

Budget Review – Administrative Services



**Facilities Committee
March 15, 2017**

NCPA Commission Budget Direction – FY 2018

Other Operating
Costs limited to

2.2% increase
for
FY 2018

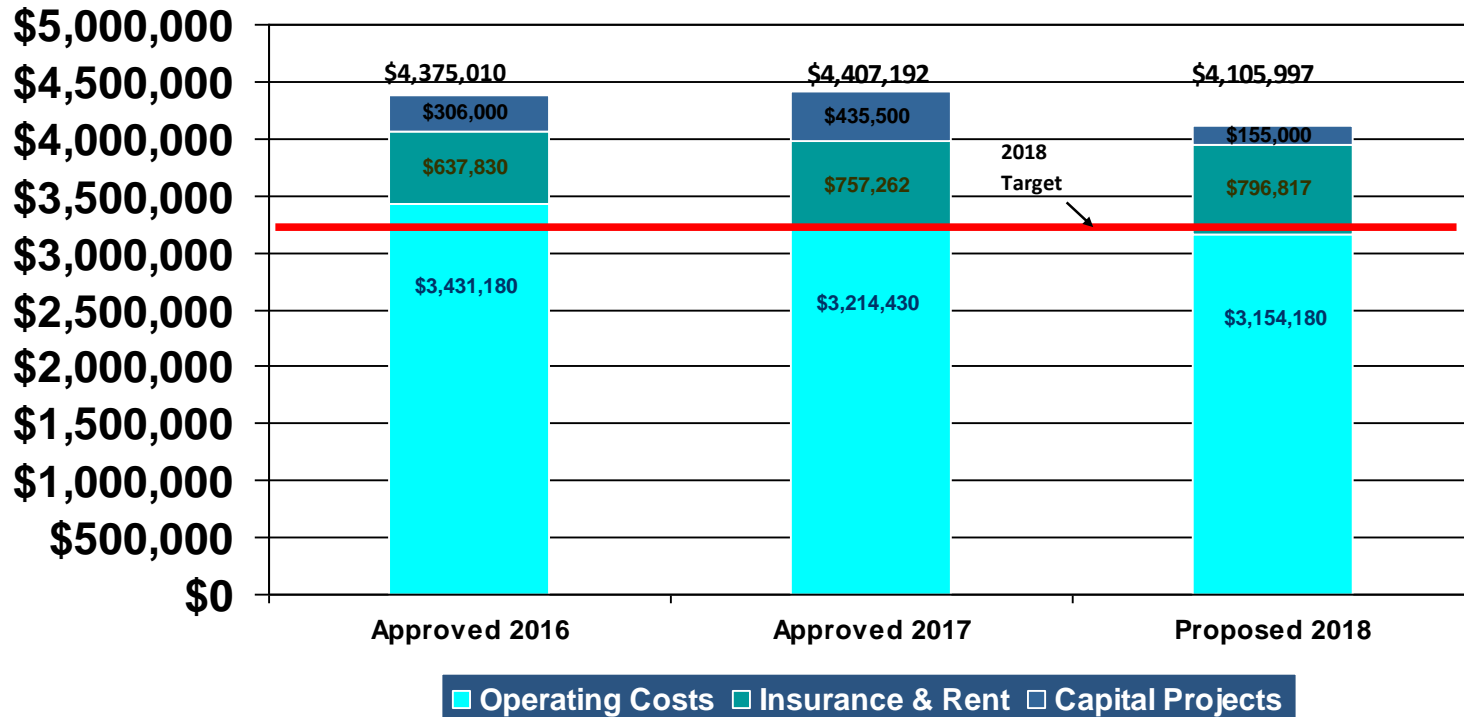
- NCPA Administrative Services FY 2018 operating costs proposed to come in below FY 2017 budget (~~-\$48,000 or 1.5% decrease~~) (**-\$60,250 or -1.87%**)
- Various projects proposed; ~~\$163,000~~ **\$155,000**
- ~~0.18~~ **0.63** additional FTE in HR – Intern Program

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 \$60,250
- Non-labor operating budget is \$131,000 below target
- Overall non-personnel budget is down \$301,200 or 6.8%



