - Drive the advancement and use of inverter-based modeling on interconnection wide basis.
 - NERC and the Regional Entities will work collaboratively to enhance the ERO Enterprise's capability for event and forensic analysis, including:
 - Development of a process to ensure the compilation and creation of steady state, short circuit, and dynamic simulation model cases for use in the investigation and analysis of major power system disturbance events.
 - Evaluation of event disturbances using phasor measurements and other methods to assess sufficiency of data and models.
 - Continue ongoing support for the technical committees and associated subcommittees, working groups, and task forces related to Event Analysis. Regional Entity involvement is expected to remain at current levels with no additional resources required from the Regional Entities.
 - Regional Entities will support critical infrastructure security activities in the context of situation awareness, using those designated resources, unless specifically budgeted and managed elsewhere.
 - Ongoing investments will be required to develop, implement, and maintain enhancements to the NERC and Regional Entity websites, ERO Enterprise applications, and ERO Enterprise data repositories, which are required to improve access to information and data. NERC and the Regional Entities will separately fund any enhancements to their own websites.

2018 Goals and Key Focus Areas (Regional Entity Division)

- Continue to encourage stakeholder awareness and participation in the NERC standards development process as required to address reliability and stakeholder issues that may arise within the FRCC region.
- Continue to monitor the need for development of Regional Reliability Standards or regional variances that are required by NERC Reliability Standards or are needed for reliability within the FRCC region.
- Support and continue the implementation of Risk-based Compliance Monitoring and Enforcement, including implementing plans to complete and update Inherent Risk Assessments (IRA), implement refinements to Internal Controls Evaluations (ICEs)

conduct controls reviews during monitoring engagements, and assure that Compliance Oversight Plans (COPs) are addressing appropriate risks for all Registered Entities in the FRCC Region.

- Work with NERC and the other Regional Entities to support the BES Exception Process execution, technical validation of the definition and exception requests, self-determined notification submittals, and periodic reviews of network changes affecting BES determinations.
- Continue CIP V5 Outreach during the implementation of the compliance monitoring and assurance program for both CIP V5 and CIP-014.
- Continue collaboration with NERC and the other Regional Entities to improve consistency, quality, and timeliness of compliance monitoring and enforcement practices that focus on higher risks to the reliability of the BES. Continue to be a strong enforcement authority that is independent, without conflict of interest, objective and fair, using enforcement discretion when warranted and imposing penalties and sanctions that are commensurate with risk.
- Continue to be actively involved in all CMEP activities regarding the coordinated oversight of multi-region registered entities in the FRCC region to promote consistency and efficiency of oversight for the registered entities.
- Work with NERC and the other Regional Entities to participate in teams to help develop application business requirements and test business functionality for ERO Enterprise applications projects. These teams will primarily be business area subject matter experts, not IT staff. The success of the Compliance Monitoring and Enforcement Process Tool project will be dependent on Regional Entity participation. FRCC will allocate resources at an adequate level of participation to support the success of this project.
- Support NERC to strengthen data collection and validation processes by designing, creating, testing and implementing data checking systems to accommodate the increasing amount of data NERC collects for its long-term, seasonal, operational, scenarios and special reliability assessments along with the databases supporting reliability performance assessments.
- Support the ERO efforts to expand the assessment and performance analysis capabilities in Reliability Assessments to achieve measurable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.
- Support ERO activities to identify key reliability risks and appropriate risk control projects designed to enhance reliability or mitigate risks. Work with NERC and the other Regional Entities and the industry to effectively address security vulnerabilities and threats. During crisis situations, support ERO sharing of information among industry, Regions, and government.

2018 Overview of Cost Impacts

The FRCC's proposed 2018 Regional Entity budgeted expenses and net fixed assets (see page 13) is \$7,514,112 which is a \$336,258 or 4.7% increase over the 2017 budget. The major drivers of the increase are the net effect of:

- Salaries are based on the assumption of a 3% merit increase pool plus promotions and adjustments and a 13% vacancy factor based on historical attrition.

- The addition of one Senior Reliability Engineer

2018 Key Focus Areas by Program

In 2018, FRCC will achieve the following key objectives:

- **Reliability Standards Development** — Continue support of the ERO Enterprise in its efforts to further improve the quality and content of Reliability Standards, including using feedback loops as part of enhanced periodic reviews that are focused on conducting measured, in-depth reviews using the enhanced periodic review template. Support ERO activities necessary to incorporate Regional Standards into continent-wide standards as variances as standards are reviewed through the enhanced periodic review process. Support outreach during standard development and assist in the transition of standards to compliance monitoring and enforcement.
- **Compliance Monitoring and Enforcement** — Continue implementation of the risk-based compliance monitoring and enforcement program, including the completion of Inherent Risk Assessments, Internal Controls Evaluations, controls reviews during monitoring engagements, and the development of Compliance Oversight Plans using consistent practices that are focused on higher reliability risks. Ensure timely and thorough mitigation of all violations of mandatory reliability standards with the most focus on those violations that create serious risk to the Bulk Electric System. Promote a strong culture of compliance excellence, reliability improvement, and risk-based methods among all Registered Entities in the FRCC Region.
- **Organization Registration and Certification** – Continue implementation of the risk-based registration activities with a focus on the collaborative development of a consistent registration program throughout the ERO Enterprise. Continue the regional efforts to utilize risk and materiality in the decision process for entity registrations and support the activities of the NERC-led Review Panel to focus on continent-wide resolutions for registration issues, while addressing individual entity issues concerning registration. Support the ERO activities to improve consistency in the Certification and Certification Review process. Focus Certification Review activities on areas of risk and tailor engagements based on entity performance and the results of Inherent Risk Assessments. Work with NERC and the other Regional Entities to support the BES Exception Process execution, technical validation of the definition and exception requests, self-determined notification submittals, and periodic reviews of network changes affecting BES determinations.
- **Event Analysis** — Continue to support improved reliability through reporting and categorizing of system events and security incidents. Consistently analyze events for sequence, cause, system performance, remediation, and improvement opportunities. Continue to identify potential reliability risks and gaps in standards, compliance monitoring effectiveness, registration and risk controls effectiveness. Work to ensure that the industry is well informed of large system events, emerging trends, risk analysis and lessons learned. Provide timely written lessons learned and recommendations from events (or occurrences) and provide to industry through various sharing methods (i.e. website posting and briefings at committee meetings).
- **Critical Infrastructure Protection and Cyber Security** — Facilitate, educate and support Registered Entities in their understanding of the CIP reliability standards and responding to cyber security alerts. Continue CIP V5 training, coordination, and facilitation with the ERO Enterprise CIP auditors. Provide education and outreach to

stakeholders to ensure their understanding of the technical aspects of the requirements CIP V5, CIP-013 and CIP-014.

- **Reliability Assessments** — Provide annual, seasonal, probabilistic, and Short-Term special reliability assessments of the reliability of the FRCC BES in accordance with NERC definitions and requirements. Conduct special reliability assessments as necessary and provide input to NERC studies specific to the conditions and needs of the FRCC region. In support of NERC and FRCC objectives, advance analytical capabilities for identifying and determining reliability risks and conducting various reliability assessments. Work with NERC and the other Regional Entities to develop and track performance metrics that demonstrate the accuracy of the powerflow and dynamics models to replicate actual system conditions and reliability behavior. Work with NERC and the other Regional Entities to support the BES Exception Process execution, technical validation of the definition and exception requests, self-determined notification submittals, and periodic reviews of network changes affecting BES determinations.
- **Training, Education and Operator Certification** – Continue to conduct System Operator Training seminars to improve collaboration and communication between FRCC System Operators, conduct restoration drills and maintain reliability excellence. Continue to hold Compliance and Standards Workshops and Webinars to provide support for stakeholders in understanding and implementing reliability standards requirements. Provide and maintain administrative support to the FRCC portion of the ERO Enterprise Learning Portal.
- **Situation Awareness** — Continue to support NERC in maintaining and enhancing the current and future situation awareness capabilities that include near real-time information and communications protocols that meet the needs of FERC, NERC, and the Regional Entities (SAFNrv2). Issue and track security recommendations to protect the Bulk Power System. Share information learned in Situation Awareness with the Events Analysis program to develop relevant lessons learned and identify gaps in standards, compliance effectiveness, registration and risk control effectiveness. Support and promote rapid and appropriate sharing of situational awareness information regarding security occurrences.
- **Effective Financial Controls** — Continue to provide rigorous cost controls and efficient management of resources to remain an efficient provider of ERO delegated functions.

Long Term Business Planning

NERC and the Regional Entities continue to work together to improve the overall ERO business planning and budgeting process, including long-term resource and financial planning. The 2018 Business Plan and Budget process builds upon the improvements made over the past several years including face-to-face meetings, conference calls and exchanges of documentation among senior management and staff of NERC and Regional Entities regarding budget assumptions, resource requirements, and opportunities to improve operational efficiency and effectiveness.

NERC and the Regional Entities have developed a common operating model that describes the characteristics of a highly effective and efficient ERO Enterprise. The operating model includes action items to address coordinated strategic and business planning as well as performance monitoring processes across the ERO Enterprise. These processes remain transparent, with results reported on a quarterly basis to NERC's Board of Trustees and Corporate Governance and Human Resources Committee.

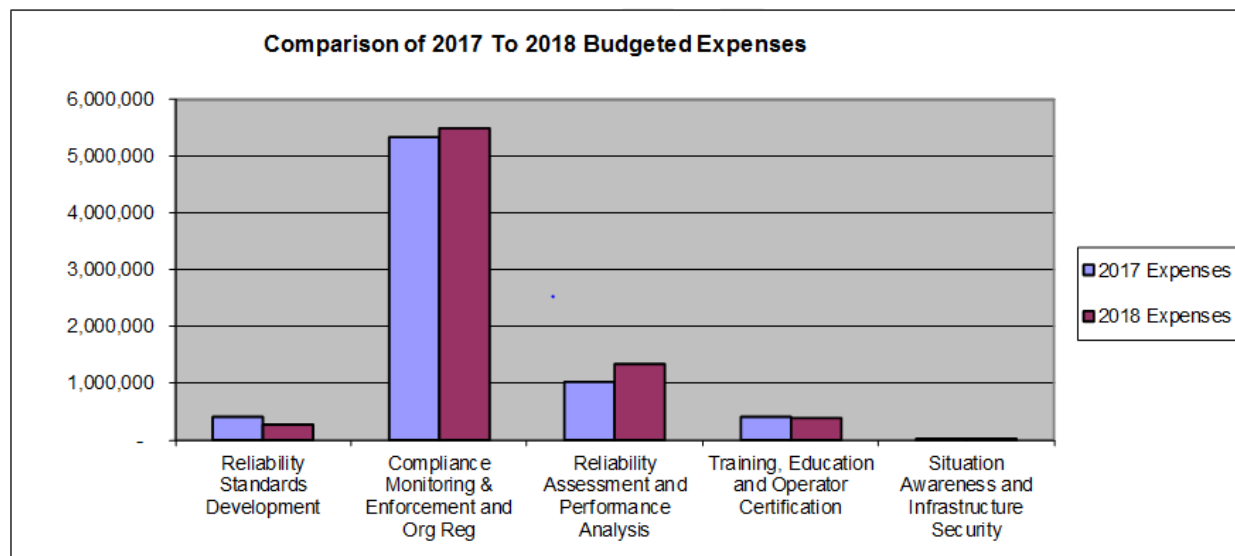
At the November 2016 NERC Board meeting, an updated version of the ERO Enterprise Strategic Plan with goals, objectives, and focus areas for the 2017–2020 planning period was approved. The strategic plan lays out five goals that the ERO Enterprise will focus on over the next three years. They include (1) risk-responsive Reliability Standards; (2) objective and risk-informed compliance monitoring and enforcement, as well as organization certification and registration; (3) identification and mitigation of significant reliability risks; (4) identification and assessment of emerging reliability risks; and (5) effective and efficient ERO Enterprise operations. The plan also identifies a number of associated contributing activities to achieve the goals of the ERO Enterprise. There are also seven overarching performance metrics to assess the overall effectiveness of the ERO Enterprise in addressing risk to the Bulk Electric System (BES) and improving BES reliability in 2017. These metrics concentrate on (1) experiencing fewer, less severe events, (2) allowing no gaps in Reliability Standards and compliance monitoring, (3) foreseeing resource deficiencies, (4) preventing unauthorized physical or cyber security access that disrupts BES facilities, (5) reducing reliability risk from noncompliance, (6) decreasing risks in targeted areas, and (7) managing NERC operations in an efficient and effective manner. With the ERO Strategic Plan, the developed performance metrics, and the set of common assumptions, the 2018 Business Plan and Budgets of NERC and the Regional Entities will support and complement each other. The Shared Business Plan and Budget Assumptions (Exhibit A of the 2018 NERC Business Plan and Budget) incorporate assumptions affecting resource demands through the 2020 planning horizon.

NERC and the Regional Entities continue to work together to develop, strengthen and improve an integrated long term ERO business plan and budget that leverages and builds on the combined strength and resources of NERC and the Regional Entities to improve the overall effectiveness and efficiency of ERO operations and improve the reliability of the BES of North America.

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. Below is an overall summary of the changes by program area.

Program Funding	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Reliability Standards Development	\$ 398,334	398,335	\$ 270,452	\$ (127,882)	-32.1%
Compliance Monitoring & Enforcement and Org Reg	5,335,423	5,335,423	5,498,173	162,750	3.1%
Reliability Assessment and Performance Analysis	1,024,290	1,024,290	1,337,329	313,040	30.6%
Training, Education and Operator Certification	410,130	412,130	394,743	(15,387)	-3.8%
Situation Awareness and Infrastructure Security	9,678	9,677	13,414	3,737	38.6%
Total Budget	\$ 7,177,854	\$ 7,179,855	\$ 7,514,112	\$ 336,258	4.7%



This graphical representation does not include an allocation of working capital requirements among the Program Areas.

