

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



Risk Management



Energy Risk Management



Finance/Treasury



Information Services



General Manager



General Services/Facilities Management



Settlements



Human Resources

February 10, 2014

NCPA Commission Budget Direction – FY 2014

Operating costs
limited to
2.0% increase
for
FY 2015

- **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

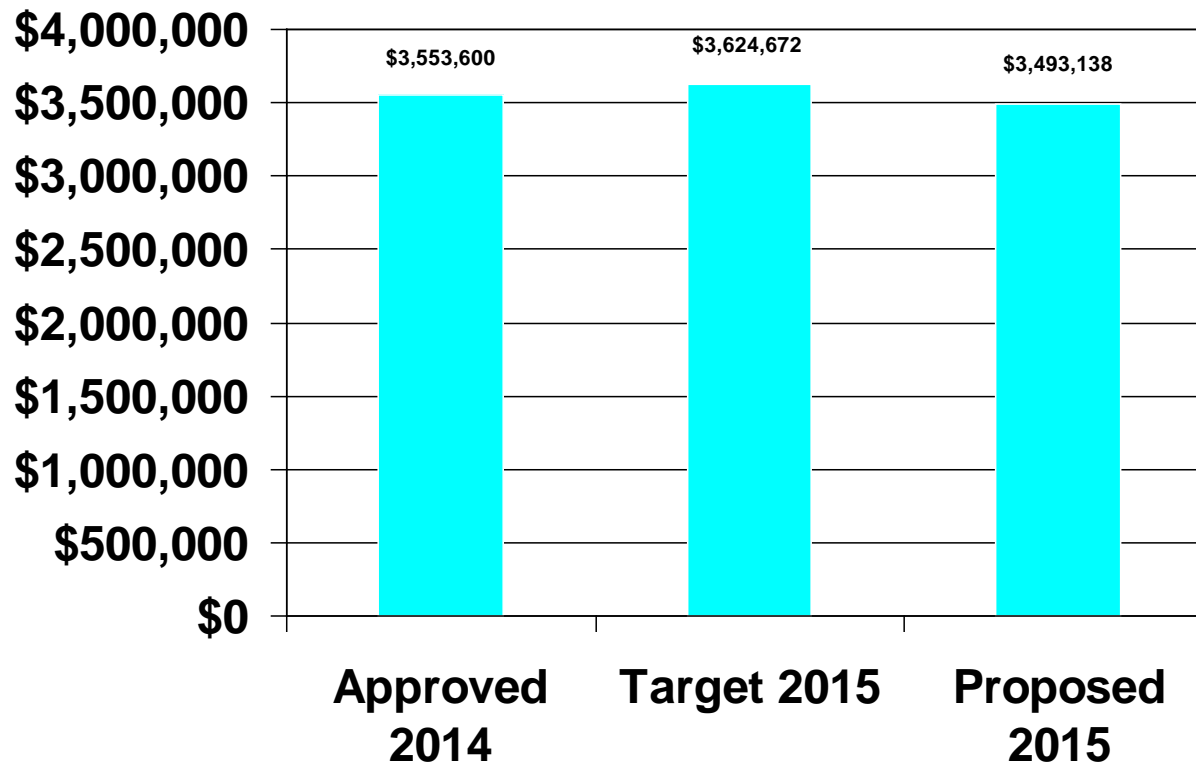


Admin Services Budget Changes by Department (without labor)

