



2018 Business Plan and Budget

George Krogstie
Director, Finance

2018 Budget Overview

➤ Total 2018 Budget: \$17,182,868

Total 2018 Budget Change vs 2017	(1.7%)	(\$299,535)
• Personnel Expense	(2.1%)	(\$271,112)
• Operating Expense	0.5%	\$15,482

➤ Total 2018 Assessment: \$17,205,136

• Assessment	9.5%	\$1,499,113
--------------	------	-------------

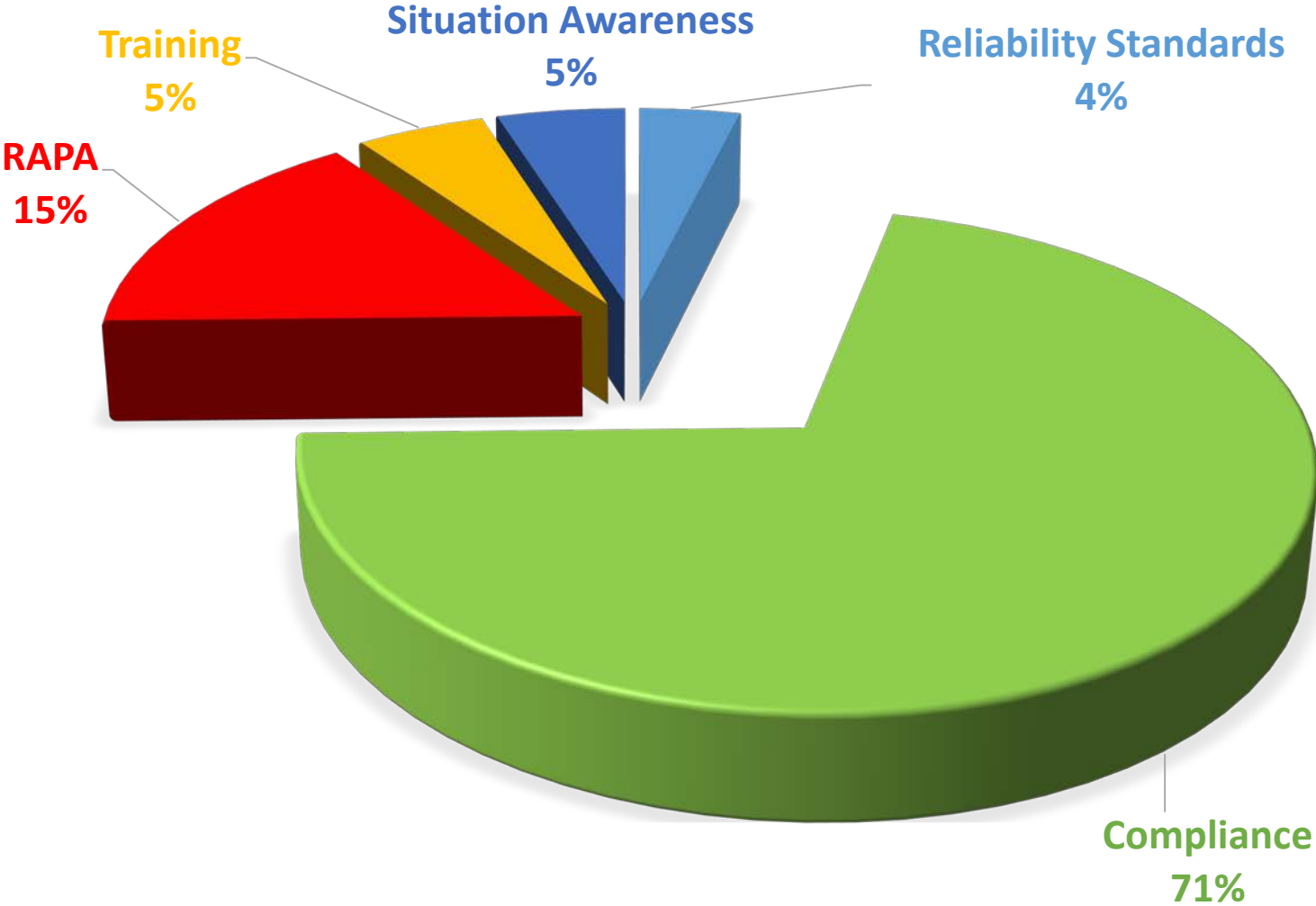
➤ Total 2018 FTEs: 75.0

• 2018 FTE No Change	0.0 FTEs
----------------------	----------

Key Factors/Budget Assumptions

- 3.0% compensation increase
- 25.0% increase in benefits for anticipated medical insurance increase
- 6.0% vacancy rate same as 2017
- Outsourcing Information Technology support
- Slight increase in penalties

2018 Budget by Functional Area



2017 - 2018 Budget Comparison

STATUTORY

	2017 Budget	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
Funding			
NERC Assessments	\$ 15,706,023	\$ 17,205,136	\$ 1,499,113
Penalty Sanctions	195,000	727,978	532,978
Workshops	176,025	176,025	-
Interest	1,000	1,000	-
Miscellaneous	383,500	86,000	(297,500)
Total Funding (A)	\$ 16,461,548	\$ 18,196,139	\$ 1,734,591
Expenses			
Personnel Expenses	\$ 13,208,500	\$ 12,937,388	\$ (271,112)
Meeting Expenses	\$ 845,289	\$ 917,569	\$ 72,280
Operating Expenses	\$ 3,420,496	\$ 3,435,978	\$ 15,482
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 17,474,285	\$ 17,290,935	\$ (183,350)
Fixed Assets			
Depreciation	\$ (234,882)	\$ (453,068)	\$ (218,186)
Computer & Software CapEx	100,000	345,000	245,000
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	143,000	-	(143,000)
Leasehold Improvements	-	-	-
Inc(Dec) in Fixed Assets (C)	8,118	(108,067)	(116,185)
TOTAL BUDGET (=B + C)	\$ 17,482,403	\$ 17,182,868	\$ (299,535)
FTEs	75.00	75.00	-