Total FTE's by Program Area	Budget 2017	Projection 2017	Direct	Shared	Total FTEs 2018	Change from 2017
			FTEs 2018 Budget	FTEs ¹ 2018 Budget		
STATUTORY						
Operational Programs						
Reliability Standards Development	1.48	1.17	0.94		0.94	-0.54
Compliance Monitoring & Enforcement and Org Reg	19.58	18.38	19.65		19.65	0.07
Reliability Assessment and Performance Analysis	3.60	3.65	2.00	2.31	4.31	0.71
Training, Education and Operator Certification	1.11	1.17	1.07		1.07	-0.04
Situation Awareness and Infrastructure Security	0.03	0.05	0.04		0.04	0.01
Total FTEs Operational Programs	25.80	24.42	23.70	2.31	26.01	0.21
Administrative Programs						
General & Administrative	4.19	4.35		4.62	4.62	0.43
Total FTEs Administrative Programs	4.19	4.35	0.00	4.62	4.62	0.43
Total FTEs	29.99	28.77	23.70	6.93	30.63	0.64

2017 Statutory Budget and Projection and 2018 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2017 Budget & Projection, and 2018 Budget					
STATUTORY					
	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 6,163,896	\$ 6,163,895	\$ (1)	6,660,518	\$ 496,623
Penalty Sanctions	95,000	95,001	1	253,145	158,145
Total ERO Funding	\$ 6,258,896	\$ 6,258,896	\$ 0	\$ 6,913,663	\$ 654,768
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	92,000	94,000	2,000	92,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 6,350,896	\$ 6,352,896	\$ 2,001	\$ 7,005,663	\$ 654,768
Expenses					
Personnel Expenses					
Salaries	\$ 3,958,699	3,918,676	\$ (40,023)	\$ 4,289,416	\$ 330,717
Payroll Taxes	233,832	226,334	(7,498)	249,708	15,876
Benefits	687,962	668,469	(19,493)	684,682	(3,280)
Retirement Costs	591,944	590,515	(1,429)	654,985	63,041
Total Personnel Expenses	\$ 5,472,437	\$ 5,403,994	\$ (68,443)	\$ 5,878,791	\$ 406,354
Meeting Expenses					
Meetings	\$ 81,212	\$ 78,808	\$ (2,404)	\$ 72,593	\$ (8,619)
Travel	170,086	161,820	(8,266)	164,498	(5,588)
Conference Calls	13,281	15,299	2,018	15,150	1,869
Total Meeting Expenses	\$ 264,579	\$ 255,927	\$ (8,652)	\$ 252,241	\$ (12,338)
Operating Expenses					
Consultants & Contracts	\$ 530,329	\$ 490,095	\$ (40,234)	\$ 481,554	\$ (48,775)
Office Rent	552,603	597,413	44,810	625,292	72,689
Office Costs	132,513	167,189	34,676	113,073	(19,440)
Professional Services	37,499	44,010	6,511	35,824	(1,675)
Miscellaneous	-	-	-	-	-
Depreciation	142,625	135,778	(6,847)	113,181	(29,444)
Total Operating Expenses	\$ 1,395,569	\$ 1,434,485	\$ 38,916	\$ 1,368,924	\$ (26,645)
Total Direct Expenses	\$ 7,132,585	\$ 7,094,406	\$ (38,179)	\$ 7,499,956	\$ 367,371
Indirect Expenses	\$ -	\$ 1	\$ 1	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 7,132,585	\$ 7,094,407	\$ (38,178)	\$ 7,499,956	\$ 367,371
Change in Assets	\$ (781,690)	\$ (741,511)	\$ 40,179	\$ (494,293)	\$ 287,397
Fixed Assets					
Depreciation	\$ (142,625)	\$ (135,778)	\$ 6,847	\$ (113,181)	\$ 29,444
Total Fixed Asset Purchases	187,894	118,168	(69,726)	127,337	(60,557)
Change in Fixed Assets	(45,269)	17,610	62,879	(14,156)	31,113
TOTAL BUDGET	\$ 7,177,854	\$ 7,076,797	\$ (101,057)	\$ 7,514,112	\$ 336,258
TOTAL CHANGE IN WORKING CAPITAL	\$ (826,959)	\$ (723,901)	\$ 103,058	\$ (508,449)	\$ 318,510
FTEs	29.99	28.77	(1.22)	30.63	0.64

Section A – Statutory Programs

2018 Business Plan and Budget

Reliability Standards Development Program

Reliability Standards Development Program (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	1.48	0.94	(0.54)
Direct Expenses	\$ 347,092	\$ 233,589	\$ (113,503)
Indirect Expenses	\$ 49,665	\$ 36,411	\$ (13,254)
Inc(Dec) in Fixed Assets	\$ 1,577	\$ 452	\$ (1,125)
Total Funding Requirement	\$ 398,334	\$ 270,452	\$ (127,882)

Program Scope and Functional Description

The FRCC may develop, through the FRCC Regional Reliability Standards Development Process, separate Regional Reliability Standards that are specific to the FRCC Region and go beyond, add detail to, or implement NERC Reliability Standards. FRCC Regional Reliability Standards will not be inconsistent with or less stringent than NERC Reliability Standards.

The FRCC Regional Reliability Standards Development Process is an open, balanced and fair process that ensures all interested and affected parties have an opportunity to participate in the development of FRCC Regional Reliability Standards for the FRCC Region.

While the FRCC may develop separate Regional Reliability Standards, the preference is to support the development of continent wide reliability standards. The FRCC staff follows and participates in NERC's Standards Development Process. The FRCC supports and encourages stakeholder awareness and participation in the NERC standards development process through educational outreach efforts at workshops, webinars and committee meetings.

2018 Key Assumptions

The key assumptions included in the Shared Business Plan and Budget Assumptions affecting the Reliability Standards Program include:

- The number of continent-wide standards development projects is expected to remain relatively stable, except as required to address any new FERC directives to create or modify Reliability Standards, or industry submittals of standard authorization requests.
- Continent-wide standards projects will consist primarily of conducting enhanced periodic reviews to improve the content and quality of existing standards, responding to identified risks to reliability (including those that may be identified in the implementation of risk based CMEP activities), and addressing FERC directives that may arise.
- The number of interpretation requests is expected to remain low, however the guidance requests associated with the implementation of Standards may increase.

- FRCC has no Regional Reliability Standards and none are currently planned for the future.
- NERC and the Regional Entities will continue to provide communication and outreach opportunities as standards are developed and following FERC approval of new and revised standards. Additionally, following FERC approval, Regional Entities will assist the transition of standards to compliance monitoring and enforcement by providing knowledge that supports industry and auditor training.

2018 Goals and Key Focus Areas

The Standards Program objectives for 2018 are to follow and participate in the NERC Standards Development Process. Continue to encourage stakeholder awareness and participation in the NERC standards development process to address reliability and stakeholder issues that may arise within the FRCC region. Support the development of Standard's guidance requests as appropriate.

- Continue to monitor the need for development of Regional Reliability Standards or regional variances that are required by NERC Reliability Standards or are needed for reliability within the FRCC region.
- Assist the FRCC members and Registered Entities in following and understanding NERC standards development activities by continuing education and outreach programs to include:
 - Development and presentation at Workshops, Webinars and committee meetings to address continent-wide and regional reliability issues.
 - Develop and deliver project level communications, education and training for new or revised reliability standards.
 - Review, analyze, and identify potential regional concerns and solutions associated with NERC Reliability Standards under development.
 - Continue to support the FRCC RECCF to fully vet and identify any concerns and assist in articulating the concern and possible solution to standard drafting teams as appropriate.
- Continue to utilize the regional feedback loop process to conduct measured, in-depth reviews to improve Reliability Standards in support of the Enhanced Periodic Review process.

Reliability Standards Development Program

Funding sources and related expenses for the reliability standards section of the 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2017 Budget & Projection, and 2018 Budget

Reliability Standards Development

	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 392,887	\$ 392,887	\$ 0	\$ 261,304	\$ (131,583)
Penalty Sanctions	\$ 5,448	\$ 5,448	\$ 0	9,149	3,701
Total ERO Funding	\$ 398,334	\$ 398,335	\$ 1	\$ 270,452	\$ (127,882)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 398,334	\$ 398,335	\$ 1	\$ 270,452	\$ (127,882)
Expenses					
Personnel Expenses					
Salaries	\$ 212,820	\$ 169,928	\$ (42,892)	\$ 143,677	\$ (69,143)
Payroll Taxes	12,687	9,874	(2,813)	8,428	(4,259)
Benefits	37,965	30,819	(7,146)	25,711	(12,254)
Retirement Costs	31,264	25,133	(6,131)	21,554	(9,710)
Total Personnel Expenses	\$ 294,736	\$ 235,754	\$ (58,982)	\$ 199,370	\$ (95,366)
Meeting Expenses					
Meetings	\$ 1,479	\$ 1,389	\$ (90)	\$ 772	\$ (707)
Travel	11,676	11,487	(189)	5,468	(6,208)
Conference Calls	1,997	2,280	283	3,138	1,141
Total Meeting Expenses	\$ 15,152	\$ 15,156	\$ 4	\$ 9,378	\$ (5,774)
Operating Expenses					
Consultants & Contracts	\$ 7,443	\$ 6,722	\$ (721)	\$ 3,992	\$ (3,451)
Office Rent	19,814	17,517	(2,297)	14,044	(5,770)
Office Costs	5,308	5,940	632	3,874	(1,434)
Professional Services	2,150	2,102	(48)	1,301	(849)
Miscellaneous	-	-	-	-	-
Depreciation	2,489	1,692	(797)	1,630	(859)
Total Operating Expenses	\$ 37,204	\$ 33,973	\$ (3,231)	\$ 24,841	\$ (12,363)
Total Direct Expenses	\$ 347,092	\$ 284,883	\$ (62,209)	\$ 233,589	\$ (113,503)
Indirect Expenses	\$ 49,665	\$ 43,662	\$ (6,003)	\$ 36,411	\$ (13,254)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 396,757	\$ 328,545	\$ (68,212)	\$ 270,000	\$ (126,757)
Change in Assets	\$ 1,577	\$ 69,790	\$ 68,213	\$ 452	\$ (1,125)
Fixed Assets					
Depreciation	\$ (2,489)	\$ (1,692)	\$ 797	\$ (1,630)	\$ 859
Total Fixed Asset Purchases	4,066	2,315	(1,751)	2,082	(1,984)
Change in Fixed Assets	\$ (1,577)	\$ (623)	\$ 954	\$ (452)	\$ 1,125
TOTAL BUDGET	\$ 398,334	\$ 329,168	\$ (69,166)	\$ 270,452	\$ (127,882)
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 69,167	\$ 69,167	\$ -	\$ -
FTEs	1.48	1.17	(0.31)	0.94	(0.54)

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	19.59	19.65	0.06
Direct Expenses	\$ 4,632,111	\$ 4,732,295	\$ 100,184
Indirect Expenses	\$ 657,391	\$ 761,150	\$ 103,759
Inc(Dec) in Fixed Assets	\$ 45,921	\$ 4,728	\$ (41,193)
Total Funding Requirement	\$ 5,335,423	\$ 5,498,173	\$ 162,750

Program Scope and Functional Description

Implementation of a risk-based Compliance Monitoring and Enforcement program supports FRCC's mission to identify, prioritize, and assure effective and cost efficient mitigation of risks to the reliability and security of the peninsular Florida bulk power system. Appropriate registration and certification of entities also supports the mission of reliability. Reliable operation of the BES is in the public interest, because it will benefit all owners, operators and users of the BES, and, ultimately, all users and consumers of electric power in the FRCC Region.

Organization Registration and Certification activities are carried out by the Reliability Performance and Registration staff and by utilizing the results of the regional BES assessments and the Inherent Risk Assessments (IRA) to properly register entities within the FRCC region based on risk and materiality. Certifications and Certification Reviews ensure the operational readiness of the Transmission Operators (TOP) and Balancing Authorities (BA) in the FRCC region. The FRCC has focused the Certification and Certification Review activities on areas of risk and tailor's engagements based on the entity's performance and the results of IRAs. The FRCC Reliability Performance and Registration staff work in collaboration with the Registration and Certification staff of the other Regional Entities and with NERC to consistently implement the Statement of Compliance Registry Criteria, detailed in Appendix 5B of the NERC Rules of Procedure and the ERO Organization Certification Program.

Compliance and Enforcement activities are independent of all users, owners and operators of the BES for which FRCC maintains CEA responsibility. Through a risk-based program that places the focus on those risks that are most important to the reliability of the BES, FRCC will strive to increase the level of reliable operation of the BES in the FRCC Region.

The NERC 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. The FRCC compliance and enforcement staff works with the compliance and enforcement staff of the other Regional Entities and with NERC to strive for consistency in the implementation of the CMEP.

2018 Highlights of Compliance Monitoring and Enforcement Processes

The implementation of risk-based compliance monitoring and enforcement will include an analysis of risk to develop an appropriate compliance oversight plan for each Registered Entity. Balancing Authorities and Transmission Operators will continue to be reviewed at least every 3 years. However, the application of risk based principles will likely result in certain FRCC entities being monitored more frequently. The review of a Registered Entity's inherent risk will be the foundation in the development of each entity's specific compliance oversight plan. FRCC staff will continue to review and encourage registered entities toward the development and maintenance of entity internal controls that lower risk to compliance, reliability, and security. Compliance staff will continue a strong outreach program to assist registered entities in their understanding of the risk-based compliance program as well as the details of CIP V5 reliability standards.

Organization Registration and Certification

The FRCC has registered the organizations responsible for complying with Reliability Standards in accordance with Section 500 of the NERC Rules of Procedure and the Statement of Compliance Registry Criteria, detailed in Appendix 5B of the NERC Rules of Procedure. After implementing the reforms as part of the Risk Based Registration effort in 2016, there are currently 45 Registered Entities with a total of 167 registered functions. Maintaining a complete and accurate registration database will be an ongoing activity. The FRCC will develop, maintain and provide to NERC accurate information on entity registration within the FRCC Region with updates as changes occur. FRCC staff will continue to support and participate in the evaluation of appropriate levels of registration of Registered Entities. The FRCC will support as needed, the implementation of the NERC-led review panel as part of the continuing efforts of the Risk Based Registration program. FRCC will participate in certifications or certification reviews as circumstances warrant. FRCC will also participate in the review of the Certification Program taking place during 2017 and to the extent changes are recommended and approved, will implement those changes in 2018.

Enforcement and Mitigation

The FRCC has implemented risk-based enforcement and actions may include the imposition of remedial action directives, sanctions and penalties for those risks that pose a more serious risk to reliability. The FRCC will utilize other enforcement disposition methods, such as Compliance Exceptions and FFT's for those violations that pose less risk to reliability. Mitigation of violations of the approved Reliability Standards, and the prevention of recurrence, remains central to the FRCC's reliability focus. Registered Entities found in violation of a Reliability Standard will be required to fully mitigate the violation regardless of the type of enforcement actions taken.

2018 Key Assumptions - Compliance Monitoring and Enforcement

- As a minimum, audits are expected to continue under the current three-year schedule for BA's and TOP's. However, reliability risk profiles for all Registered Entities will be developed and compliance oversight plans will be tailored to the risk profiles which may increase the frequency, depth and complexity of monitoring for some entities and decrease the frequency, depth and complexity of others. The FRCC will continue implementing plans to complete and update IRAs, conducting voluntary Internal Control Evaluations (ICEs), conducting controls reviews during monitoring engagements, and

ensuring that Compliance Oversight Plans (COPs) are addressing the appropriate risks for each Registered Entity.

