NCPA Facilities Committee
Budget Review– February 12, 2014
Administrative Services Division

- Risk Management
- General Services/Facilities Management
- Finance/Treasury
- Information Services
- General Manager
- Human Resources
- Energy Risk Management
- Settlements
NCPA Commission Budget Direction – FY 2014

• NCPA Administrative Services FY 2014 budget proposed to come in below budget (-$60,462 or 1.7% decrease)

• No change in approved staffing levels

• Various projects proposed; $711,000
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

- Admin Services non-labor budget is up by about $200,000 due to projects
  - Non-labor operating costs down $60,462 or 1.7%
  - Proposed projects:
    - Security fencing at HQ - $285,000
    - Upgrade company-wide phone system to VOIP - $275,000
    - Proposed Upgrade to SCADA system for Dispatch – 93,000
    - Furniture replacements - $8,000
    - Computer hardware – various replacements - $50,000
## Admin Services Budget Changes by Department (without labor)

<table>
<thead>
<tr>
<th>Department</th>
<th>Budget 2013</th>
<th>Budget 2014</th>
<th>Budget 2015</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>$662,600</td>
<td>$662,100</td>
<td>$662,100</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>NERC Compliance</td>
<td>250,000</td>
<td>242,200</td>
<td>191,650</td>
<td>(50,550)</td>
<td>-20.9%</td>
</tr>
<tr>
<td>AGM Admin Svcs</td>
<td>149,000</td>
<td>149,900</td>
<td>149,500</td>
<td>(400)</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>153,600</td>
<td>161,500</td>
<td>171,700</td>
<td>10,200</td>
<td>6.3% 1</td>
</tr>
<tr>
<td>Accounting</td>
<td>261,783</td>
<td>243,900</td>
<td>222,522</td>
<td>(21,378)</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Power Settlements</td>
<td>31,730</td>
<td>32,550</td>
<td>29,100</td>
<td>(3,450)</td>
<td>-10.6% 1</td>
</tr>
<tr>
<td>Info Services</td>
<td>1,181,229</td>
<td>1,310,580</td>
<td>1,310,296</td>
<td>(284)</td>
<td>0.0%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>281,600</td>
<td>280,700</td>
<td>286,100</td>
<td>5,400</td>
<td>1.9%</td>
</tr>
<tr>
<td>Facilities Mgmt</td>
<td>468,523</td>
<td>470,170</td>
<td>470,170</td>
<td>-</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

| Total Budget                | $3,440,065  | $3,553,600  | $3,493,138  | ($60,462) | -1.7%    |

| Computer Hardware           | 50,000      | 390,000     | 73,000      | ($317,000)|          |
| Capital Projects            | 215,000     | 70,000      | 638,000     | $568,000  |          |

| Total Budget                | $3,705,065  | $4,013,600  | $4,204,138  | $190,538  | 4.7%     |

1 transferred settlements position to risk management. Increase in revenues for Moody's KMV software of $6,000 will offset increased cost due to sharing.
Non-personnel costs budget target – 2.0% increase
Budget down compared to last year (excluding capital projects and equipment)
Administrative & General Budget Breakdown

Total Budget (without labor) 2014/15
$4.2 million
Proposed Projects

- Security Fencing at Headquarters Office - $285,000
  - Will improve physical security around the building by installing a perimeter fence and electronic gates. Fencing is a best practice and a fundamental component of layered physical security defense.

- VOIP Phone System - $275,000
  - Will replace outdated phone system used by the HQ and meld with other location systems to create an enterprise phone system using VOIP technology

- Replacement of SCADA system for Dispatch center - $93,000
  - Will replace outdated SCADA software and hardware in support of energy dispatch center

- Computer hardware (various) - $50,000
  - Routine replacement of aging computer equipment throughout the agency, including servers, etc.

- Furniture Replacements - $8,000
  - Replacement of furniture that is over 25 years old on a phased in basis
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
Supporting Details
A & G Budget 2014/15
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

19% of Budget
($787,000)
A & G Budget 2014/15
Software & Hardware Maintenance & Supplies

Various (41) Software & Hardware systems including:

- Oracle
- ACES
- ZE Trade Manager
- Great Plains
- SCADA
- Microsoft
- Hewlett Packard
- etc..

27% of Budget
($1,180,000)
A & G Budget 2014/15
Building Occupancy

11% of Budget ($446,000)
A & G Budget 2014/15
Communications, Office Supplies, Postage & Annual Report

Office Supplies
Postage
Special mailings
Annual Report
Records production
Communications

7% of Budget
($301,000)
A & G Budget 2014/15
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

7% of Budget
(282,000)
A & G Budget 2014/15
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 ($177,000)
A & G Budget 2014/15

Meetings

Strategic Planning Workshop
Regular Commission & Committee meetings
Risk Oversight Meetings

2% of Budget
($70,500)
A & G Budget 2014/15

Other

General Manager Contingency $250,000

Projects:

- Security fencing $285,000
- VOIP Phone system $275,000
- SCADA Upgrade $93,000
- Computer hardware $50,000
- Office furniture $10,000

6% of Budget ($250,000)

17% of Budget ($711,000)
Budget Process & Timeline

- **Commission Direction**
  - Receive Commission Direction in October

- **Staff Preparation**
  - November/December

- **Member Reviews 7-9 Meetings**
  - Facilities Committee (February, March, April (if needed))
  - Lodi Energy Center Participants Committee (February, March, April)
  - Legislative and Regulatory Committee (February)
  - Utility Directors (March Retreat, April meeting)
  - Commission Preview (March)

- **Commission Approval**
  - April, 2014
Questions?