NCPA Commission Budget Direction – FY 2017

- NCPA Administrative Services FY 2017 operating costs proposed to come in below budget (-$178,650 or 5.2% decrease)

- Various projects proposed; $435,500

- One additional FTE in Power Settlements for new customers
Administrative Services Cost Centers

- General Manager
- NERC Compliance
- Human Resources
- Accounting/Finance
- Administrative Services
- Risk Management (insurance & energy risk management)
- Settlements
- Information Services
- Building Occupancy/Facilities Management
Budget Highlights – Excluding Labor

- Total costs are up approximately $70,000 or 1.6%
- Operating costs (teal color) are down by almost $180,000
- Operating costs are $260,000 below target
Admin Services Budget Changes by Department (without labor)

<table>
<thead>
<tr>
<th>Department</th>
<th>Budget 2016</th>
<th>Budget 2017</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>$659,000</td>
<td>$663,000</td>
<td>$4,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>NERC Compliance</td>
<td>182,600</td>
<td>161,700</td>
<td>$(20,900)</td>
<td>-11.4%</td>
</tr>
<tr>
<td>AGM Admin Svcs</td>
<td>151,000</td>
<td>149,000</td>
<td>$(2,000)</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>105,100</td>
<td>103,350</td>
<td>$(1,750)</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Accounting</td>
<td>222,250</td>
<td>234,300</td>
<td>$12,050</td>
<td>5.4%</td>
</tr>
<tr>
<td>Power Settlements</td>
<td>29,000</td>
<td>10,950</td>
<td>$(18,050)</td>
<td>-62.2%</td>
</tr>
<tr>
<td>Info Services</td>
<td>1,331,000</td>
<td>1,169,530</td>
<td>$(161,470)</td>
<td>-12.1%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>288,200</td>
<td>288,200</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Facilities Mgmt</td>
<td>463,030</td>
<td>472,500</td>
<td>9,470</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

|                                | $3,431,180  | $3,252,530  | $(178,650) | -5.2%    |
| Other A & G Costs (Allocated Insurance) | 637,830    | 757,262     | 119,432   | -1.5%    |

Projects:
- Office Furniture. Software & other: 8,000 to 81,000 ($73,000)
- Software Project (Records retention): - to 135,000 ($135,000)
- Software Project (Accounting system): 15,000 to 75,000 ($60,000)
- Software Project (Learning Management): - to 21,500 ($21,500)
- Computer Hardware: 223,000 to 123,000 ($100,000)
- Capital Projects: 60,000 to - ($60,000)

Total Budget: $4,375,010 to $4,445,292 ($70,282) 1.6%

Increased liability coverage from $35mm to $80mm
Administrative & General Budget Breakdown

Total Budget (without labor)  
2015/16
$4.4 million
Proposed Projects

- Replacement of Copiers at HQ - $65,000
  - Replace 10 year old copy machines at HQ (2 color and 1 b & w)
- Computer hardware (various) - $123,000
  - Routine replacement of aging computer equipment throughout the agency, including servers, monitors, PC’s, etc.
- Learning Management System - $21,500
  - Implementation of a learning/training tracking system to track training for regulatory and workforce development purposes
- Furniture Replacements - $16,000
  - Replacement of furniture that is over 25 years old on a phased in basis (2 offices)
- Additional Modules for Financial software and integration with other systems - $75,000
  - Additional reporting module for the financial system and implementation of other financial modules (project accounting, work orders, inventory, etc.)
- Records Retention Software Implementation Project - $135,000
  - To automate records retention on the new Sharepoint platform
Funding of General Manager & Administrative Services

- Administrative & General Allocations
  - Support functions like Accounting, HR, IT, Power Settlements, General Manager, etc.
- Direct to Projects/Programs
  - Insurance, Property taxes, Debt related costs, Software, Labor etc.
Allocation of Administrative & General Cost

- 50% Based on Direct Labor
- 50% Based on Program Budget Cost

Allocation of Occupancy Costs

- To Business Units based on:
  - Main Admin Building – Square Footage used
  - Office Equipment – Effective Usage
  - Telecom – Units Assigned
- To Projects/Programs
  - Based on Direct Labor
A & G Cost Comparison per Mwh

Administrative cost per Mwh (plants only)

- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
Questions?
Supporting Details
A & G Budget 2016/17
Outside Services

General Counsel
Annual Audit
Actuary Services
Trustee Fees
Banking & Payroll Services
Financial Advisor
Bond Counsel
Rating Agencies
Temporary Staffing
Other Consulting:
  Human Resources
  Property Taxes
  Risk Management
NERC Consulting

17% of Budget
($765,000)
A & G Budget 2016/17
Software & Hardware Maintenance & Supplies

Various (41) Software & Hardware systems including:

Oracle
ACES
Sharepoint
Great Plains
SCADA
Microsoft
Hewlett Packard
e tc..

and maintenance of hardware

22% of Budget
($966,000)
A & G Budget 2016/17
Building Occupancy

10% of Budget ($448,000)
A & G Budget 2016/17
Communications, Office Supplies, Postage & Annual Report

Office Supplies
Postage
Special mailings
Annual Report
Records production
Communications

7% of Budget
($314,000)
A & G Budget 2016/17
Travel & Staff Development

- Travel to member offices
- Travel to various NCPA sites
- Travel to NCPA meetings
- Travel to CAISO meetings
- Travel to DC for members
- Staff Training
- Travel for Rating Agency Trips
- Local travel

5% of Budget
(233,000)
A & G Budget 2016/17
Employee Recruitment & Retention

- Supervisor Training
- Relocation
- Tuition Reimbursement
- Flex Spending Fees
- Physicals
- Recruitment
- Employee Appreciation
- Safety Awards
- Retiree Medical Opt Out Program

4% of Budget
($185,000)
A & G Budget 2016/17
Meetings

Strategic Issues Conference
Regular Commission & Committee meetings
Risk Oversight Meetings

2% of Budget
($91,000)
A & G Budget 2016/17 - Other

General Manager Contingency  $250,000

Projects:

- Computer software projects  $232,000
- Computer hardware  $123,000
- Office furniture  $16,000
- Copiers  $65,000

6% of Budget ($250,000)

10% of Budget ($436,000)