- The use of spot checks and self-certifications is expected to increase as risk-based monitoring is implemented. Self-Certifications will remain risk focused and will require information from the entities that will be reviewed by monitoring staff to achieve reasonable assurance of compliance.
- The effective date for compliance with the CIP Version 5 standards was July 1, 2016 for High and Medium impact assets and July 1, 2017 for Low impact assets. FRCC plans to continue to support CIP V5 outreach efforts and anticipates an expansion in the number of Registered Entities that require guidance during 2018.
- The number of planning and operating violations are expected to remain relatively constant as most Registered Entities have been audited, have a greater understanding of the compliance expectations and the standards have matured.
- A Compliance Monitoring and Enforcement Process Tool project will include an evaluation of software systems used for compliance, registration, analysis and tracking which will likely result in replacing existing systems in the 2020 timeframe. Regional Entities are expected to allocate resources to support the specification, development and testing of these software system changes over the next several years. Until the project is complete, Regional Entities will continue to budget to maintain current systems and tools.
- NERC and the Regional Entities will continue ERO Enterprise-wide collaboration to implement more consistent compliance monitoring and enforcement practices and focus on higher reliability risks to increase efficiency and mitigate overall compliance costs.
- NERC and the Regional Entities must plan to support the training and education requirements and guidelines necessary to meet the criteria set forth by the ERO Auditor ERO Enterprise Compliance Monitoring and Enforcement Manual and the Competency Guide. NERC will continue to budget and incur the cost of an ERO Enterprise Learning Portal. NERC will work with the Regional Entities to consolidate training resources and promote better coordination, planning, delivery and management of training efforts across the ERO.
- Regional Entities are expected to allocate resources and funds to meet the training requirements for the compliance and enforcement staff that are associated with the implementation of the risk-based compliance monitoring and enforcement.
- Maintaining budgeted qualified compliance and enforcement staff will continue to be a challenge driven by a limited pool of qualified people and an aging work force. Investments in training less experienced personnel are likely to increase.

2018 Goals and Key Focus Areas- Compliance Monitoring and Enforcement

The Compliance Monitoring and Enforcement Program objectives for 2018 are outlined below:

- Support and continue the implementation of Risk-based Compliance Monitoring and Enforcement, including implementing plans to complete and update Inherent Risk Assessments (IRA), implement refinements to Internal Controls Evaluations (ICEs) conduct control reviews during monitoring engagements, and assure that Compliance Oversight Plans (COPs) are addressing appropriate risks for all Registered Entities in the FRCC Region.

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- Continue CIP V5 Outreach during the implementation of the compliance monitoring and assurance program for both CIP V5 and CIP-014.
 - Provide the necessary training for compliance and enforcement staff associated with the implementation of the risk-based CMEP.
 - Continue collaboration with NERC and the other Regional Entities to improve consistency, quality, and timeliness of compliance monitoring and enforcement practices that focus on higher risks to the reliability of the BES.
 - Continue to promote the self-identification of non-compliance by Registered Entities and utilize increased risk-based discretion as appropriate. Ensure timely and thorough mitigation of all violations of mandatory reliability standards with a specific focus on the prevention of reoccurrence.
 - Promote a culture of compliance excellence through education, transparency, information sharing and incentives.

2018 Key Assumptions - Organization Registration and Certification

- The results from the 2016 registration program review will result in modifications to the program in 2018. The recommendations will be prioritized and work to be conducted in 2017 and 2018 includes:
 - The NERC-led Review Panel should compile a list of possible ROP enhancements related to the NERC-led review panel processes and procedures.
 - NERC and the Regional Entities should utilize the lessons learned from the implementation of the NERC-led Review Panel along with the results of the decisions to identify potential areas of improvement to the ROP.
 - NERC and the Regional Entities should leverage the experience of the NERC led Review Panel to develop and conduct outreach for industry to inform how the NERC-led Review Panel is conducted and how a submittal is processed.
 - NERC and the Regional Entities should conduct an in-depth review on Joint Registration Organizations (JROs)/Coordinated Functional Registrations (CFRs) processes and procedures.
 - NERC and the Regional Entities should draft a more defined procedure for its role in changes to BES Element status, including the Regional responsibility to validate, with NERC oversight, submittals to determine complete and proper application of the BES definition

2018 Goals and Key Focus Areas - Organization Registration and Certification

The Organization Registration and Certification Program objectives for 2018 are outlined below:

- Continue implementation of the risk-based registration activities with a focus on the collaborative development of a consistent registration program throughout the ERO enterprise.
- Continue the regional efforts to utilize risk and materiality in the decision process for entity registrations and support the activities of the NERC-led Panel to focus on continent-wide resolutions for registration issues, while addressing individual entity issues concerning registration.

- Support the ERO activities to improve consistency in the Certification and Certification Review process. Focus Certification Review activities on areas of risk and tailor engagements based on entity performance and the results of Inherent Risk Assessments.
- Work with NERC and the other Regional Entities to support the BES Exception Process execution, technical validation of the definition and exception requests, self-determined notification submittals, and periodic reviews of network changes affecting BES determinations. Recertification for exceptions begins in 2018.

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
Compliance Monitoring & Enforcement and Organization Registration & Certification					
	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 5,263,317	\$ 5,263,317	\$ 0	\$ 5,306,927	\$ 43,611
Penalty Sanctions	72,106	72,106	0	191,246	119,140
Total ERO Funding	\$ 5,335,423	\$ 5,335,423	\$ 0	\$ 5,498,173	\$ 162,750
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 5,335,423	\$ 5,335,423	\$ 0	\$ 5,498,173	\$ 162,750
Expenses					
Personnel Expenses					
Salaries	\$ 2,461,771	\$ 2,291,247	\$ (170,524)	\$ 2,617,862	\$ 156,091
Payroll Taxes	144,595	131,767	(12,828)	151,653	7,058
Benefits	459,445	425,246	(34,199)	428,736	(30,709)
Retirement Costs	372,041	349,811	(22,230)	404,225	32,184
Total Personnel Expenses	\$ 3,437,852	\$ 3,198,071	\$ (239,781)	\$ 3,602,476	\$ 164,624
Meeting Expenses					
Meetings	\$ 10,857	\$ 10,473	\$ (384)	\$ 12,096	\$ 1,239
Travel	93,365	83,539	(9,826)	90,644	(2,721)
Conference Calls	9,286	10,610	1,324	6,602	(2,684)
Total Meeting Expenses	\$ 113,508	\$ 104,622	\$ (8,886)	\$ 109,342	\$ (4,166)
Operating Expenses					
Consultants & Contracts	\$ 417,540	\$ 360,491	\$ (57,049)	\$ 343,034	\$ (74,506)
Office Rent	413,238	429,650	16,412	461,903	48,665
Office Costs	91,505	116,179	24,674	82,718	(8,787)
Professional Services	28,462	31,734	3,272	27,052	(1,410)
Miscellaneous	-	-	-	-	-
Depreciation	130,006	125,217	(4,789)	105,770	(24,236)
Total Operating Expenses	\$ 1,080,751	\$ 1,063,271	\$ (17,480)	\$ 1,020,477	\$ (60,274)
Total Direct Expenses	\$ 4,632,111	\$ 4,365,964	\$ (266,147)	\$ 4,732,295	\$ 100,184
Indirect Expenses	\$ 657,391	\$ 659,242	\$ 1,851	\$ 761,150	\$ 103,759
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 5,289,502	\$ 5,025,206	\$ (264,296)	\$ 5,493,445	\$ 203,943
Change in Assets	\$ 45,921	\$ 310,217	\$ 264,296	\$ 4,728	\$ (41,193)
Fixed Assets					
Depreciation	\$ (130,006)	\$ (125,217)	\$ 4,789	\$ (105,770)	\$ 24,236
Total Fixed Asset Purchases	175,927	108,516	(67,411)	110,498	(65,429)
Change in Fixed Assets	\$ (45,921)	\$ 16,701	\$ 62,622	\$ (4,728)	\$ 41,193
TOTAL BUDGET	\$ 5,335,423	\$ 5,008,505	\$ (326,918)	\$ 5,498,173	\$ 162,750
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ 326,918	\$ 326,918	\$ -	\$ (0)
FTEs	19.58	18.38	(1.20)	19.65	0.07

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program			
(in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	3.60	4.31	0.71
Direct Expenses	\$ 905,868	\$ 1,162,748	\$ 256,880
Indirect Expenses	\$ 120,807	\$ 166,949	\$ 46,143
Inc(Dec) in Fixed Assets	\$ (2,385)	\$ 7,632	\$ 10,017
Total Funding Requirement	\$ 1,024,290	\$ 1,337,329	\$ 313,040

Program Scope and Functional Description

The FRCC will perform high quality assessments of the reliability of the BES in the FRCC region and will continue to ensure that the planned system is robust, reliable and stable. The FRCC will continue to participate in Event Analysis teams to analyze any disturbances that may occur within the FRCC region.

The FRCC performs transmission reliability studies in order to provide an assessment to NERC for its periodic NERC Reliability Assessments. These studies evaluate regional and inter-regional facilities. The FRCC prepares a minimum of three reliability assessments each year and a probabilistic assessment every other year and will assist NERC with Short-Term Special Assessments as needed:

- A 10-year long-term reliability assessment report
- Seasonal assessments (Summer & Winter)
- Assist with Short-Term Special Assessments (up to four per year)
- A probabilistic long-term reliability assessment (biennial)

These reports evaluate electricity demand, the adequacy of supply and its deliverability, fuel reliability and the adequacy of the transmission system within the FRCC. The FRCC will prepare special reliability assessment reports as conditions warrant and provide input to NERC studies specific to the conditions and needs of the FRCC region.

The FRCC Reliability Assessment and Performance Analysis Program (RA) will support NERC's efforts to move toward and implement high quality reliability assessments and performance analysis to achieve measurable improvements in the BES reliability. Risks will be identified and prioritized based on reliability impacts, cost/practicality of assessments, projected resources, and emerging issues. This will help support the prioritization of risks to share with standards development and compliance and enforcement activities.

The FRCC will continue to support NERC's efforts to develop and implement expanded and enhanced enterprise-based data collection and analysis systems and capabilities for performance analysis. In addition, the FRCC will support development of resource capabilities and tools,

including probabilistic and scenario evaluations, which address the impacts of new technologies, changing resource or demand resource composition, and environmental related regulations or legislation.

The FRCC will support the ERO Essential Reliability Services Working Group (ERSWG) focused on identifying and integrating essential reliability services and measures into the Long-Term Reliability Assessment, including identification of reliability issues due to a changing resource mix.

The FRCC actively participates in the Eastern Interconnection Reliability Assessment Group (ERAG) which will continue to oversee and fund the development of the Eastern Interconnection transmission models and conduct Eastern Interconnection reliability assessments. The FRCC Events Analysis Program will analyze or support the analysis of significant events and system performance that impact the BES within the FRCC Region. The FRCC will consistently analyze events for identification of sequence, root cause, system performance, remediation, and improvement opportunities to identify reliability risks and trends, and lessons learned. FRCC's analysis may result in the identification of gaps in standards, compliance effectiveness, registration or risk controls effectiveness. The FRCC will provide lessons learned and recommendations from events and identified risks keeping industry well informed of large system events, emerging trends, risk analysis, lessons learned. FRCC will utilize various sharing methods (i.e. website posting and briefings at committee meetings) to ensure FRCC entities are exposed to the latest information in this area.

The FRCC will also support NERC to continue to improve consistency, quality, time lines and cost effectiveness of NERC and Regional Entity data collection, analysis systems and capabilities through process improvements and more effective coordination and collaboration.

2018 Key Assumptions

- NERC and the Regional Entities will continue to focus resources on high quality reliability assessments that address goals and their associated contributing activities identified in the ERO Enterprise's 2017-2020 Strategic Plan for Goal 3 – Identification and Mitigation of Significant Risks to Reliability and Goal 4 – Identification and Assessment of Emerging Risks to Reliability.
- NERC and the Regional Entities will continue to support a common approach for NERC reliability assessments and ensure consistent evaluation, aligned with the ROP Section 800, Reliability Assessment Guidebook, and the Reliability Assessment Oversight Plan to be developed in 2017.
- NERC and the Regional Entities will advance data management strategies and analytical capabilities for identifying and determining reliability risks and conducting reliability assessments by:
 - Integrating the analysis and measures of essential reliability services (ERS) into the Long-Term Reliability Assessment. The process encompasses new data collection and analysis approaches needed to address assessment objectives of identifying reliability issues due to a changing resource mix.
 - Provide technical resources to examine transmission and deliverability studies and provide high-level evaluation for the Long-Term Reliability Assessment.

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- Providing technical resources, advanced statistical analysis tools, objective expert input, and reliability leadership for the advancement of probabilistic analyses supporting the Long-Term Reliability Assessment.
 - Support the NERC Enterprise Reporting Project to ensure Reliability Assessment data is integrated and supported by analytical reporting, data checking, and validation tools.
 - NERC and the Regional Entities may require contractor and consultant services to maintain continued support and technical expertise associated with activities listed in the above assumptions with supporting special assessment, scenario, or other technical research efforts. This could potentially impact both NERC and Regional Entity resource allocation.
 - NERC and the Regional Entities will continue to focus resources on system insights from high quality performance analysis, including:
 - Development and implementation of expanded and enhanced enterprise-based data collection and analysis systems, and capabilities for performance analyses. This area includes Transmission Availability Data System (TADS), Generating Availability Data System (GADS), Demand Response Availability Data System (DADS), Event Analysis, Alerts, substation equipment failure, and protection systems misoperations data.
 - Support of the integration of information systems for assessments and associated data requirements (in support of data cleansing, blending, and validation).
 - Maturing and developing interconnection-wide analysis groups to support the assessment of interconnection-wide risks, such as frequency response.
 - Providing technical resources, analytical tools, and expertise to perform analyses as needed, including supporting and identifying risk priorities for standards development, compliance, and enforcement activities.
 - Support the NERC Enterprise Reporting Project to ensure Performance Analysis data is integrated into consolidated system and supported by analytical reporting tools, as well as feedback loops to other parts of the ERO Enterprise such as compliance, standards, enforcement, etc.
 - NERC and the Regions are advancing their analytical capabilities to assess and report on the reliability of the BPS. Additionally, newer and maturing technologies, such as synchro-phasor measurement unit (PMU) technology, are enabling innovative approaches for event analysis, power system analysis, and model validation. NERC and the Regions are uniquely situated to perform analyses that require a wide-area view of the interconnections, as well as supporting industry in advancing software and analytical capabilities where appropriate. Support and leadership to the System Analysis Subcommittee and any of the subcommittees, working groups, and task forces will continue.
 - NERC and the Regional Entities' resources (through the case building designee agreements) will oversee the Planning Coordinators' development of long-term sustainable interconnection-wide powerflow, short circuit, and dynamics cases that exhibit the accuracy and fidelity reflecting actual BES reliability performance and dynamic conditions.