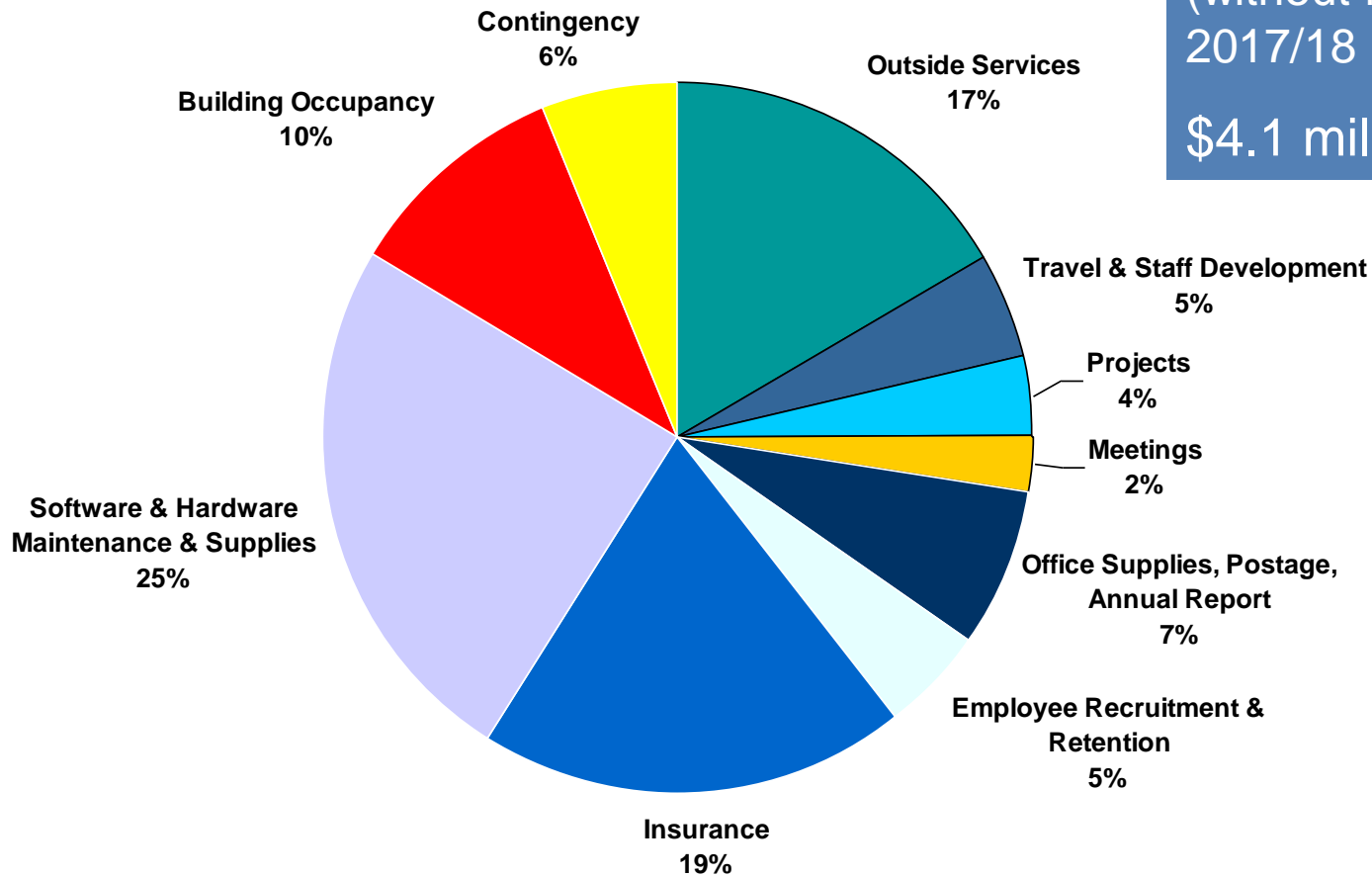
Admin Services Budget Changes by Department (without labor)