2017 - 2018 FTE Comparison

Total FTE's by Program Area	Budget 2017	Direct FTEs 2018 Budget	Shared FTEs ¹ 2018 Budget	Total FTEs 2018 Budget	Change from 2017 Budget
STATUTORY					
Operational Programs					
Reliability Standards	1.70	1.70	-	1.70	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	34.31	32.56	-	32.56	(1.75)
Reliability Assessment and Performance Analysis	8.12	6.37	-	6.37	(1.75)
Training and Education	1.70	1.70	-	1.70	-
Situation Awareness and Infrastructure Security	3.87	2.37	-	2.37	(1.50)
Total FTEs Operational Programs	49.70	44.70	-	44.70	(5.00)
Administrative Programs					
Technical Committees and Member Forums	4.70	4.70	-	4.70	-
General & Administrative	13.25	11.25	-	11.25	(2.00)
Legal and Regulatory	2.55	2.55	-	2.55	-
Business Process & Risk Assessment	-	7.00	-	7.00	7.00
Human Resources	1.90	1.90	-	1.90	-
Finance and Accounting	2.90	2.90	-	2.90	-
Total FTEs Administrative Programs	25.30	30.30	-	30.30	5.00
Total FTEs	75.00	75.00	-	75.00	-

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

Working Capital Reserves

- The 2018 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize and minimize large fluctuations in the annual assessments.
- Increase reserves by \$1.01M to \$1.7M
- No change to reserve policy
 - Working capital and operating reserve requirement is up to 10% the total annual budget
 - \$1M line of credit if needed

2019 and 2020 Projections

- Personnel Assumptions
 - No proposed changes in FTEs
 - 3.0% compensation increase
 - Applied vacancy rate of 3% in 2019 and 0% for 2020
- 1.0% escalation rate for most expense categories
- 2019
 - Total assessment decrease \$844K (4.9%)
 - Total budget increase \$958K (5.6%)
- 2020
 - Total assessment increase \$415K (2.5%)
 - Total budget increase \$762K (4.2%)

Questions?