- NERC and the Regional Entities will advance modeling improvement capabilities to ensure the power system planning and operation models closely resemble actual operating conditions.
 - Perform periodic model validation against measured quantities and operational practices of the power system.
 - Perform case quality and fidelity assessment on interconnection wide models:
 - Drive the advancement and use of dynamic load modeling on an interconnection-wide basis.
 - Drive the advancement and use of inverter-based modeling on interconnection wide basis.
- NERC will support the maintenance of the BESnet application and manage processing of the BES Exception Requests (ERs), including technical validation of review and approval of Regional ERs, periodic reviews of network changes affecting BES Exception determinations, recertification of previously approved BES ER, as well as requests for certain registration and certification reviews. The Regional Entities will continue to process BES ERs per guidelines established in the ROP. Recertification for exceptions begins in 2018.
- NERC and the Regional Entities will work collaboratively to enhance the ERO Enterprise’s capability for event and forensic analysis, including:
 - Development of a process to ensure the compilation and creation of steady state, short circuit, and dynamic simulation model cases for use in the investigation and analysis of major power system disturbance events.
 - Evaluation of event disturbances using phasor measurements and other methods to assess sufficiency of data and models.
- NERC and the Regional Entities may require contractor and consultant services to maintain continued support and technical expertise associated with activities listed in the above assumptions, supporting special assessment, scenario analysis, or other technical efforts, potentially impacting both NERC and Regional Entity resource allocation, including:
 - If significant events occur, contractor services may be required to support wide-area system analyses and root cause evaluations.
- Registered Entity participation in the ERO Enterprise Event Analysis Process, which involves active participation by Regional Entity staffs, will continue at or above current levels through 2018-2020.
- Regional Entities will continue to budget for event analysis and situational awareness activities based on their respective Region’s historical workload, as they did in the past.

2018 Goals and Key Focus Areas

The Reliability Assessment and Performance Analysis Objectives for 2018 are outlined below:

- Perform reliability assessments of the FRCC Region to determine if the planned resources and proposed transmission expansion plans will meet the needs of the projected demand throughout the planning horizon.

- Support NERC in preparing its reliability assessment reports.
- Support the existing BES Exception Process. This will include providing a technical review of exception requests that are submitted by the registered entities and periodic reviews of network changes affecting BES determinations.
- Support the integration of essential reliability services analysis and measures into the Long-Term Reliability Assessment, including use of new data collection and analysis approaches needed to address assessment objectives of identifying reliability issues due to a changing resource mix.
- Support ERO activities to identify key reliability risks and appropriate risk control projects designed to enhance reliability or mitigate risks.
- Support data gathering and reporting efforts for the Generating Availability Data System (GADS), the Transmission Availability Data System (TADS), Spare Equipment Database (SED) and Demand Response Availability Data System (DADS).
- Support NERC to strengthen data collection and validation processes by designing, creating, testing and implementing data checking systems to accommodate the increasing amount of data NERC collects for its long-term, seasonal, operational, scenarios and special reliability assessments along with the databases supporting reliability performance assessments.
- Review and/or analyze significant events that impact the FRCC BES and work with NERC to identify the root causes of events that may be precursors of potentially more serious events.
- Support enhancement of risk analysis capabilities through integration of risk data sources, such as event analysis, Transmission Availability Data Systems (TADS), Generating Availability Data System (GADS), and relay misoperations.
- Assess past reliability performance for potential lessons learned.
- Maintain relationships with NERC, regulatory and governmental organizations involved with BES reliability (e.g., Florida Public Service Commission (FPSC), Department of Energy (DOE), FERC, Energy Information Administration (EIA), etc.).
- Ensure a databank of power flow, short circuit and dynamic models to use in planning and evaluating future systems and current operating conditions is available to the FRCC Regional Entity.
- Conduct Loss of Load Probability and the Scenario Analysis studies as needed.

Reliability Assessment and Performance Analysis Program

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2018 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
Reliability Assessment and Performance Analysis					
	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 1,011,039	\$ 1,011,039	\$ (0)	\$ 1,295,382	\$ 284,343
Penalty Sanctions	13,251	13,251	0	41,948	28,697
Total ERO Funding	\$ 1,024,290	\$ 1,024,290	\$ 0	\$ 1,337,329	\$ 313,040
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 1,024,290	\$ 1,024,290	\$ 0	\$ 1,337,329	\$ 313,040
Expenses					
Personnel Expenses					
Salaries	\$ 517,669	\$ 645,574	\$ 127,905	\$ 655,870	\$ 138,201
Payroll Taxes	30,860	37,513	6,653	38,474	7,614
Benefits	85,720	106,759	21,039	121,229	35,509
Retirement Costs	76,047	95,483	19,436	98,391	22,344
Total Personnel Expenses	\$ 710,296	\$ 885,329	\$ 175,033	\$ 913,964	\$ 203,668
Meeting Expenses					
Meetings	\$ 1,261	\$ 1,632	\$ 371	\$ 1,999	\$ 738
Travel	47,221	48,730	1,509	59,678	12,457
Conference Calls	275	412	137	380	105
Total Meeting Expenses	\$ 48,757	\$ 50,774	\$ 2,017	\$ 62,057	\$ 13,300
Operating Expenses					
Consultants & Contracts	\$ 74,594	\$ 82,042	\$ 7,448	\$ 97,819	\$ 23,225
Office Rent	48,195	66,549	18,354	64,109	15,914
Office Costs	10,422	17,521	7,099	14,192	3,770
Professional Services	5,225	7,985	2,760	5,937	712
Miscellaneous	-	-	-	-	-
Depreciation	8,379	7,585	(794)	4,670	(3,709)
Total Operating Expenses	\$ 146,815	\$ 181,682	\$ 34,867	\$ 186,727	\$ 39,912
Total Direct Expenses	\$ 905,868	\$ 1,117,785	\$ 211,917	\$ 1,162,748	\$ 256,880
Indirect Expenses	\$ 120,807	\$ 165,878	\$ 45,071	\$ 166,949	\$ 46,143
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,026,675	\$ 1,283,663	\$ 256,988	\$ 1,329,697	\$ 303,023
Change in Assets	\$ (2,385)	\$ (259,373)	\$ (256,988)	\$ 7,632	\$ 10,017
Fixed Assets					
Depreciation	\$ (8,379)	\$ (7,585)	\$ 794	\$ (4,670)	3,709
Total Fixed Asset Purchases	5,994	6,511	517	12,302	6,308
Change in Fixed Assets	\$ 2,385	\$ 1,074	\$ (1,311)	\$ (7,632)	\$ (10,017)
TOTAL BUDGET	\$ 1,024,290	\$ 1,282,589	\$ 258,299	\$ 1,337,329	\$ 313,040
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ (258,299)	\$ (258,299)	\$ -	\$ -
FTEs	3.60	3.65	0.05	4.31	0.71

Training, Education, and Operator Certification Program

Training, Education and Operator Certification Program (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	1.11	1.07	(0.04)
Direct Expenses	\$ 372,738	\$ 352,006	\$ (20,732)
Indirect Expenses	\$ 37,249	\$ 41,447	\$ 4,198
Inc(Dec) in Fixed Assets	\$ 143	\$ 1,290	\$ 1,147
Total Funding Requirement	\$ 410,130	\$ 394,743	\$ (15,387)

Program Scope and Functional Description

Maintaining the reliability of the BES requires informed and trained personnel. The FRCC supports training activities through its staff and its System Operator Subcommittee (SOS) which reports to the FRCC Operating Committee. The FRCC is a NERC-approved Continuing Education (CE) Provider. The FRCC works with the SOS to develop and deliver training in which FRCC grants NERC CE hours (CEH) to those individuals who successfully complete a course. FRCC developed an internal registration database in 2015 to accommodate the recordkeeping requirements for the continuing education program. The database is maintained internally by FRCC IT and requires minimal additional costs. FRCC also uses the NERC System Operator Certification and Continuing Education Database (SOCCED).

The FRCC provides educational workshops and web based seminars to improve Registered Entity understanding of the FRCC CMEP, NERC Standards Development and CIP topics and trends. In addition, the FRCC facilitates one-on-one face to face meetings with Registered Entities to help provide individual entity information. These outreach efforts are aimed at improving the effectiveness, understanding of and adherence to NERC reliability initiatives. The workshops also improve the working relationships between the FRCC Regional Entity program areas and the Registered Entities within the FRCC region.

System Operator Training Program

The FRCC SOS identifies and manages annual training activities for the FRCC System Operators and provides information to FRCC members regarding the 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 FRCC members possessing the appropriate technical knowledge and competencies. In addition, vendors that specialize in System Operator training may be used. Providing the FRCC training and education programs helps to improve collaboration and communication between System Operators (and other operating personnel), conduct restoration drills and maintain reliability excellence. FRCC staff has worked with the FRCC SOS to revitalize the Training and Education Program, with respect to System Operator training, by:

- Incorporating Human Performance improvement and critical thinking and reasoning into training modules
- Incorporating a simulator with a model of the FRCC system
- Preparing the scenarios for the restoration drills and performing the restoration drills using FRCC staff and FRCC SOS to better reflect operations in FRCC

FRCC staff in collaboration and coordination with the FRCC SOS plans to continue to make improvements in 2018 and future years to expand learning and sharing amongst System Operators.

Compliance Workshops

Compliance workshops are typically held in the spring and fall of each year generally consisting of two (2) sessions each. These workshops are aimed at providing information and updates to the Registered Entities on compliance program activities including information on new procedures, instructions on changes to FRCC compliance tools, lessons learned from previous violations and providing sufficient and appropriate evidence in a compliance audit. A main focus for 2017 and again in 2018 are the new approaches being implemented in the risk-based compliance monitoring and enforcement program.

Each Compliance Workshop will address technical aspects of the CIP Reliability Standards, including providing quality evidence, lessons learned and compliance processes specific to the monitoring and enforcement of the CIP standards. In addition, particular focus will be made on the CIP V5 standards and helping Registered Entities understand the guidance and lessons learned as part of the transition. The FRCC deployed face to face outreach activities for the Registered Entities with High and Medium impact assets during 2016 and this is expected to continue with the addition of the Low impact assets in 2018.

In addition to the face to face venues, in 2018 FRCC compliance staff projects holding at least three (3) webinars (two sessions each) that will address specific topics that may be identified by Registered Entities or by emerging trends within the FRCC.

Standards, Registration and Certification Workshops

The FRCC Reliability Performance and Registration Department will be conducting, supporting and participating in various FRCC sponsored workshops throughout 2018. These contributions to the workshops will be designed primarily to promote stakeholder awareness of Reliability Standards, Registration and Certification activities. In addition workshops or webinars may be held to educate stakeholders on the NERC Risk Based Registration program, Certification program enhancements, and activities associated with the NERC led Review Panel.

2018 Key Assumptions

- The ERO Operating Personnel Certification program is expected to remain at steady state with no additional resources required from the Regional Entities.
- The FRCC System Operator Certification Program and Continuing Education Program will continue to be self-funded through a fee based structure for the exams and applications for approval of continuing education activities.
- The Regional Entities, in collaboration with NERC, are expected to help assess and determine training needs. This includes flexibility in approach between Regional Entities, and anticipating areas of support for their staffs and stakeholders for

standards, compliance monitoring and enforcement, situation awareness and event analysis, and information technology. Addressing these needs will likely require additional resource allocation and budgeting considerations.

- NERC in collaboration with the Regional Entities, will develop and deliver additional CIP V5 training to support the transition.

2018 Goals and Key Focus Areas

The training, education and operator certification program objectives for 2018 are outlined below:

- Provide assistance to Regional Entity members in any issues they may have related to System Operator Certification.
- Conduct the annual System Operator training seminars over a five (5) week period, with two (2) days each for the training. The training seminars involve two (2) to four (4) FRCC staff members, as well as many industry volunteers who participate as presenters. This activity is funded primarily through registration fees.
- Host FRCC Compliance Workshops and Webinars open to all FRCC Members and Registered Entities aimed at providing updates on compliance procedures, instructions on changes to compliance tools, changes associated with the implementation of risk-based compliance monitoring and enforcement, the transition from CIP V3 to V5, and guidance on the providing of appropriate and sufficient evidence in a compliance audit.
- Host FRCC Reliability Standards, Registration and Certification Workshops and Webinars open to all FRCC Members and Registered Entities aimed at providing information concerning Reliability Standards and the associated Implementation Plans, the Risk Based Registration program, Certification program enhancements, and activities associated with the NERC led Review Panel. Conduct presentations to promote stakeholder awareness of continent wide and regional standards, registration and certification activities.
- Work with NERC and the other Regional Entities to achieve improvements in the coordination, content and manner of internal and external training programs.

Training, Education, and Operator Certification Program

Funding sources and related expenses for the training, education, and operator certification section of the 2018 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
Training, Education and Operator Certification					
	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 314,044	\$ 314,044	\$ (0)	\$ 292,329	\$ (21,715)
Penalty Sanctions	4,086	4,086	0	10,414	6,328
Total ERO Funding	\$ 318,130	\$ 318,130	\$ 0	\$ 302,743	\$ (15,387)
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	92,000	94,000	2,000	92,000	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 410,130	\$ 412,130	\$ 2,000	\$ 394,743	\$ (15,387)
Expenses					
Personnel Expenses					
Salaries	\$ 159,615	\$ 170,349	\$ 10,734	\$ 162,980	\$ 3,365
Payroll Taxes	9,515	9,899	384	9,561	46
Benefits	23,701	24,513	812	21,307	(2,394)
Retirement Costs	23,448	25,195	1,747	24,450	1,002
Total Personnel Expenses	\$ 216,279	\$ 229,956	\$ 13,677	\$ 218,298	\$ 2,019
Meeting Expenses					
Meetings	\$ 67,603	\$ 65,297	\$ (2,306)	\$ 57,707	\$ (9,896)
Travel	17,786	18,008	222	8,665	(9,121)
Conference Calls	1,720	1,993	273	5,026	3,306
Total Meeting Expenses	\$ 87,109	\$ 85,298	\$ (1,811)	\$ 71,398	\$ (15,711)
Operating Expenses					
Consultants & Contracts	\$ 30,583	\$ 40,579	\$ 9,996	\$ 36,528	\$ 5,945
Office Rent	14,860	17,560	2,700	15,931	1,071
Office Costs	20,588	22,582	1,994	7,305	(13,283)
Professional Services	1,612	2,107	495	1,475	(137)
Miscellaneous	-	-	-	-	-
Depreciation	1,707	1,247	(460)	1,071	(636)
Total Operating Expenses	\$ 69,350	\$ 84,075	\$ 14,725	\$ 62,310	\$ (7,040)
Total Direct Expenses	\$ 372,738	\$ 399,329	\$ 26,591	\$ 352,006	\$ (20,732)
Indirect Expenses	\$ 37,249	\$ 43,771	\$ 6,522	\$ 41,447	\$ 4,198
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 409,987	\$ 443,100	\$ 33,113	\$ 393,453	\$ (16,534)
Change in Assets	\$ 143	\$ (30,970)	\$ (31,113)	\$ 1,290	\$ 1,147
Fixed Assets					
Depreciation	\$ (1,707)	\$ (1,247)	\$ 460	\$ (1,071)	\$ 636
Total Fixed Asset Purchases	1,850	795	(1,055)	2,361	511
Change in Fixed Assets	\$ (143)	\$ 452	\$ 595	\$ (1,290)	\$ (1,147)
TOTAL BUDGET	\$ 410,130	\$ 442,648	\$ 32,518	\$ 394,743	\$ (15,387)
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ (30,518)	\$ (30,518)	\$ -	\$ -
FTEs	1.11	1.17	0.06	1.07	(0.04)

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	0.03	0.04	0.01
Direct Expenses	\$ 8,658	\$ 11,811	\$ 3,153
Indirect Expenses	\$ 1,007	\$ 1,549	\$ 543
Inc(Dec) in Fixed Assets	\$ 13	\$ 54	\$ 41
Total Funding Requirement	\$ 9,678	\$ 13,414	\$ 3,737

Program Scope and Functional Description

The FRCC and the other Regional Entities continue to support the ERO's situation awareness, cyber security preparedness and to provide independent reliability information to policy makers and regulators. The Reliability Process for the FRCC Bulk Electric System documents the various reliability roles and functions that are coordinated, monitored and established by FRCC to provide situation awareness of the reliability of the FRCC BES. Two of the primary reliability goals of the FRCC are continuous improvement of the situation awareness of the operators within the FRCC and ensuring that adequate physical, operational and cyber security objectives are in place for the Regions' shared communications networks.

