

# ERO Enterprise Combined Budgets and Assessments

Finance and Audit Committee  
August 10, 2016

**RELIABILITY | ACCOUNTABILITY**



# 2016 vs 2017 Budgeted Expenses

(\$000's)

Entity	2016 Budget	% of Total ERO Budget	2017 Budget	% of Total ERO Budget	% Change
NERC	67,187	36.0%	69,602	36.3%	3.6%
FRCC	7,262	3.9%	7,178	3.7%	-1.2%
MRO	11,355	6.1%	11,227	5.9%	-1.1%
NPCC	15,073	8.1%	15,147	7.9%	0.5%
RF	19,367	10.4%	19,909	10.4%	2.8%
SERC	15,867	8.5%	17,482	9.1%	10.2%
SPP RE	10,096	5.4%	10,866	5.7%	7.6%
TRE	11,782	6.3%	12,167	6.4%	3.3%
WECC	27,385	14.7%	26,797	14.0%	-2.1%
WIRAB	1,370	0.7%	1,229	0.6%	-10.3%
	<b>186,743</b>	<b>100.0%</b>	<b>191,604</b>	<b>100.0%</b>	<b>2.6%</b>

# 2018 and 2019 Projected Expenses

(\$000's)

Entity	2017 Budget	2018 Projection	% Change	2019 Projection	% Change
NERC	69,602	71,322	2.5%	73,113	2.5%
FRCC	7,178	7,569	5.5%	7,672	1.4%
MRO	11,227	11,416	1.7%	11,759	3.0%
NPCC	15,147	15,499	2.3%	15,864	2.4%
RF	19,909	20,591	3.4%	21,318	3.5%
SERC	17,482	18,048	3.2%	18,818	4.3%
SPP RE	10,866	11,191	3.0%	11,527	3.0%
TRE	12,167	12,654	4.0%	13,160	4.0%
WECC	26,797	26,754	-0.2%	27,287	2.0%
WIRAB	1,229	1,270	3.3%	1,322	4.1%
	<b>191,604</b>	<b>196,315</b>	<b>2.5%</b>	<b>201,840</b>	<b>2.8%</b>

Entity	2016 Budget	2017 Budget	% Change	2018 Projection	% Change	2019 Projection	% Change
NERC	57,081	59,856	4.9%	62,144	3.8%	64,089	3.1%
FRCC	6,628	6,164	-7.0%	7,477	21.3%	7,580	1.4%
MRO	10,892	10,494	-3.6%	11,416	8.8%	11,759	3.0%
NPCC	14,349	14,255	-0.7%	14,587	2.3%	14,930	2.4%
RF	19,367	19,561	1.0%	19,952	2.0%	20,551	3.0%
SERC	13,731	15,706	14.4%	16,201	3.2%	17,099	5.5%
SPP	8,627	9,093	5.4%	11,191	23.1%	11,527	3.0%
TRE	9,560	9,595	0.4%	9,979	4.0%	10,378	4.0%
WECC	25,032	25,282	1.0%	25,535	1.0%	25,790	1.0%
WIRAB	1,240	901	-27.3%	1,269	40.8%	1,322	4.1%
<b>TOTAL ERO ENTERPRISE</b>	<b>166,508</b>	<b>170,908</b>	<b>2.6%</b>	<b>179,752</b>	<b>5.2%</b>	<b>185,024</b>	<b>2.9%</b>