Reduced budget by \$33,269 from previous review

	2017	2018	Change	% Change
General Manager	\$ 661,000	\$ 626,000	\$ (35,000)	-5.30%
NERC Compliance	161,700	84,700	(77,000)	-47.62%
Admin Svcs	149,000	146,000	(3,000)	-2.01%
Risk Management	103,350	94,250	(9,100)	-8.81%
Accounting	220,700	210,900	(9,800)	-4.44%
Settlements	10,950	8,680	(2,270)	-20.73%
Info Services	1,169,530	1,233,400	63,870	5.46%
Human Resources	265,700	301,750	36,050	13.57%
General Services	472,500	448,500	(24,000)	-5.08%
	<u>\$ 3,214,430</u>	<u>\$ 3,154,180</u>	<u>\$ (60,250)</u>	<u>-1.87%</u>
Other A & G Costs (Allocated Insurance)	757,262	796,817	39,555	
	<u>3,971,692</u>	<u>3,950,997</u>	<u>(20,695)</u>	<u>-0.52%</u>
Projects:				
Office Furniture, Software & Other	81,000	-	(81,000)	
Software Projects (Records Retention)	135,000	-	(135,000)	
Software Projects (Accounting System)	75,000	-	(75,000)	
Software Projects (Learning Management)	21,500	25,000	3,500	
Computer Hardware	123,000	115,000	(8,000)	
Storage Container - HQ	-	15,000	15,000	
Total Budget	<u>4,407,192</u>	<u>4,105,997</u>	<u>(301,195)</u>	<u>-6.83%</u>

Administrative & General Budget Breakdown

Total Budget
(without labor)
2017/18
\$4.1 million



Proposed Projects

- Computer hardware (various) - ~~\$123,000~~ **\$115,000**
 - 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

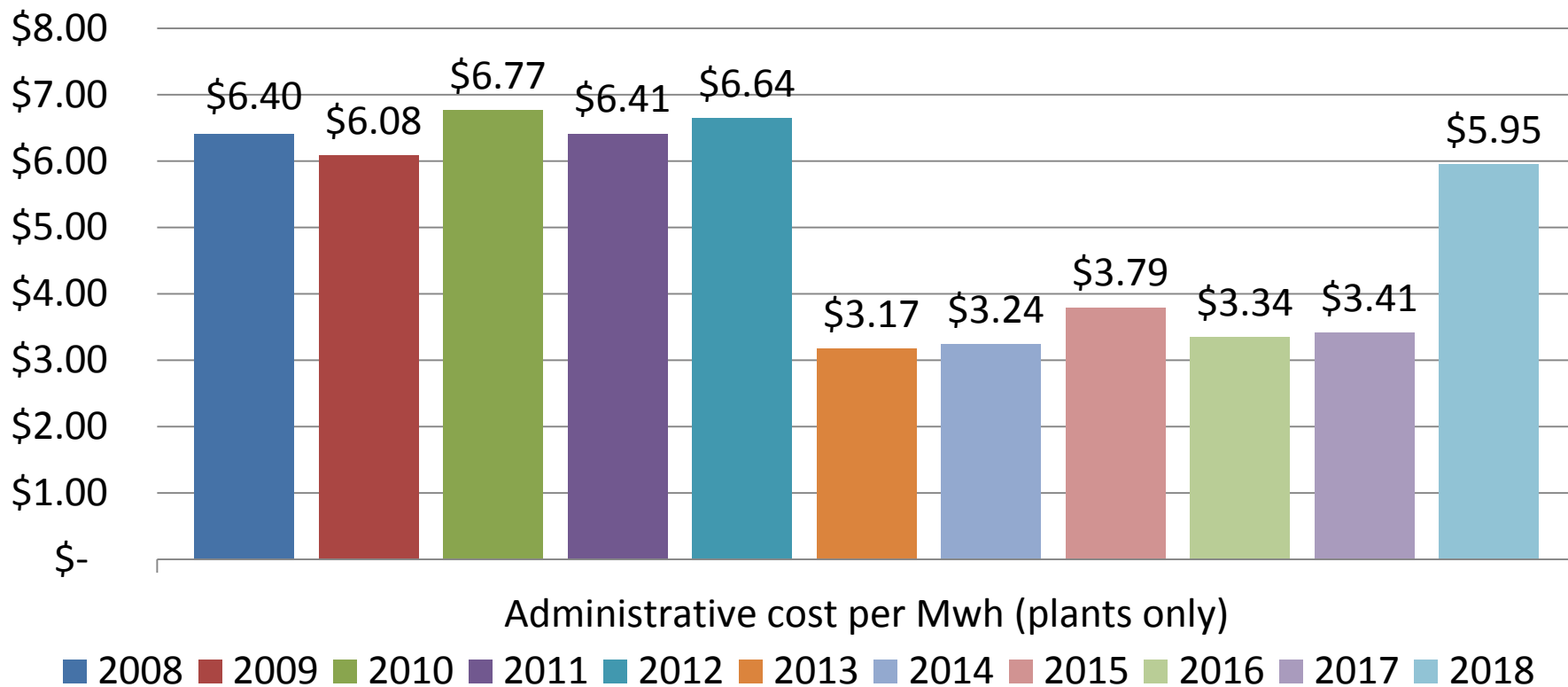
- 50% Based on Direct Labor
- 50 % Based on Program Budget Cost