The FRCC continues to support and participate in NERC's Situation Awareness/Event Analysis coordination conference calls, supports the Situation Awareness for FERC, NERC and the Regions (SAFNR) Version 2 project and maintains the FRCC satellite phone for situation awareness across the FRCC Region.

The NERC Rules of Procedure, Section 1000, requires that NERC monitor present conditions on the BES and provide leadership coordination, technical expertise and assistance to the industry in responding to events as necessary.

The Situation Awareness process will be used to support NERC and FERC's efforts to maintain situation awareness of Bulk Electric System conditions.

2018 Key Assumptions

- NERC and the Regions will continue to provide required support and leadership for the Operating Committee and the Critical Infrastructure Protection Committee, and standing committees' subcommittees, working groups, and task forces serving the standing committees. Regional Entity involvement is expected to remain at current levels with no additional resources required from the Regional Entities.
- NERC will continue to budget and incur costs to operate and maintain the software applications and systems known as Situational Awareness for NERC, FERC and the Regional Entities (SAFNRv2). Additional resource investments are expected to be required to maintain the capabilities of SAFNRv2 throughout the planning period. Any

such investments will be NERC funded and not result in an allocation of cost to the Regional Entities.

- NERC will continue to fund the Grid Security Exercise (GridEx) with no increased cost to the Regional Entities. The Regional Entities will participate as appropriate in the wide-area exercises.
- NERC will continue to fund, operate and maintain the Electricity Information Sharing and Analysis Center (E-ISAC), with no increased cost to Regional Entities.
- There will be continued focus on detecting off-normal events to be analyzed by the responsible entity, FRCC or NERC.

2018 Goals and Key Focus Areas

- Ensure that FRCC goals and activities support the mission to provide FERC, NERC and the staffs from the eight Regional Entities a visualization tool that enables the appropriate level of situation awareness for the near real-time conditions on the BES. Continue to work with the FRCC Reliability Coordinator to ensure that SAFNRv2 and appropriate hardware and software resources are allocated. Continue to support future development of the situation awareness project capabilities.
- Issue and track security recommendations to protect the Bulk Electric System. Share information learned and recommendations in Situation Awareness with the Events Analysis program to develop relevant lessons learned.
- Support critical infrastructure security by promoting rapid and appropriate sharing of situational awareness information regarding security occurrences.
- Participate as appropriate in periodic wide-area grid security exercises.
- Participate in the analysis of significant events to identify gaps in standards, compliance effectiveness, registration, and risk controls effectiveness.

Situation Awareness and Infrastructure Security Program

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2018 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
Situation Awareness and Infrastructure Security					
	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 9,567	\$ 9,567	\$ (0)	\$ 13,025	\$ 3,458
Penalty Sanctions	110	110	(0)	389	279
Total ERO Funding	\$ 9,678	\$ 9,677	\$ (1)	\$ 13,414	\$ 3,737
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 9,678	\$ 9,677	\$ (1)	\$ 13,414	\$ 3,737
Expenses					
Personnel Expenses					
Salaries	\$ 4,314	\$ 6,590	\$ 2,276	\$ 6,508	\$ 2,194
Payroll Taxes	257	383	126	382	125
Benefits	649	948	299	851	202
Retirement Costs	634	975	341	976	342
Total Personnel Expenses	\$ 5,854	\$ 8,896	\$ 3,042	\$ 8,717	\$ 2,863
Meeting Expenses					
Meetings	\$ 12	\$ 17	\$ 5	\$ 19	\$ 7
Travel	38	56	18	43	5
Conference Calls	3	4	1	4	1
Total Meeting Expenses	\$ 53	\$ 77	\$ 24	\$ 66	\$ 13
Operating Expenses					
Consultants & Contracts	\$ 169	\$ 261	\$ 92	\$ 181	\$ 12
Office Rent	402	679	277	636	234
Office Costs	2,086	2,168	82	2,112	26
Professional Services	50	82	32	59	9
Miscellaneous	-	-	-	-	-
Depreciation	44	37	(7)	40	(4)
Total Operating Expenses	\$ 2,751	\$ 3,227	\$ 476	\$ 3,028	\$ 277
Total Direct Expenses	\$ 8,658	\$ 12,200	\$ 3,542	\$ 11,811	\$ 3,153
Indirect Expenses	\$ 1,007	\$ 1,693	\$ 686	\$ 1,549	\$ 543
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 9,665	\$ 13,893	\$ 4,228	\$ 13,360	\$ 3,696
Change in Assets	\$ 13	\$ (4,216)	\$ (4,229)	\$ 54	\$ 41
Fixed Assets					
Depreciation	\$ (44)	\$ (37)	\$ 7	\$ (40)	\$ 4
Total Fixed Asset Purchases	57	31	(26)	94	37
Change in Fixed Assets	\$ (13)	\$ 6	\$ 19	\$ (54)	\$ (41)
TOTAL BUDGET	\$ 9,678	\$ 13,887	\$ 4,209	\$ 13,414	\$ 3,737
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ (4,210)	\$ (4,210)	\$ -	\$ -
FTEs	0.03	0.05	0.02	0.04	0.01

General and Administrative

General and Administrative (in whole dollars)						
	Direct Expenses and Fixed Assets			FTEs		
	2017 Budget	2018 Budget	Increase (Decrease)	2017 Budget	2018 Budget	Increase (Decrease)
General and Administrative	\$ 866,118	\$ 1,007,507	\$ 141,389	4.19	4.62	0.43

Program Scope and Functional Description 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. Undesignated items are shared costs between the Regional Entity Division and the Member Services Division and are allocated based on actual labor hours charged.

Legal and Regulatory Background

The FRCC General Counsel serves as the chief legal advisor to the President and CEO, Board of Directors, staff and stakeholders on all legal and regulatory matters affecting the FRCC. FRCC may use additional specialized legal resources on an as-needed basis, such as for tax matters, employee benefit plan issues, and significant policy or FERC matters.

2018 Goals and Key Focus Areas

- Assist the FRCC in carrying out its responsibilities as required by the approved delegation agreement between NERC and FRCC.
- Provide general corporate legal advice, legal training and timely, accurate filings to Regulatory authorities.

2018 Assumptions

In the 2018 Budget, as in the 2017 and 2016 budgets, there are no specific funds for hearings under CMEP Rules.

Information Technology Background

The FRCC maintains a number of tools and other support services for the benefit of its members, Registered Entities, Reliability Coordinator agent(s) and other system operators. These services include the FRCC Load and Resource Database (LRDB), the Compliance Tracking System (CTS), Compliance Issues Tracking System (CITS), the FRCC corporate website, as well as other systems for collaboration, communication, data gathering and analysis.

The FRCC supports the ERO Enterprise efforts to implement, operate and maintain software tools and applications supporting common enterprise wide operations which have been approved by the ERO Executive Management Group (EROEMG), which is comprised of the senior leadership of NERC and each of the Regional Entities. FRCC's budget assumes the availability of enterprise software tools and applications as described in NERC's business plan and budget. If implementation of these software applications are delayed or otherwise not available as planned,

FRCC could incur additional costs to conduct operations pending the availability of these applications.

NERC and the Regional Entities are committed to working collaboratively to minimize duplication of effort and investments, and to improve operational efficiency. This collaboration continues to refine existing strategies, governance and procurement practices applicable to the development, operation and maintenance of enterprise architecture, software and data systems supporting combined NERC and Regional Entity operations.

The NERC information technology budget does not supplant the FRCC's need for IT expenditures for specific regional projects and internal region specific IT support needs. FRCC's 2018 Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes only costs for internal region specific support needs.

2018 Goals and Key Focus Areas

- Improve the reliability, security and capability of FRCC IT systems by enhancing business critical IT infrastructure.
- Continue the implementation of needed changes to improve the FRCC corporate security posture; improve overall security in all programs, enhance access controls with improved processes and procedures.
- Continue to improve disaster recovery and business continuity capabilities by continuing to test and refine implemented geographically diverse data recovery solutions.

Human Resources Background

The 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, develops plans, and implements human resources policies and procedures, including staffing, compensation, benefits, employee relations, and training and development.

2018 Goals and Key Focus Areas

- Recruit and retain successful employees;
- Improve human resource policies and procedures;
- Provide management and training programs; and
- Ensure competitive employee compensation and benefits.

Finance and Accounting Background

The 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 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 preparation and reporting, tax, and audit activities; and oversee financial and accounting system controls and standards.

2018 Goals and Key Focus Areas

- Prepare the 2019 statutory and non-statutory budgets
- Report budget variances to the FRCC Corporate Compliance Finance and Audit Committee, the FRCC Board and to NERC on a quarterly basis
- Prepare the 2018 audited financial statements
- Continue to provide on-going training to employees to ensure employees charge their time and expenses correctly

General and Administrative

Funding sources and related expenses for the general and administrative section of the 2017 business plan are shown in the table below.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
General and Administrative					
	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ (826,959)	\$ (826,959)	\$ (1)	\$ (508,449)	\$ 318,510
Penalty Sanctions			-		
Total ERO Funding	<u>\$ (826,959)</u>	<u>\$ (826,959)</u>	<u>\$ (1)</u>	<u>\$ (508,449)</u>	<u>\$ 318,510</u>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	<u>\$ (826,959)</u>	<u>\$ (826,959)</u>	<u>\$ (1)</u>	<u>\$ (508,449)</u>	<u>\$ 318,510</u>
Expenses					
Personnel Expenses					
Salaries	\$ 602,510	\$ 634,988	\$ 32,478	\$ 702,519	\$ 100,009
Payroll Taxes	35,918	36,898	980	41,210	5,292
Benefits	80,482	80,184	(298)	86,848	6,366
Retirement Costs	88,510	93,918	5,408	105,389	16,879
Total Personnel Expenses	<u>\$ 807,420</u>	<u>\$ 845,988</u>	<u>\$ 38,568</u>	<u>\$ 935,966</u>	<u>\$ 128,546</u>
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Expenses					
Consultants & Contracts	\$ -		\$ -	\$ -	\$ -
Office Rent	56,094	65,458	9,364	68,669	12,575
Office Costs	2,604	2,799	195	2,872	268
Professional Services	-		-	-	-
Miscellaneous	-		-	-	-
Depreciation	-		-	-	-
Total Operating Expenses	<u>\$ 58,698</u>	<u>\$ 68,257</u>	<u>\$ 9,559</u>	<u>\$ 71,541</u>	<u>\$ 12,843</u>
Total Direct Expenses	<u>\$ 866,118</u>	<u>\$ 914,245</u>	<u>\$ 48,127</u>	<u>\$ 1,007,507</u>	<u>\$ 141,389</u>
Indirect Expenses	<u>\$ (866,118)</u>	<u>\$ (914,245)</u>	<u>\$ (48,127)</u>	<u>\$ (1,007,507)</u>	<u>\$ (141,389)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>
Change in Assets	<u>\$ (826,959)</u>	<u>\$ (826,959)</u>	<u>\$ (0)</u>	<u>\$ (508,449)</u>	<u>\$ 318,510</u>
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	-
Total Fixed Asset Purchases	-	-	-	-	-
Change in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>
TOTAL CHANGE IN WORKING CAPITAL	<u>\$ (826,959)</u>	<u>\$ (826,959)</u>	<u>\$ (0)</u>	<u>\$ (508,449)</u>	<u>\$ 318,510</u>
FTEs	4.19	4.35	0.16	4.62	0.43

Section B – Supplemental Financial Information 2018 Business Plan and Budget

Reserve Balance

Table B-1

Working Capital Reserve Analysis 2017-2018	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2016	1,858,526
Plus: 2017 ERO Funding (from LSEs or designees)	6,163,895
Plus: Projected 2017 Other funding sources	94,000
Plus: Penalty Sanctions Applied	95,001
Less: 2017 Projected expenses & capital expenditures	(7,076,797)
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2017	<u>1,134,625</u>
Desired Working Capital Reserve, December 31, 2018	² 626,176
Less: Projected Working Capital Reserve, December 31, 2017	(1,134,625)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	<u>(508,449)</u>
2018 Expenses and Capital Expenditures	7,514,112
Less: Penalty Sanctions ¹	(253,145)
Less: Other Funding Sources	(92,000)
Adjustment to achieve desired Working Capital Reserve	(508,449)
2018 Assessment	<u>6,660,518</u>

¹ Represents collections prior to June 30, 2017.

² On June 26, 2013, the FRCC Board of Directors set a working capital and operating working capital and operating reserve requirement of one (1) month of the total annual budget. The FRCC has a \$1.5 million line of credit.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Table on page 14, of the 2018 FRCC Business Plan and Budget.

Penalty Sanctions

Penalty monies received prior to June 30, 2017 are to be used to offset assessments in the 2018 Budget, as documented in the NERC Policy – ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD. Penalty monies received from July 1, 2017 through June 30, 2018 will be used to offset assessments in the 2019 Budget.