	Budget 2013	Budget 2014	Budget 2015	\$ Change	% Change
General Manager	\$ 662,600	\$ 662,100	\$ 662,100	\$ -	0.0%
NERC Compliance	250,000	242,200	191,650	(50,550)	-20.9%
AGM Admin Svcs	149,000	149,900	149,500	(400)	-0.3%
Risk Management	153,600	161,500	171,700	10,200	6.3% ¹
Accounting	261,783	243,900	222,522	(21,378)	-8.8%
Power Settlements	31,730	32,550	29,100	(3,450)	-10.6% ¹
Info Services	1,181,229	1,310,580	1,310,296	(284)	0.0%
Human Resources	281,600	280,700	286,100	5,400	1.9%
Facilities Mgmt	468,523	470,170	470,170	-	0.0%
	<u>\$ 3,440,065</u>	<u>\$ 3,553,600</u>	<u>\$ 3,493,138</u>	<u>\$ (60,462)</u>	<u>-1.7%</u>
Computer Hardware	50,000	390,000	73,000	\$ (317,000)	
Capital Projects	215,000	70,000	638,000	\$ 568,000	
Total Budget	<u>\$ 3,705,065</u>	<u>\$ 4,013,600</u>	<u>\$ 4,204,138</u>	<u>\$ 190,538</u>	<u>4.7%</u>

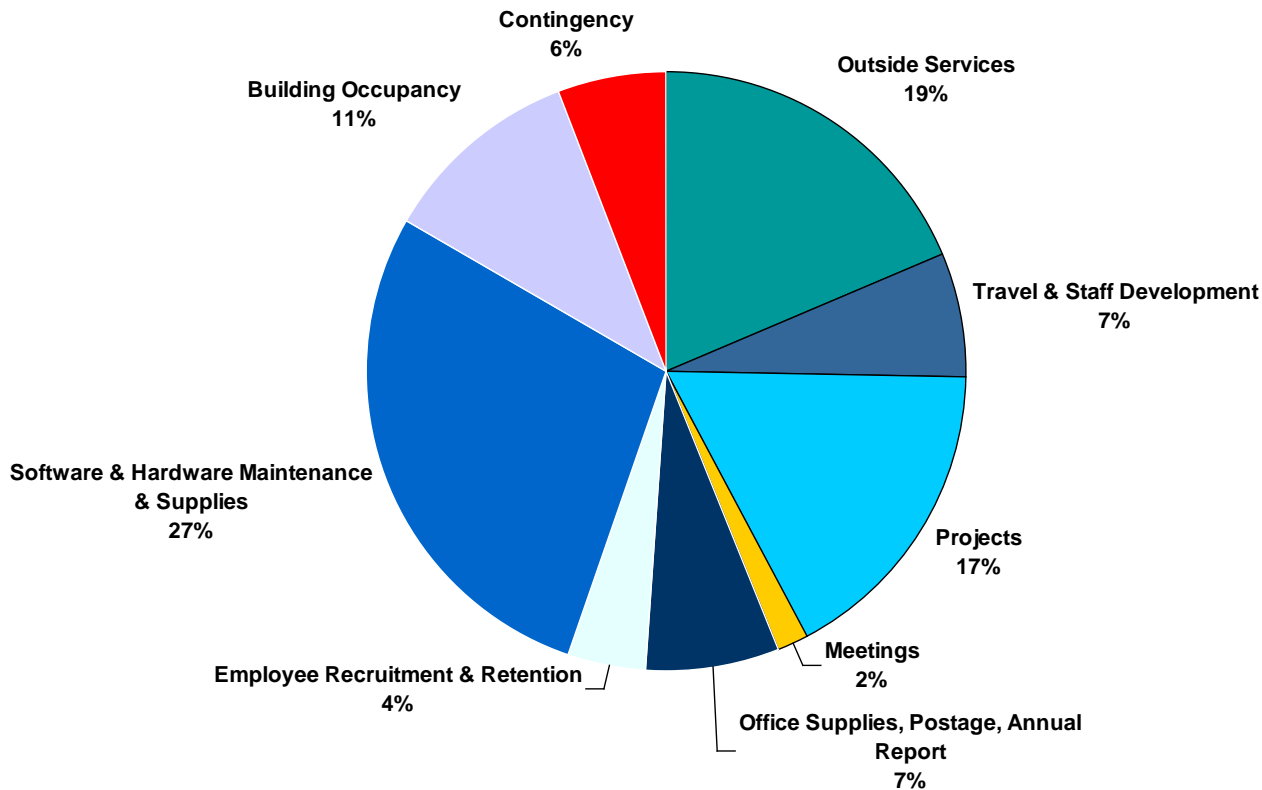
¹ transferred settlements position to risk management. Increase in revenues for Moody's KMV software of \$6,000 will offset increased cost due to sharing.