Allocation of Occupancy Costs

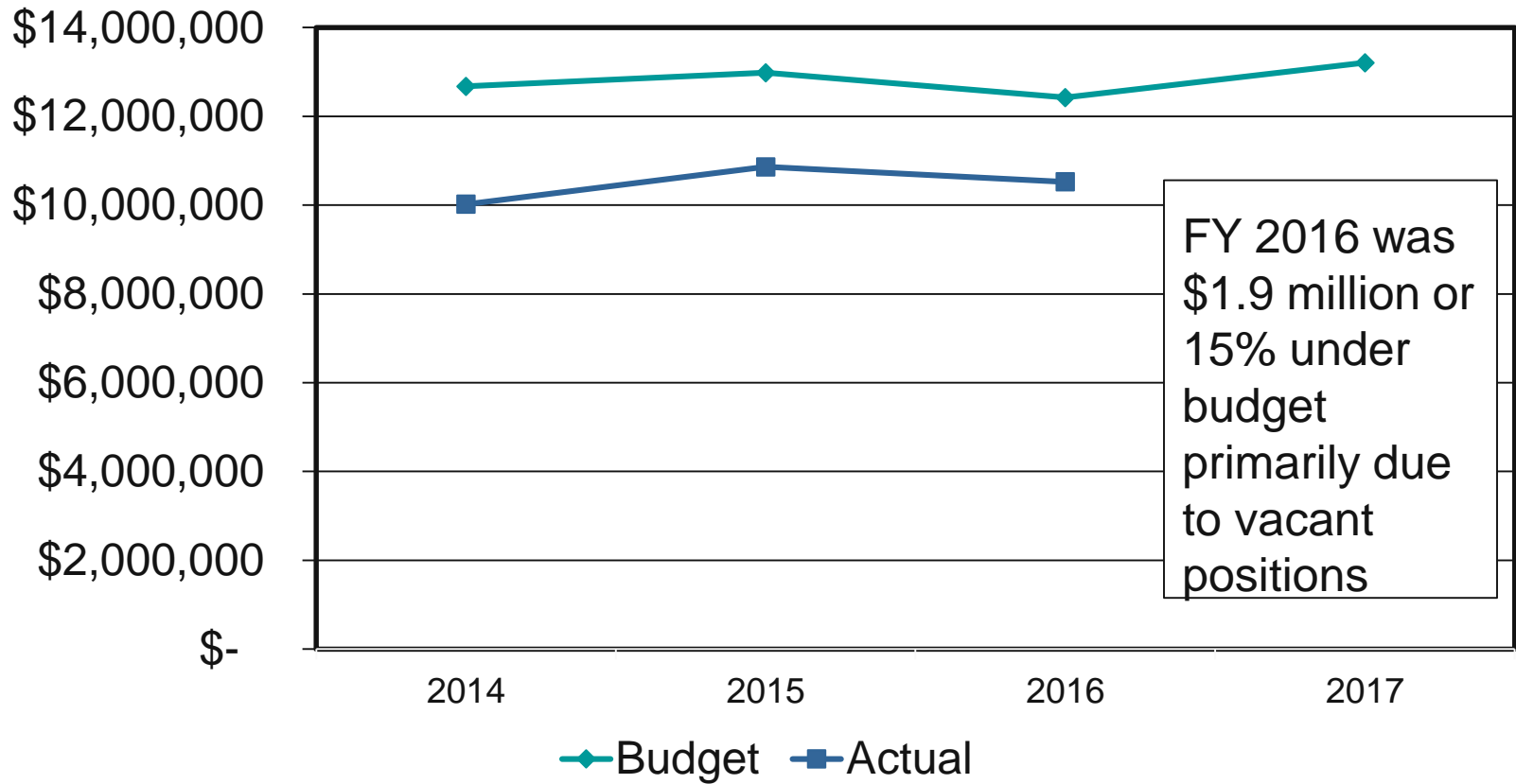
- To Business Units based on:
 - Main Admin Building – Square Footage used
 - Office Equipment – Effective Usage
 - Telecom – Units Assigned
- To Projects/Programs
 - Based on Direct Labor



A & G Cost Comparison per Mwh



A & G Historical Budget Versus Actuals



Allocation of Judicial Action Costs

Methodology:

- ISO Tariff Rates and Amendments and PG&E Rates and IA Amendments cases/actions
 - 1/3 allocated based on Pool Load and 2/3 allocated based on Project Capacity using PM Industry Restructuring and Regulatory Affairs Percentages
- Western Rates and Contract Amendments
 - Allocated using Base Resource Percentages
- Investigations and Refund Proceedings
 - Percentages allocated according to 4/13/2009 Commission approved SR: 134.9

Allocation of Judicial Action Costs

- Model – percentages within model were assumed to be fixed. The percentages were not updated annually in accordance with updates in the Nexant model.
- Additionally, LEC was not included in the allocation methodology for Judicial Action as activities benefitting the plant began to occur.

Allocation of Judicial Action Costs

Allocation Basis

Updated 2017 Budget Allocations

Member	Direct Assignments	Resource Allocation	Industry		Pool Base Resource %	Norm. Pool Base Resource %
			Industry Restructuring	Industry Restructuring %		
AL	\$ 22,674	\$ 28,257	\$ 50,931	12.301%	1.206%	6.227%
BA	\$ -	\$ 248	\$ 248	0.060%	0.487%	2.515%
BI	\$ 1,516	\$ 143	\$ 1,659	0.401%	0.295%	1.523%
GR	\$ 2,381	\$ 325	\$ 2,706	0.654%	0.661%	3.413%
HE	\$ 4,870	\$ 4,349	\$ 9,219	2.227%	0.252%	1.301%
LD	\$ 26,721	\$ 22,749	\$ 49,470	11.948%	0.569%	2.938%
LM	\$ 7,757	\$ 5,712	\$ 13,469	3.253%	0.323%	1.668%
PA	\$ 42,656	\$ 29,838	\$ 72,494	17.509%	12.309%	63.560%
PC	\$ -	\$ -	\$ -	0.000%	0.000%	0.000%
PS	\$ 8,703	\$ 4,134	\$ 12,837	3.100%	2.313%	11.944%
PO	\$ 10,283	\$ -	\$ 10,283	2.484%	0.605%	3.124%
RE	\$ -	\$ -	\$ -	0.000%	0.000%	0.000%
RO	\$ -	\$ 19,323	\$ 19,323	4.667%	0.000%	0.000%
SC	\$ -	\$ 59,632	\$ 59,632	14.402%	0.000%	0.000%
TD	\$ -	\$ -	\$ -	0.000%	0.000%	0.000%
TI	\$ -	\$ 2,628	\$ 2,628	0.635%	0.000%	0.000%
UK	\$ 10,317	\$ 6,274	\$ 16,591	4.007%	0.346%	1.787%
LEC*	\$ -	\$ 92,556	\$ 92,556	22.354%	0.000%	0.000%
	\$ 137,878	\$ 276,168	\$ 414,046	100.000%	19.366%	100.000%

(A)

(B)

Original Allocations		Change in Member Allocation
Industry Restructuring %	Pool Base Resource %	
15.474%	6.389%	\$ (16,700)
0.000%	0.000%	\$ 943
0.548%	1.565%	\$ (784)
0.759%	3.502%	\$ (577)
2.797%	1.332%	\$ (3,004)
14.020%	3.015%	\$ (10,896)
4.097%	1.709%	\$ (4,440)
21.478%	65.198%	\$ (21,248)
0.000%	0.000%	\$ -
4.020%	12.254%	\$ (4,906)
1.838%	3.204%	\$ 3,369
0.000%	0.000%	\$ -
7.314%	0.000%	\$ (13,900)
22.572%	0.000%	\$ (42,893)
0.000%	0.000%	\$ -
0.995%	0.000%	\$ (1,890)
4.087%	1.832%	\$ (433)
0.000%	0.000%	\$ 117,359
100.000%	100.000%	\$ -

(A) Individual member shares from FY2016 Power management Budget Allocation. See "INFO ONLY Member Budget Detail" tab, Pool-Direct Assignments, Industry Restructuring.

(B) Individual member shares from FY2016 Power management Budget Allocation. See "INFO ONLY Member Budget Detail" tab, Industry Restructuring and Regulatory Affairs.

* LEC costs will be allocated in accordance with GES

Moving Forward

- Adjust for change in 2017 recalculations during Annual Settlements (December approval)
- Second review of allocations
 - Confirm percentage outputs flowing from other allocation models
 - Sample testing of allocated costs in models following costs as they flow through various steps in the allocation process

Questions?