All penalties received prior to June 30, 2017 are detailed below.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. Penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-2

Penalty Sanctions Received On or Prior to June 30, 2017		
	Date Received	Amount Received
Penalty #1	8/10/2016	\$ 39,000
Penalty #2	8/15/2016	\$ 100,000
Penalty #3	2/2/2017	\$ 19,620
Penalty #4	2/2/2017	\$ 24,525
Penalty #5	2/13/2017	\$ 70,000
Penalty #6		
Total Penalties Received		\$ 253,145

Supplemental Funding

Table B-3

Outside Funding Breakdown By Program	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget
Reliability Standards Development				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Services & Software Fees	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Training, Education and Operator Certification				
Workshops	\$ 92,000	\$ 94,000	\$ 92,000	\$ -
Total	\$ 92,000	\$ 94,000	\$ 92,000	\$ -
Situation Awareness and Infrastructure Security				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative*				
Interest	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Outside Funding	\$ 92,000	\$ 94,000	\$ 92,000	\$ -

Assumes that no appreciable excess cash will be in the Bank Accounts and due to current low interest rates, no Interest is being budgeted.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget	Variance %
Salaries					
Total Salaries	\$ 3,958,699	\$ 3,918,676	\$ 4,289,416	\$ 330,717	8.35%
Total Payroll Taxes	\$ 233,832	\$ 226,334	\$ 249,708	\$ 15,876	6.79%
Benefits					
Workers Compensation	\$ 11,219	\$ 10,816	\$ 11,839	\$ 620	5.53%
Medical, LTD, STD Insurances	508,632	473,910	505,493	(3,139)	-0.62%
Temp to Perm Fees	-	-	-	-	
Education	130,303	138,565	114,213	(16,090)	-12.35%
Employee Welfare & Contract Labor	27,808	35,179	28,136	328	1.18%
Relocation	10,000	10,000	25,000	15,000	150.00%
Total Benefits	\$ 687,962	\$ 668,470	\$ 684,681	\$ (3,281)	-0.48%
Retirement					
Retirement Costs	\$ 591,944	\$ 590,516	\$ 654,985	\$ 63,041	10.65%
Total Retirement	\$ 591,944	\$ 590,516	\$ 654,985	\$ 63,041	10.65%
Total Personnel Costs	\$ 5,472,437	\$ 5,403,996	\$ 5,878,790	\$ 406,353	7.43%
FTEs	29.99	28.77	30.63	0.6	2.13%
Cost per FTE					
Salaries	\$ 132,001	\$ 136,207	\$ 140,040	8,039	6.09%
Payroll Taxes	7,797	7,867	8,152	355	4.56%
Benefits	22,940	23,235	22,353	(586)	-2.56%
Retirement	19,738	20,525	21,384	1,646	8.34%
Total Cost per FTE	\$ 182,475	\$ 187,834	\$ 191,929	\$ 9,454	5.18%

Salaries are based on the assumption of a 3% salary increase plus promotions and adjustments and an additional FTE in 2018 in the Reliability Performance and Registration department. These increases are partially offset by a 13% attrition factor in 2018.

Payroll taxes are budgeted to increase primarily due to assumed salary increases and an additional FTE.

Medical Insurance is assumed to increase by 5% as the rates continue to increase due to the market continuing to struggle with the cost and appropriate rates for small companies in light of federal health insurance legislation.

Education includes funds for staff leadership training.

Relocation costs are budgeted for a new hire in 2018.

Retirement costs are budgeted to increase primarily due to an increase in FTEs and assumed 3% salary increase.

Meetings, Travel & Conference Calls

Table B-5

Meetings, Travel and Conference Calls	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Meetings	\$ 81,212	\$ 78,808	\$ 72,593	\$ (8,619)	-10.61%
Travel	170,086	161,820	164,498	\$ (5,588)	-3.29%
Conference Calls	13,281	15,299	15,150	\$ 1,869	14.07%
Total Meetings, Travel & Conf Calls	\$ 264,579	\$ 255,927	\$ 252,241	\$ (12,338)	-4.66%

Meeting costs are budgeted to decrease due to a reduction in the number of meetings held for compliance.

Travel costs are budgeted to decrease due to reducing the travel budget to reflect historical costs.

Consultants and Contracts

Table B-6

Contracts & Consultants and Software & Licenses	Budget 2017	Projection 2017	Budget 2018	Variance	
				2018 Budget v 2017 Budget	Variance %
Contracts & Consultants and Software & Licenses					
Reliability Standards Development	\$ 7,443	\$ 6,722	\$ 3,992	\$ (3,451)	-46.37%
Compliance Monitoring & Enforcement and Org Reg	417,540	360,491	343,034	(74,506)	-17.84%
Reliability Assessment and Performance Analysis	74,594	82,042	97,819	23,225	31.14%
Training, Education and Operator Certification	30,583	40,579	36,528	5,945	19.44%
Situation Awareness and Infrastructure Security	169	261	181	12	7.10%
General and Administrative	-	-	-	-	
Total Contracts & Consultants and Software & Licenses	\$ 530,329	\$ 490,095	\$ 481,554	\$ (48,775)	-9.20%

The Compliance Monitoring & Enforcement Program's Contracts & Consulting budget has decreased due to less development of the Compliance Portal software anticipating the development of the ERO CMEP Tool over the next several years.

The Reliability Assessment and Performance Analysis Program's budget has increased partially due to RE Gas Supply Studies.

The Training, Education and Operator Certification's budget increased due to anticipated audio video contractor costs.

The General & Administrative areas budgeted for expenses in 2017 and 2018 are being allocated to the different programs and will continue to be allocated.

Office Rent

Table B-7

Office Rent	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget	Variance %
Office Rent	\$ 552,603	\$ 597,413	\$ 625,292	\$ 72,689	13.15%
Total Office Rent	\$ 552,603	\$ 597,413	\$ 625,292	\$ 72,689	13.15%

Rent is budgeted to increase due to Common Area Maintenance charges (CAMs) that are expected to increase in 2018.

Office Costs

Table B-8

Office Costs	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget	Variance %
Telephone	\$ 48,545	\$ 48,355	\$ 42,866	\$ (5,679)	-11.70%
Internet	1,773	1,757	1,913	\$ 140	7.90%
Office Supplies	20,347	46,072	14,405	\$ (5,942)	-29.20%
Computer Supplies	6,861	6,832	6,195	\$ (666)	-9.71%
Publications, Subscriptions & Dues	12,225	12,665	11,291	\$ (934)	-7.64%
Postage	1,895	2,081	2,300	\$ 405	21.37%
Equipment Maintenance	3,795	12,525	4,009	\$ 214	5.64%
Copying				\$ -	
Printing	21,321	21,287	14,154	\$ (7,167)	-33.61%
Stationary Forms				\$ -	
Commerical Insurance	15,753	15,615	15,939	\$ 186	1.18%
Miscellaneous				\$ -	
Total Office Costs	\$ 132,515	\$ 167,189	\$ 113,072	\$ (19,443)	-14.67%

Professional Services

Table B-9

Professional Services	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget	Variance %
Outside Legal	\$ 19,773	\$ 19,643	\$ 15,735	\$ (4,038)	-20.42%
Accounting & Auditing Fees	17,727	24,366	20,089	\$ 2,362	13.32%
Total Services	\$ 37,500	\$ 44,009	\$ 35,824	\$ (1,676)	-4.47%

Miscellaneous Expenses**Table B-10**

Miscellaneous Expenses are not budgeted in 2017 or 2018.

Other Non-Operating Expenses**Table B-11**

Other Non-Operating Expenses	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget	Variance %
Interest Expense	\$ -	\$ -		\$ -	
Office Relocation	-	-		\$ -	
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	

Interest Rates are assumed to continue being so low that they remain immaterial.

Fixed Assets**Table B-12**

Professional Services	Budget 2017	Projection 2017	Budget 2018	Variance 2018 Budget v 2017 Budget	Variance %
Depreciation	\$ (142,625)	\$ (135,778)	\$ (113,181)	\$ 29,444	-20.64%
Total Fixed Asset Purchases	\$ 187,894	\$ 118,168	\$ 127,337	\$ (60,557)	-32.23%
Total Services	\$ (45,269)	\$ 17,610	\$ (14,156)	\$ 31,113	-68.73%

Fixed Asset Purchases are budgeted to decrease in 2018 due to decreased Compliance Portal Software enhancements anticipating the development and implementation of the ERO CMEP Tool over the next several years.

2019 and 2020 Projected Expenses

The following table showing 2019 and 2020 budget projections is based on the following assumptions:

Personnel Expenses

- A 3% increase in personnel costs due to salary increases in both 2019 and 2020
- Estimated medical expense increase of 5% in both 2019 and 2020
- 2019 and 2020 includes funds for staff leadership training
- An attrition factor of 13% was used in both 2019 and 2020

Meeting Expenses

- Travel and Meeting expenses increase by a 3% inflation factor in both 2019 and 2020

Operating Expenses

- Office Costs remains flat in both 2019 and 2020
- Office Rent includes increases due to Common Area Maintenance charges projected to increase, estimates for new lease for the 4th quarter of 2020, and Depreciation remains flat in both 2019 and 2020

Indirect Expenses – Administrative costs increase approximately 3% each year in 2019 and 2020

Fixed Assets

- Compliance Portal Software decreases in 2019 due to fewer planned enhancements and fewer FRCC software purchases for the SQL Server and SIEM Log Aggregation and Analysis System.

2017, 2018 and 2019 Projections

Table B-13

Statement of Activities and Capital Expenditures										
2018, 2019 and 2020 Projections										
Regional Entity										
	2017 Budget	2018 Budget	\$ Change 2018:2017 Over(Under)	% Chg 2018:2017 Over(Under)	2019 Projection	\$ Change 2019:2018 Over(Under)	% Chg 2019:2018 Over(Under)	2020 Projection	\$ Change 2020:2019 Over(Under)	% Chg 2020:2019 Over(Under)
Funding										
ERO Funding										
ERO Assessments	\$ 6,163,896	\$ 6,660,518	\$ 496,623	8.06%	\$ 7,495,727	\$ 835,209	12.54%	\$ 7,830,425	\$ 334,698	4.47%
Penalty Sanctions	95,000	253,145	158,145	166.47%	-	(253,145)	-100.00%	-	-	-
Total ERO Funding	\$ 6,258,896	\$ 6,913,663	\$ 654,768	10.46%	\$ 7,495,727	\$ 582,064	8.42%	\$ 7,830,425	\$ 334,698	4.47%
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Testing Fees	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-
Workshops	92,000	92,000	-	0.00%	92,000	-	0.00%	92,000	-	0.00%
Interest	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Funding	\$ 6,350,896	\$ 7,005,663	\$ 654,768	10.31%	\$ 7,587,727	\$ 582,064	8.31%	\$ 7,922,425	\$ 334,698	4.41%
Expenses										
Personnel Expenses										
Salaries	\$ 3,958,699	\$ 4,289,416	\$ 330,717	8.35%	\$ 4,429,176	\$ 139,760	3.26%	\$ 4,585,296	\$ 156,120	3.52%
Payroll Taxes	233,832	249,708	15,876	6.79%	254,597	4,889	1.96%	259,304	4,707	1.85%
Benefits	687,962	684,682	(3,280)	-0.48%	702,256	17,574	2.57%	733,897	31,641	4.51%
Retirement Costs	591,944	654,985	63,041	10.65%	675,876	20,891	3.19%	699,295	23,419	3.46%
Total Personnel Expenses	\$ 5,472,437	\$ 5,878,791	\$ 406,354	7.43%	\$ 6,061,905	\$ 183,114	3.11%	\$ 6,277,792	\$ 215,887	3.56%
Meeting Expenses										
Meetings	\$ 81,212	\$ 72,593	\$ (8,619)	-10.61%	\$ 74,812	\$ 2,219	3.06%	\$ 77,057	\$ 2,245	3.00%
Travel	170,086	164,498	(5,588)	-3.29%	169,441	4,943	3.00%	174,525	5,084	3.00%
Conference Calls	13,281	15,150	1,869	14.07%	15,155	5	0.03%	15,155	-	0.00%
Total Meeting Expenses	\$ 264,579	\$ 252,241	\$ (12,338)	-4.66%	\$ 259,408	\$ 7,167	2.84%	\$ 266,737	\$ 7,329	2.83%
Operating Expenses										
Consultants & Contracts	\$ 530,329	\$ 481,554	\$ (48,775)	-9.20%	\$ 380,243	\$ (101,311)	-21.04%	\$ 368,657	\$ (11,586)	-3.05%
Office Rent	552,603	625,292	72,689	13.15%	644,129	18,837	3.01%	803,916	159,787	24.81%
Office Costs	132,513	113,073	(19,440)	-14.67%	110,307	(2,766)	-2.45%	111,314	1,007	0.91%
Professional Services	37,499	35,824	(1,675)	-4.47%	40,791	4,967	13.87%	35,985	(4,806)	-11.78%
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Depreciation	142,625	113,181	(29,444)	-20.64%	109,635	(3,546)	-3.13%	104,343	(5,292)	-4.83%
Total Operating Expenses	\$ 1,395,569	\$ 1,368,924	\$ (26,645)	-1.91%	\$ 1,285,105	\$ (83,819)	-6.12%	\$ 1,424,215	\$ 139,110	10.82%
Total Direct Expenses	\$ 7,132,585	\$ 7,499,956	\$ 367,371	5.15%	\$ 7,606,418	\$ 106,462	1.42%	\$ 7,968,744	\$ 362,326	4.76%
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses	\$ 7,132,585	\$ 7,499,956	\$ 367,371	5.15%	\$ 7,606,418	\$ 106,462	1.42%	\$ 7,968,744	\$ 362,326	4.76%
Change in Assets	\$ (781,690)	\$ (494,293)	\$ 287,397	-36.77%	\$ (18,691)	\$ 475,602	-96.22%	\$ (46,319)	\$ (27,628)	-
Fixed Assets										
Depreciation	\$ (142,625)	\$ (113,181)	\$ 29,444	-20.64%	\$ (109,635)	\$ 3,546	-3.13%	\$ (104,343)	\$ 5,292	-4.83%
Total Fixed Asset Purchases	187,894	127,337	(60,557)	-32.23%	90,944	(36,393)	-28.58%	58,024	(32,920)	-36.20%
Change in Fixed Assets	\$ (45,269)	\$ (14,156)	\$ 31,113	-68.73%	\$ 18,691	\$ 32,847	-232.04%	\$ 46,319	\$ 27,628	-
TOTAL BUDGET	\$ 7,177,854	\$ 7,514,112	\$ 336,258	4.68%	\$ 7,587,727	\$ 73,615	0.98%	\$ 7,922,425	\$ 334,698	4.41%
TOTAL CHANGE IN WORKING CAPITAL	\$ (826,959)	\$ (508,449)	\$ 318,510	-38.52%	\$ -	\$ 508,449	-100.00%	\$ -	\$ -	-
FTEs	29.99	30.63	0.64	2.13%	30.64	0.01	0.03%	30.64	-	0.00%

Section C – Non-Statutory Activities
2018 Business Plan and Budget

Non-Statutory Members Services Division

Member Services Activities (in whole dollars)			
	2017 Budget	2018 Budget	Increase (Decrease)
Total FTEs	20.4	20.2	(0.2)
Direct Expenses	10,103,890	11,325,743	1,221,853
Indirect Expenses	-	-	-
Inc(Dec) in Fixed Assets	94,695	409,284	314,589
Total Funding Requirement	10,198,585	11,735,027	1,536,442

Non-Statutory Functional Scope

The FRCC MS Division provides services that enhance the reliable coordination of planning and operations relating to the bulk power system within the FRCC Region. These services are carried out on behalf of FRCC MS members with oversight by two of the standing committees. The Planning Committee (PC) and Operating Committee (OC) and their various subcommittees, task forces and working groups, as well as the FRCC Planning and Operations (P&O) staff, support the MS activities of the Region. Two key activities include oversight of the two registered functions for which FRCC is a NERC registered entity: the FRCC Planning Authority (PA) and the FRCC Reliability Coordinator (RC). The PC has primary oversight of the FRCC PA function while the OC has primary oversight of the FRCC RC function.