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

## Change in Total ERO Assessments by Region

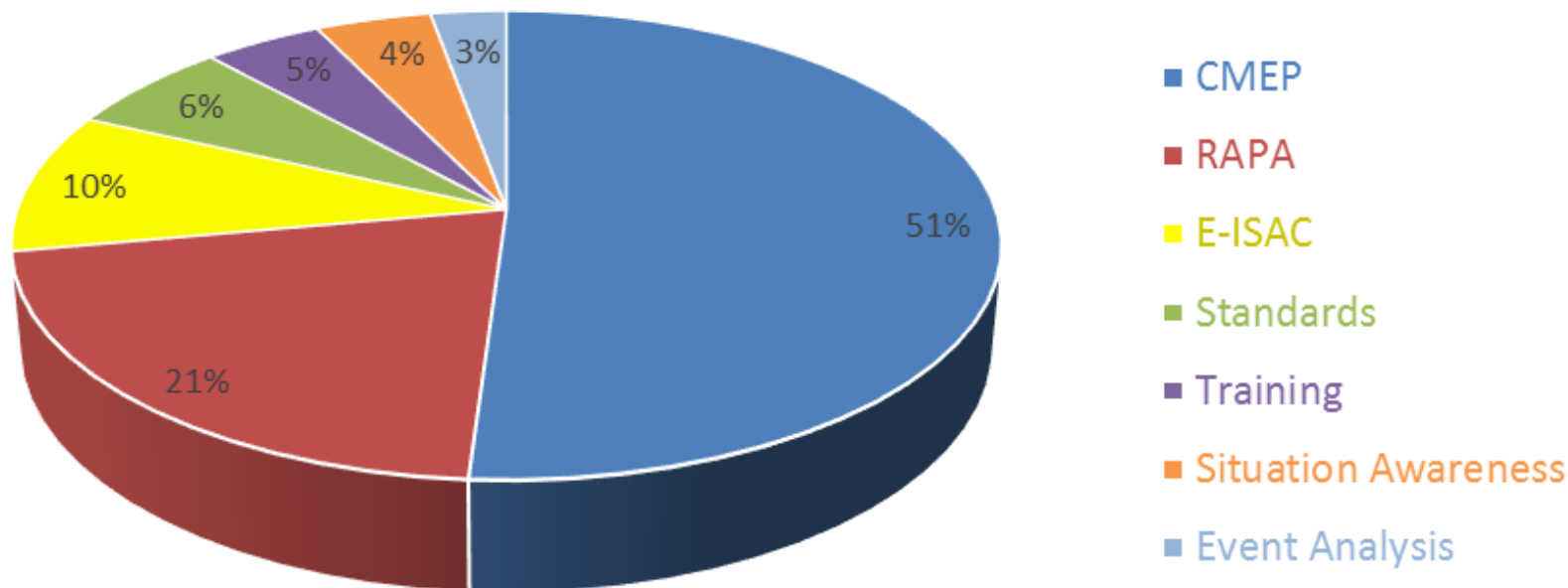
<b>REGION</b>	<b>% Change 2016 v 2015</b>	<b>% Change 2017 v 2016</b>	<b>% Change 2018 v 2017</b>	<b>% Change 2019 v 2018</b>
FRCC	7.6%	-2.0%	13.6%	1.9%
MRO	11.8%	-2.1%	7.8%	3.0%
NPCC	1.3%	1.0%	3.5%	2.6%
RF	3.3%	1.8%	3.4%	3.1%
SERC	2.1%	10.0%	3.3%	4.4%
SPP RE	-6.5%	4.5%	18.1%	3.0%
TRE	-4.6%	2.5%	3.0%	3.7%
WECC	1.1%	1.4%	2.7%	1.8%
<b>Total \$ Change</b>	<b>\$ 2,977,758</b>	<b>\$ 4,399,595</b>	<b>\$ 8,844,582</b>	<b>\$ 5,271,968</b>
<b>Total % Change</b>	<b>1.8%</b>	<b>2.6%</b>	<b>5.2%</b>	<b>2.9%</b>

