Budget Review – Administrative Services

Facilities Committee
February 15, 2017
NCPA Commission Budget Direction – FY 2018

Operating costs limited to 2.2% increase for FY 2018

- NCPA Administrative Services FY 2018 operating costs proposed to come in below budget (-$48,000 or 1.5% decrease)

- Various projects proposed; $163,000

- 0.63 additional FTE in HR – Intern Program

February 15, 2017
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

- Non-labor operating budget is down by almost $48,000
- Non-labor operating budget is $119,000 below target
- Overall non-personnel budget is down $268,000 or 6.1%
Admin Services Budget Changes by Department (without labor)

<table>
<thead>
<tr>
<th>Department</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>$661,000</td>
<td>$634,500</td>
<td>$(26,500)</td>
<td>-4.01%</td>
</tr>
<tr>
<td>NERC Compliance</td>
<td>161,700</td>
<td>84,700</td>
<td>$(77,000)</td>
<td>-47.62%</td>
</tr>
<tr>
<td>Admin Svcs</td>
<td>149,000</td>
<td>146,000</td>
<td>$(3,000)</td>
<td>-2.01%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>103,350</td>
<td>94,250</td>
<td>$(9,100)</td>
<td>-8.81%</td>
</tr>
<tr>
<td>Accounting</td>
<td>220,700</td>
<td>210,900</td>
<td>$(9,800)</td>
<td>-4.44%</td>
</tr>
<tr>
<td>Settlements</td>
<td>10,950</td>
<td>8,680</td>
<td>$(2,270)</td>
<td>-20.73%</td>
</tr>
<tr>
<td>Info Services</td>
<td>1,169,530</td>
<td>1,213,400</td>
<td>43,870</td>
<td>3.75%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>265,700</td>
<td>301,750</td>
<td>36,050</td>
<td>13.57%</td>
</tr>
<tr>
<td>General Services</td>
<td>472,500</td>
<td>472,500</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>$3,214,430</td>
<td>$3,166,680</td>
<td>($47,750)</td>
<td>-1.49%</td>
</tr>
</tbody>
</table>

Other A & G Costs (Allocated Insurance)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other A &amp; G Costs</td>
<td>757,262</td>
<td>809,586</td>
<td>52,324</td>
<td>0.12%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>3,971,692</td>
<td>3,976,266</td>
<td>4,574</td>
<td>0.12%</td>
</tr>
</tbody>
</table>

Projects:

<table>
<thead>
<tr>
<th>Project</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Furniture, Software &amp; Other</td>
<td>81,000</td>
<td>-</td>
<td>$(81,000)</td>
<td>-100%</td>
</tr>
<tr>
<td>Software Projects (Records Retention)</td>
<td>135,000</td>
<td>-</td>
<td>$(135,000)</td>
<td>-100%</td>
</tr>
<tr>
<td>Software Projects (Accounting System)</td>
<td>75,000</td>
<td>-</td>
<td>$(75,000)</td>
<td>-100%</td>
</tr>
<tr>
<td>Software Projects (Learning Management)</td>
<td>21,500</td>
<td>25,000</td>
<td>3,500</td>
<td>16.38%</td>
</tr>
<tr>
<td>Computer Hardware</td>
<td>123,000</td>
<td>123,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Storage Container - HQ</td>
<td>-</td>
<td>15,000</td>
<td>15,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>4,407,192</td>
<td>4,139,266</td>
<td>$(272,500)</td>
<td>-6.18%</td>
</tr>
</tbody>
</table>
## Administrative & General Budget Breakdown

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Services</td>
<td>16%</td>
</tr>
<tr>
<td>Travel &amp; Staff Development</td>
<td>5%</td>
</tr>
<tr>
<td>Projects</td>
<td>4%</td>
</tr>
<tr>
<td>Meetings</td>
<td>2%</td>
</tr>
<tr>
<td>Office Supplies, Postage, Annual Report</td>
<td>7%</td>
</tr>
<tr>
<td>Employee Recruitment &amp; Retention</td>
<td>5%</td>
</tr>
<tr>
<td>Contingency</td>
<td>6%</td>
</tr>
<tr>
<td>Building Occupancy</td>
<td>11%</td>
</tr>
<tr>
<td>Software &amp; Hardware Maintenance &amp; Supplies</td>
<td>24%</td>
</tr>
<tr>
<td>Insurance</td>
<td>20%</td>
</tr>
<tr>
<td>Total Budget (without labor) 2017/18</td>
<td>$4.1 million</td>
</tr>
</tbody>
</table>
Proposed Projects

- Computer hardware (various) - $123,000
  - Routine replacement of aging computer equipment throughout the agency, including servers, monitors, PC’s, etc.
- Learning Management System - $25,000
  - Implementation of a learning/training tracking system to track training for regulatory and workforce development purposes
- Storage Container at HQ - $15,000
  - Eliminate storage unit offsite rental
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: $6.40
- 2009: $6.08
- 2010: $6.77
- 2011: $6.41
- 2012: $6.64
- 2013: $3.17
- 2014: $3.24
- 2015: $3.61
- 2016: $3.34
- 2017: $3.41
- 2018: $6.02
Questions?
Supporting Details
A & G Budget 2017/18

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

16% of Budget
($683,000)
A & G Budget 2017/18
Software & Hardware Maintenance & Supplies

Various Software & Hardware systems including:

Oracle
SharePoint
Great Plains
SCADA
Microsoft
Hewlett Packard
etc..

24% of Budget
($1,000,000)

and maintenance of hardware
A & G Budget 2017/18
Building Occupancy

11% of Budget
($448,000)
A & G Budget 2017/18
Communications, Office Supplies, Postage & Annual Report

Office Supplies
Postage
Special mailings
Annual Report
Records production
Communications

7% of Budget
($302,000)
A & G Budget 2017/18
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
(194,000)
A & G Budget 2017/18
Employee Recruitment & Retention

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

5% of Budget ($194,000)
A & G Budget 2017/18
Meetings

Strategic Issues Conference
Regular Commission & Committee meetings
Risk Oversight Meetings

2% of Budget
($96,000)
A & G Budget 2017/18 - Other

General Manager Contingency $250,000

Projects:

- Computer software projects $25,000
- Computer hardware $123,000
- Storage Container $15,000

6% of Budget ($250,000)

4% of Budget ($163,000)