Current Member Services Division Activities

Planning Committee (PC)

The PC functional scope is to promote the reliability of the BES within the FRCC Region by assessing and encouraging generation and transmission adequacy. The PC assesses generation adequacy by performing a reliability assessment taking into account projected load and resources. 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 BES and non-BES transmission facilities. The major goal of this process is to ensure that the planning of 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 following the Regional Transmission Planning Process. The Regional Transmission Planning process has been revised to incorporate the planning principles from FERC Order 1000. 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 where the results of resource and transmission adequacy assessments are presented.

The FRCC PC relies on the following subordinate groups to achieve its goals: Regional Projects Subcommittee (RPS), Resource Subcommittee (RS), Stability Analysis Subcommittee (SAS), and the Transmission Technical Subcommittee (TTS).

Regional Projects Subcommittee (RPS)

The RPS has a focused team of experienced individuals dedicated towards implementing and carrying out the Biennial Transmission Planning Process (“BTPP”) portion of the overall FRCC Regional Transmission Planning Process (“RTPP”) under the advice and direction of the FRCC PC. Several of the responsibilities that the RPS would be assigned include: (1) analyze the Board approved regional plan, (2) pro-actively develop potential Cost Effective and Efficient Regional Transmission Solution (“CEERTS”) projects (and/or review proposed CEERTS project submittals) that provide regional benefits, (3) identify all project beneficiaries and impacted entities, (4) quantify the benefits and impacts, and (5) deliver the CEERTS project recommendations to the PC, at least biennially, in accordance with the timelines established in the RTPP and schedules set by the PC, which take into consideration jurisdictional utilities’ OATT requirements and timing.

Resource Subcommittee (RS)

The RS updates the Load and Resource Database annually and develops an aggregated Load & Resource Plan. The RS performs reliability assessments of FRCC resource adequacy for the future 10-year period for peninsular Florida based on individual entity information that is the basis of their respective Ten Year Site Plan filings with the Florida Public Service Commission. The RS compiles entity information in support of the FERC 715 filing. In addition, the RS collects and provides EIA-411 information to NERC.

Stability Analysis Subcommittee (SAS)

The SAS is responsible for assessing the dynamic performance of the FRCC BES under various credible system conditions. In addition, the SAS performs the following assessments and studies: Coordination and performance of Special Protection Systems, the effectiveness of FRCC under frequency load shedding (UFLS) program, coordination with other protection and control systems, Extreme Event Study and other assessments in support of the FRCC Regional Transmission Planning Process. The SAS annually develops FRCC dynamic models. In addition, the SAS develops evidentiary documentation to demonstrate compliance with applicable NERC Standards such as TPL-001-4, PRC-006.

Transmission Technical Subcommittee (TTS)

The TTS engages in active coordination of transmission planning within the FRCC Region under the direction of the FRCC Planning Committee in support of the FRCC Regional Transmission Planning Process. The TTS annually performs a FRCC Long Range Study, sensitivity studies as directed by the PC, evaluates Transmission Service Requests and evaluates Generator Interconnection Service Requests. The TTS annually develops a FRCC Transmission Map, FRCC power flow models and FRCC short circuit models. In addition, the TTS develops evidentiary documentation to demonstrate compliance with applicable NERC Standards such as FAC-010, FAC-013, PRC-023, and TPL-001-4.

FRCC Planning Authority (PA) Registered Function

The FRCC is a NERC registered Planning Authority that, by FERC order, comes under the jurisdiction of the SERC Regional Entity as its Compliance Enforcement Authority (CEA). In addition to the committee work and oversight of its subordinate groups, the PC supports reliability assessment activities through the implementation and oversight of those FRCC PA functions for the reliability of the FRCC Bulk Electric System.

The PC, supported by FRCC MS staff, has the primary responsibility of the Planning Authority (PA) function including implementation of all applicable PA NERC Reliability Standards as outlined in the Coordinated Functional Agreement with the other Planning Authority entities within the FRCC.

Operating Committee (OC)

The FRCC Operating Committee (OC) has been established to carry out Member Services Activities on behalf of the Membership. The OC reports directly to the FRCC Board of Directors and is charged with responsibility for providing for the reliable operations of the Bulk Power System (BPS) in the FRCC Region through coordination activities of operations and maintenance. The OC is responsible for the coordination, operations planning, operation and maintenance of the interconnected systems operating in the Region. The OC's primary reliability goals include effective implementation of the *Reliability Process for the FRCC Bulk Electric System* document by all operators within the Region. This includes oversight of the FRCC Reliability Coordinator (RC) registered entity function, development and approval of processes and procedures that support reliability and compliance with applicable regulations, including NERC Reliability Standards and support of the FRCC Internal Compliance Program (ICP) for the RC registered function. In addition, the OC supports continuous improvement of operations coordination, an effective and secure communications network, a robust operations planning study program as well as various training activities and initiatives. The OC relies on several subordinate groups to implement its objectives. These include the Operating Reliability Subcommittee (ORS), Data Exchange Working Group (DEWG), Fuel Reliability Working Group (FRWG), Operations Planning Working Group (OPWG), Telecommunications Subcommittee (TS), System Protection and Control Subcommittee (SPCS), Critical Infrastructure Protection Subcommittee (CIPS) and the System Operator Subcommittee (SOS).

Operating Reliability Subcommittee (ORS)

The ORS provides overall administration for the development and implementation of operating procedures and other reliability matters including the oversight of the FRCC RC function for Operating and Planning (non-CIP) NERC Standards and direct support of the FRCC Internal Compliance Program for the RC registered function. 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 *Reliability Process for the FRCC Bulk Electric System* document which establishes the reliability responsibilities of the various operating entities within the Region and specifically monitors the agent responsible for performing the RC functions.

Data Exchange Working Group (DEWG)

The DEWG, subordinate to the ORS, supports the real-time data needs of the FRCC RC and other operating entities. It is also responsible for developing methodologies to facilitate the exchange of real-time, modeling and other operational data to help ensure reliable BPS

operations. Accurate data exchange and modeling of the FRCC is essential to maintaining situation awareness and ensuring reliability. Within the FRCC, operating entities provide system data via the FRCC Reliability Data Link (RDL). The FRCC RDL is used to share electric system reliability data from the operating entities on a real-time basis.

Fuel Reliability Working Group (FRWG)

The FRWG, subordinate to the ORS, has been established to deal with matters relating to fuel and impacts to BES reliability. Specifically, the FRWG provides the administrative oversight of a Regional fuel reliability forum that studies the interdependencies of fuel availability and electric reliability and supports coordinated Regional responses to fuel issues and fuel emergencies.

Operations Planning Working Group (OPWG)

The OPWG, also subordinate to the ORS, was established to provide oversight, guidelines and procedures to the FRCC Operations Planning Coordinator (OPC) function in accordance with the *Reliability Process for the FRCC Bulk Electric System* document. The OPWG focuses on BES reliability and developing operations planning processes and study protocols that support regional reliability and adherence to the NERC Reliability Standards as they relate to the OPC function.

Telecommunications Subcommittee (TS)

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, including the FRCC RC. The TS administers the FRCC Hotline program, Satellite phone program, and also ensures that reliable and redundant communications are maintained within, and external to, the FRCC RC footprint. All TS programs are non-statutory and support the RC and operating entity functions; with the exception of the FRCC satellite phone (located at the FRCC office) which is a tool that can be used by the Regional Entity to enhance situation awareness and thus is budgeted as statutory.

System Protection and Control Subcommittee (SPCS)

The FRCC System Protection and Control Subcommittee (SPCS) has primary responsibility for supporting the coordination of protection and control systems within the FRCC region, including regional disturbance monitoring equipment, review of protective system mis-operations, protection related disturbance analysis and implementation of specific regional programs and procedures including the assessments of the FRCC Under-Frequency Load Shedding Program. The SPCS also reviews and coordinates system protection and control equipment installations, settings, protection philosophies and testing criteria within the Region when installations can impact multiple entities. The SPCS serves as an important forum for sharing subject matter expert guidance and lessons learned / best practices for equipment issues and protection coordination.

Critical Infrastructure Protection Subcommittee (CIPS)

The purpose of the FRCC CIPS is to recommend improvements to enhance the physical and cyber security of the critical BES infrastructure in the FRCC Region, with an emphasis on protecting, preventing, limiting and recovering from malicious activities directed at the FRCC critical energy infrastructure. The CIPS provides guidance to the OC on matters of critical energy infrastructure security, including cyber and physical security. The CIPS provides advice

to the OC including impact and implementation of CIP NERC Reliability Standards that apply to the FRCC Reliability Coordinator registered function.

Event Analysis Working Group (EAWG)

The FRCC Event Analysis Working Group (EAWG) has been established as a peer review process within the FRCC Region to encourage consistency and quality of entity event reports submitted through the ERO Event Analysis Process. The EAWG also serves as a forum for FRCC registered entities to voluntarily disseminate individual entity lessons learned in a timely manner as well as serve as an interface with the ERO to receive other relevant event and “lessons learned” information. The EAWG primarily supports the Regional Entity efforts in Event Analysis and Reliability Improvements.

System Operator Subcommittee (SOS)

The FRCC System Operator Subcommittee (SOS) develops and delivers training in which FRCC grants NERC Continuing Education Hours (CEHs) to those individuals who successfully complete sanctioned courses through the SOS organized activities. The SOS is made up of member company training personnel and supports FRCC training activities by reviewing and providing training content. While most of the activities of the SOS support FRCC Regional Entity efforts, the SOS reports to the FRCC Operating Committee.

FRCC Reliability Coordinator (RC) Registered Function

The FRCC is a NERC registered Reliability Coordinator that, by FERC order, comes under the jurisdiction of the SERC Regional Entity as its Compliance Enforcement Authority (CEA). In addition to the committee work and oversight of its subordinate groups, the OC supports reliable operations and maintenance activities through the implementation and oversight of those FRCC Reliability Coordinator (RC) functions as established in the *Reliability Process for the FRCC Bulk Electric System*. The FRCC RC responsibilities include the real-time operating function and the next-day operations planning function. The RC tasks are performed by a designated agent of the FRCC with direction and oversight by FRCC committees and support staff. The designated agent performs real-time operations and next-day planning operations. FRCC staff further supports Regional reliability by performing the roles of the Operations Planning Coordinator (OPC), and State Capacity Emergency Coordinator (SCEC) as defined in the *Reliability Process for the FRCC Bulk Electric System* document.

The FRCC RC function is accountable to the FRCC OC who has overall responsibility of the administration, development and implementation of RC and some non-RC operating procedures approved by the OC. Many of the policies and procedures developed by the OC and its sub groups, support Regional reliability as well as entity compliance with NERC Operations & Planning Standards.

Regulatory Oversight of Registered Functions

The FRCC continues to improve FRCC PA and RC compliance management programs under the Member Services Division. The Division along with its committees, support an independent Member Services Regulatory Department with a dedicated Regulatory Director who reports directly to the FRCC President and CEO and who has direct access to the FRCC Board of Directors. This position is responsible for the implementation, maintenance and oversight of the FRCC Internal Compliance Program (ICP) including all compliance activities for the FRCC registered entity functions and is the primary interface for all regulatory activities associated with

the FRCC Member Services committees and is the FRCC liaison between external Compliance Enforcement Authorities.

Major 2018 Cost Impacts

The FRCC's proposed 2018 Members Services budgeted expenses and net fixed assets are \$11,735,027, which is a \$1,536,442 or 15% increase over the 2017 budgeted expenses.

Planning Committee (PC)

The Member Services Planning Committee (PC) expenses for 2018 are made up of the PC Committee budget, as well as the administrative costs to provide support personnel for implementation of the FRCC Planning Authority (PA) functions and all other Member Services PC activities.

The 2018 PC budget is developed based on the activities of the Regional Projects Subcommittee (RPS), the Resource Subcommittee (RS), the Stability Analysis Subcommittee (SAS) and the Transmission Technical Subcommittee (TTS). These budgets are primarily for the labor involved in coordination activities performed by member representatives, software and meeting costs.

Operating Committee (OC)

The Member Services Operating Committee (OC) expenses for 2018 are made up of a 2018 OC technical budget as well as the Member Services Department related administrative costs to provide support personnel for implementation of the FRCC Reliability Coordinator (RC) functions and other Member Services (Non RC) activities. In 2018, the OC, along with staff, will continue to directly support implementation of the RC function, support RC and entity training, improve the compliance posture of the RC function as well as continue coordinating the activities of member companies to ensure continued reliability of the FRCC RC footprint.

The 2018 OC budget was developed based primarily on the activities of the Operating Reliability Subcommittee (ORS), the Telecommunications Subcommittee (TS), the Fuel Reliability Working Group (FRWG) and the Critical Infrastructure Protection Subcommittee (CIPS). These budgets are related to, or in support of both the FRCC Reliability Coordinator (RC) and Member Services entity's reliability functions and include consulting costs, contract costs, computer software purchases and expenses to support the associated activities. The technical budgets do not include FRCC staff salaries or associated personnel costs.

The staff includes dedicated employees as well as shared employees.