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)



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Software & Hardware Maintenance & Supplies

Various (41) Software & Hardware systems including:

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

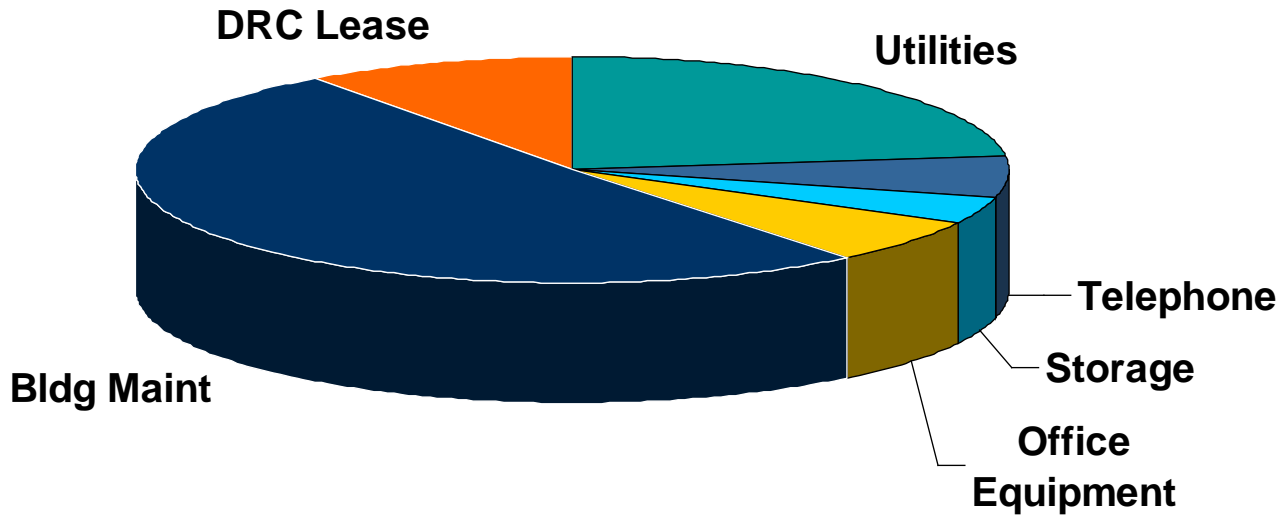
27% of Budget
(\$1,180,000)



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Building Occupancy

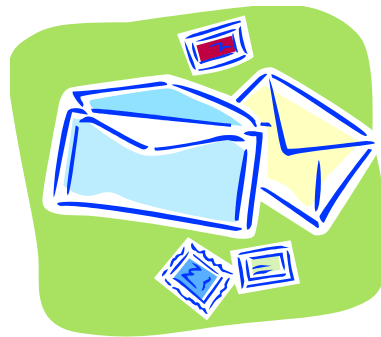
11% of Budget
(\$446,000)



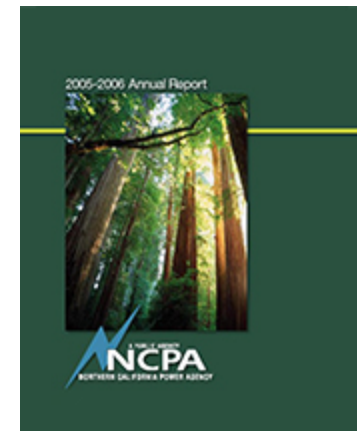
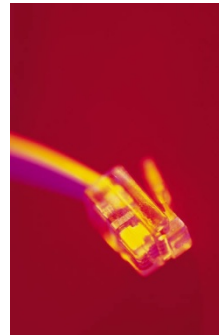
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Communications, Office Supplies, Postage & Annual Report

- 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

6% of Budget
(\$250,000)

Projects:

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

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?