# Working Capital, Operating and Other Reserves

## Working Capital and Operating Reserves - 2017 Business Plan and Budget

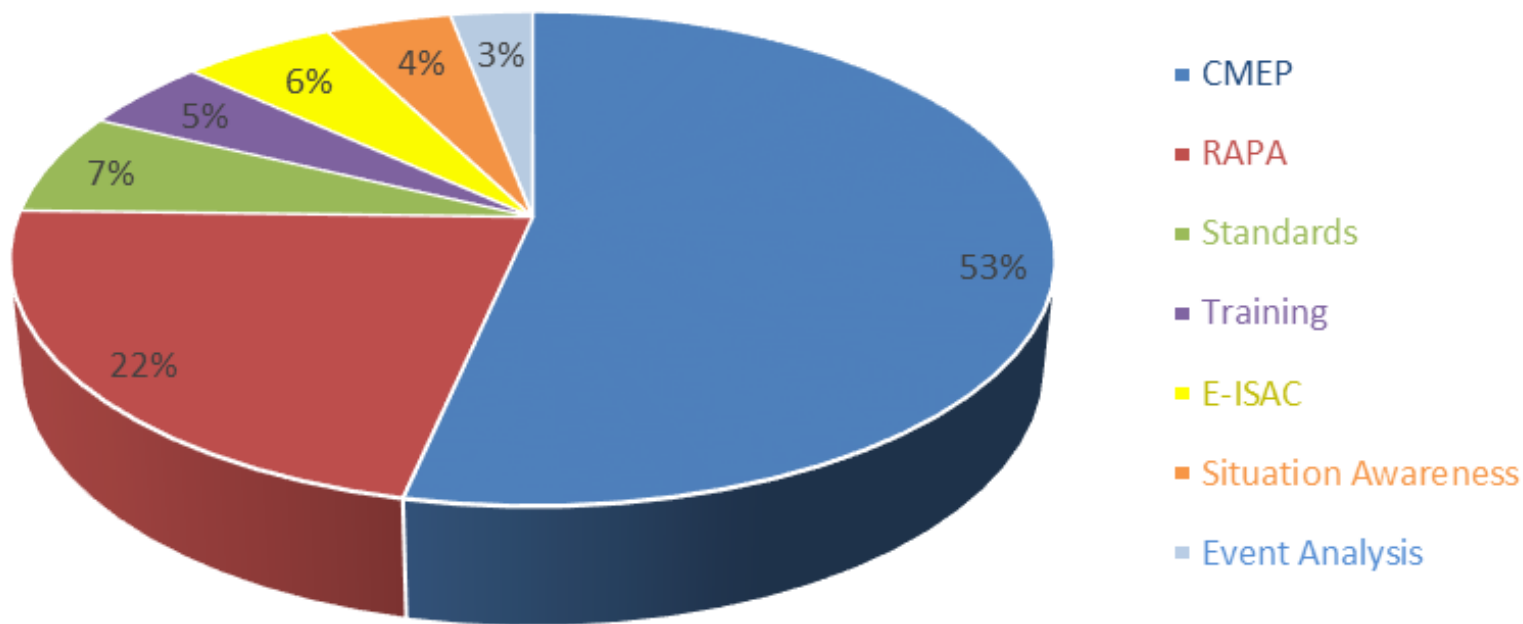
Entity	2017 Beginning Balance	2017 Adjustment	Projected 2017 Ending Balance	Stated Policy
NERC	\$ 7,828,700	\$ (69,598)	\$ 7,759,102	As detailed in Exhibit C of NERC's 2017 Budget
FRCC	1,425,113	(826,959)	\$ 598,154	One (1) month of the total annual budget
MRO	1,488,815	(566,075)	\$ 922,740	30-day cash reserve for 2017
NPCC	3,897,079	(827,994)	\$ 3,069,085	Range of 16.67% and 33.33% of Budget
RF	3,246,489	152,868	\$ 3,399,357	10% or a minimum \$1M in operating reserves, plus additional working capital to manage cash flow and stabilize assessments
SERC	2,020,855	(1,020,855)	\$ 1,000,000	Up to 10% of budgeted annual costs, plus temporary increase in income greater than two months of statutory operating costs
SPP RE	1,403,208	(1,403,208)	\$ -	None required; rely on SPP, Inc.
TRE	4,702,756	(2,520,000)	\$ 2,182,756	Operating reserve of approximately \$2M
WECC	4,990,113	207,448	\$ 5,197,561	Working Capital Reserve balance equal to one to two months of Personnel and Operating Expenses
WIRAB	426,978	(326,978)	\$ 100,000	Working Capital Reserve of \$100,000
	<b>\$ 31,430,106</b>	<b>\$ (7,201,351)</b>	<b>\$ 24,228,755</b>	

## Total ERO Enterprise 2017 Budget By Program Area





Total ERO Enterprise 2017 Budget By Program Area  
(without CRISP)





# Questions and Answers