2017 Member Services Budget and Projection and 2018 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2017 Budget & Projection, and 2018 Budget					
NON-STATUTORY MEMBER SERVICES					
	2017 Budget	2017 Projection	Variance 2017 Projection v 2017 Budget Over(Under)	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	\$ 10,301,621	\$ 10,301,621	\$ (0)	\$ 11,584,257	\$ 1,282,636
Testing Fees	-	-	-	-	-
Services & Software	203,700	291,203	87,503	204,100	400
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Funding	\$ 10,505,321	\$ 10,592,824	\$ 87,503	\$ 11,788,357	\$ 1,283,036
Expenses					
Personnel Expenses					
Salaries	\$ 2,872,547	\$ 2,844,466	\$ (28,081)	\$ 3,003,436	\$ 130,889
Payroll Taxes	171,025	165,008	(6,017)	175,873	4,848
Benefits	482,572	456,242	(26,330)	470,333	(12,239)
Retirement Costs	410,392	420,575	10,183	450,563	40,171
Total Personnel Expenses	\$ 3,936,536	\$ 3,886,291	\$ (50,245)	\$ 4,100,205	\$ 163,669
Meeting Expenses					
Meetings	\$ 31,210	\$ 31,251	\$ 41	\$ 34,999	\$ 3,789
Travel	88,973	90,240	1,267	113,458	24,485
Conference Calls	32,713	37,694	4,981	38,838	6,125
Total Meeting Expenses	\$ 152,896	\$ 159,185	\$ 6,289	\$ 187,295	\$ 34,399
Operating Expenses					
Consultants & Contracts	\$ 5,255,111	\$ 5,489,591	\$ 234,480	\$ 6,213,956	\$ 958,845
Office Rent	273,573	299,873	26,300	300,612	27,039
Office Costs	330,766	442,821	112,055	318,521	(12,245)
Professional Services	42,501	55,141	12,640	62,276	19,775
Miscellaneous	-	-	-	-	-
Depreciation	112,507	52,605	(59,902)	142,879	30,372
Total Operating Expenses	\$ 6,014,458	\$ 6,340,031	\$ 325,573	\$ 7,038,244	\$ 1,023,786
Total Direct Expenses	\$ 10,103,890	\$ 10,385,507	\$ 281,617	\$ 11,325,744	\$ 1,221,854
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 10,103,890	\$ 10,385,507	\$ 281,617	\$ 11,325,744	\$ 1,221,854
Change in Assets	\$ 401,431	\$ 207,317	\$ (194,114)	\$ 462,613	\$ (61,182)
Fixed Assets					
Depreciation	\$ (112,507)	\$ (52,605)	\$ 59,902	\$ (142,879)	\$ (30,372)
Total Fixed Asset Purchases	207,202	136,112	(71,090)	552,164	344,962
Change in Fixed Assets	\$ (94,695)	\$ (83,507)	\$ 11,188	\$ (409,285)	\$ (314,590)
TOTAL BUDGET	\$ 10,198,585	\$ 10,469,014	\$ 270,429	\$ 11,735,029	\$ 1,536,444
TOTAL CHANGE IN WORKING CAPITAL	\$ 306,736	\$ 123,810	\$ (182,926)	\$ 53,328	\$ (253,408)
FTEs	20.43	19.95	(0.47)	20.22	(0.21)

Personnel Analysis

Total FTE's by Program Area	Budget 2017	Projection 2017	Direct FTEs 2018 Budget	Shared FTEs ¹ 2018 Budget	Total FTEs 2018 Budget	Change from 2017 Budget
NON-STATUTORY						
Operational Programs						
Operating Committee	10.90	10.38	10.43		10.43	-0.47
Planning Committee	5.43	5.56		5.60	5.60	0.17
Total FTEs Operational Programs	16.33	15.94	10.43	5.60	16.03	-0.30
Administrative Programs						
General & Administrative	4.10	4.01		4.18	4.18	0.08
Total FTEs Administrative Programs	4.10	4.01	0.00	4.18	4.18	0.08
Total FTEs	20.43	19.95	10.43	9.78	20.21	-0.22

¹A shared FTE is defined by NERC as an employee who performs both Statutory and Non-Statutory functions.

Member Services Reserve Analysis — 2017-2018

Working Capital Reserve Analysis 2017-2018	
NON-STATUTORY MEMBER SERVICES	
Beginning Working Capital Reserve (Deficit), December 31, 2016	800,808
	2017 Funding (from members) 10,301,621
	2017 Projected Other funding sources 291,203
Total Cash Available 2017	11,393,632
Less: '2017 Projected expenses & capital expenditures	(10,469,014)
Projected Working Capital Reserve Surplus/(Deficit), December 31, 2017	924,618
Desired Working Capital Reserve, December 31, 2018	¹ 977,919
Less: Projected Working Capital Reserve, December 31, 2017	(924,618)
Increase(decrease) in assessments to achieve desired Working Capital Reserve	53,301
	2018 Expenses and Capital Expenditures 11,735,027
	Less: Other Funding Sources (204,100)
Adjustment to achieve desired Working Capital Reserve	53,301
2018 Funding (reserve adjustment)	11,584,228

¹ On June 26, 2013, the FRCC Board of Directors set a working capital and operating working capital and operating reserve requirement of one (1) month of the total annual budget. The FRCC has a \$1.5 million line of credit.

**Section D – Additional Consolidated Financial
Statements**
2018 Business Plan and Budget

Section D — 2018 Additional Consolidated Financial Information

Statement of Activities and Capital Expenditures by Program 2018 Budget	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards Development (Section 300)	Compliance Monitoring and Org Reg % Cert (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	Non-Statutory Total	Operating Committee	Planning Committee
Funding													
ERO Funding													
ERO Assessments	\$ 6,660,518	\$ 6,660,518	\$ -	\$ 6,660,518	\$ 261,304	\$ 5,306,927	\$ 1,295,382	\$ 292,329	\$ 13,025	\$ (508,449)	\$ -	\$ -	\$ -
Penalty Sanctions	253,145	253,145	-	253,145	9,149	191,246	41,948	10,414	389	-	-	-	-
Total ERO Funding	6,913,663	6,913,663	-	6,913,663	270,452	5,498,173	1,337,329	302,743	13,414	(508,449)	-	-	-
Membership Dues	\$ 11,584,228	\$ -	\$ 11,584,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,584,228	\$ 9,555,262	\$ 2,028,966
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	204,100	-	204,100	-	-	-	-	-	-	-	204,100	180,100	24,000
Workshops	92,000	92,000	-	92,000	-	-	-	92,000	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	\$ 18,793,991	\$ 7,005,663	\$ 11,788,328	\$ 7,005,663	\$ 270,452	\$ 5,498,173	\$ 1,337,329	\$ 394,743	\$ 13,414	\$ (508,449)	\$ 11,788,328	\$ 9,735,362	\$ 2,052,966
Expenses													
Personnel Expenses													
Salaries	\$ 7,292,852	\$ 4,289,416	\$ 3,003,436	\$ 4,289,416	\$ 143,677	\$ 2,617,862	\$ 655,870	\$ 162,980	\$ 6,508	\$ 702,519	\$ 3,003,436	\$ 1,953,917	\$ 1,049,519
Payroll Taxes	425,581	249,708	175,873	249,708	8,428	151,653	38,474	9,561	382	41,210	175,873	114,416	61,457
Benefits	1,155,014	684,682	470,332	684,682	25,711	428,736	121,229	21,307	851	86,848	470,332	314,663	155,669
Retirement Costs	1,105,549	654,985	450,564	654,985	21,554	404,225	98,391	24,450	976	105,389	450,564	293,119	157,445
Total Personnel Expenses	\$ 9,978,996	\$ 5,878,791	\$ 4,100,205	\$ 5,878,791	\$ 199,370	\$ 3,602,476	\$ 913,964	\$ 218,298	\$ 8,717	\$ 935,966	\$ 4,100,205	\$ 2,676,115	\$ 1,424,090
Meeting Expenses													
Meetings	\$ 107,592	\$ 72,593	\$ 34,999	\$ 72,593	\$ 772	\$ 12,096	\$ 1,999	\$ 57,707	\$ 19	\$ -	\$ 34,999	\$ 19,170	\$ 15,829
Travel	277,956	164,498	113,458	164,498	5,468	90,644	59,678	8,665	43	-	113,458	95,171	18,287
Conference Calls	53,988	15,150	38,838	15,150	3,138	6,602	380	5,026	4	-	38,838	21,577	17,261
Total Meeting Expenses	\$ 439,536	\$ 252,241	\$ 187,295	\$ 252,241	\$ 9,378	\$ 109,342	\$ 62,057	\$ 71,398	\$ 66	\$ -	\$ 187,295	\$ 135,918	\$ 51,377
Operating Expenses													
Consultants & Contracts	\$ 6,695,510	\$ 481,554	\$ 6,213,956	\$ 481,554	\$ 3,992	\$ 343,034	\$ 97,819	\$ 36,528	\$ 181	\$ -	\$ 6,213,956	\$ 5,850,052	\$ 363,904
Office Rent	925,904	625,292	300,612	625,292	14,044	461,903	64,109	15,931	636	68,669	300,612	195,566	105,046
Office Costs	431,593	113,073	318,520	113,073	3,874	82,718	14,192	7,305	2,112	2,872	318,520	289,828	28,692
Professional Services	98,100	35,824	62,276	35,824	1,301	27,052	5,937	1,475	59	-	62,276	16,320	45,956
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	256,060	113,181	142,879	113,181	1,630	105,770	4,670	1,071	40	-	142,879	131,600	11,279
Total Operating Expenses	\$ 8,407,167	\$ 1,368,924	\$ 7,038,243	\$ 1,368,924	\$ 24,841	\$ 1,020,477	\$ 186,727	\$ 62,310	\$ 3,028	\$ 71,541	\$ 7,038,243	\$ 6,483,366	\$ 554,877
Total Direct Expenses	\$ 18,825,699	\$ 7,499,956	\$ 11,325,743	\$ 7,499,956	\$ 233,589	\$ 4,732,295	\$ 1,162,748	\$ 352,006	\$ 11,811	\$ 1,007,507	\$ 11,325,743	\$ 9,295,399	\$ 2,030,344
Indirect Expenses	-	-	-	-	36,411	761,150	166,949	41,447	1,549	(1,007,507)	-	-	-
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 18,825,699	\$ 7,499,956	\$ 11,325,743	\$ 7,499,956	\$ 270,000	\$ 5,493,445	\$ 1,329,697	\$ 393,453	\$ 13,360	\$ -	\$ 11,325,743	\$ 9,295,399	\$ 2,030,344
Change in Assets	\$ (31,708)	\$ (494,293)	\$ 462,585	\$ (494,293)	\$ 452	\$ 4,728	\$ 7,632	\$ 1,290	\$ 54	\$ (508,449)	\$ 462,585	\$ 439,963	\$ 22,622
Fixed Assets													
Depreciation	\$ (256,060)	\$ (113,181)	\$ (142,879)	\$ (113,181)	\$ (1,630)	\$ (105,770)	\$ (4,670)	\$ (1,071)	\$ (40)	\$ -	\$ (142,879)	\$ (131,600)	\$ (11,279)
Total Fixed Asset Purchases	679,500	127,337	552,163	127,337	2082	110,498	12,302	2,361	94	-	552,163	536,899	15,264
Change in Fixed Assets	\$ (423,440)	\$ (14,156)	\$ (409,284)	\$ (14,156)	\$ (452)	\$ (4,728)	\$ (7,632)	\$ (1,290)	\$ (54)	\$ -	\$ (409,284)	\$ (405,299)	\$ (3,985)
TOTAL CHANGE IN WORKING CAPITAL	\$ (455,148)	\$ (508,449)	\$ 53,301	\$ (508,449)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (508,449)	\$ 53,301	\$ 34,664	\$ 18,637

2018 FRCC Business Plan and Budget
Approved by the Board of Directors 06-29-2017

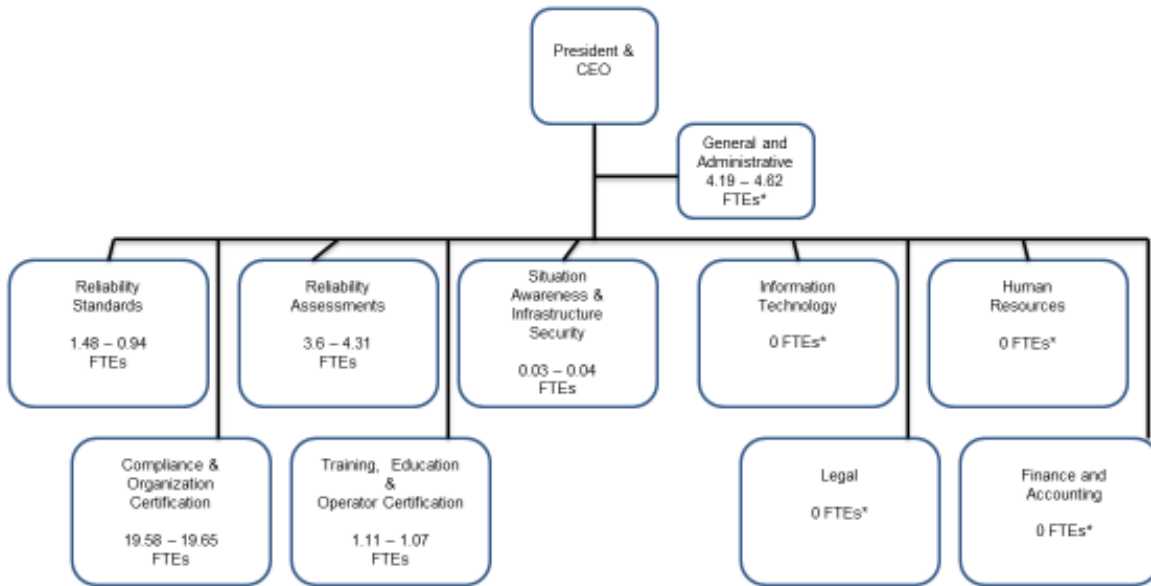
Statement of Financial Position

Statement of Financial Position				
2016 Audited, 2017 Projection, 2018 Budget and 2019 Projected				
STATUTORY and NON-STATUTORY				
	(Per Audit)	Projected	Budget	Projected
	12/31/2016	12/31/2017	12/31/2018	12/31/2019
ASSETS				
Cash	5,723,634	5,123,543	4,668,395	4,968,395
Accounts receivable	3,536,148	3,636,148	3,686,148	3,786,148
Other receivables	-	-	-	-
Prepaid expenses and other current assets	190,349	200,000	225,000	250,000
Other Assets	292,718	302,718	310,218	317,718
Property and equipment (net of depreciation)	349,761	399,761	699,761	924,761
Total Assets	10,092,610	9,662,170	9,589,522	10,247,022
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	2,696,569	2,646,569	2,616,569	2,691,569
Deferred income	4,120,129	4,116,379	4,561,187	4,773,294
Compliance Penalty Assessment	278,145	95,001	253,145	-
Accrued postretirement benefits obligation	331,607	253,481	266,155	279,463
Total Liabilities	7,426,450	7,111,430	7,697,056	7,744,326
Net Assets - unrestricted	2,666,160	2,550,740	1,892,466	2,502,696
Total Liabilities and Net Assets	10,092,610	9,662,170	9,589,522	10,247,022

Statutory Organizational Chart

**Florida Reliability Coordinating Council, Inc.
Statutory Organization Chart**

2017 Budgeted FTEs 29.99
2018 Budgeted FTEs 30.63



*All FTEs for Information Technology, Legal, Finance, and Human Resources, are recorded within General and Administrative