

2015 Budget vs. Actual Status



Cheryl Hussey
Vice President and Chief Financial Officer
New York Independent System Operator

Budget & Priorities Working Group
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Executive Summary

- ◆ **2015 budget vs. actual results are contingent upon the completion of NYISO's financial statement audit (scheduled for mid-March)**
- ◆ **NYISO experienced an overcollection of \$4.4M on 2015 Rate Schedule 1 revenues**
- ◆ **Draft NYISO budget vs. actual results reflect a spending underrun of \$3.9M (~2.0% variance against the 2015 budget)**

Executive Summary *(continued)*

Recap of 2015 Budget vs. Actual Results:

\$ 3.9M	2015 Budgetary Underspending
<u>\$ 4.4M</u>	2015 RS1 Overcollection
\$ 8.3M	Funds Remaining from 2015 Budget Cycle

- ◆ **Pending completion of NYISO's financial statement audit, NYISO staff recommends that NYISO retain the funds remaining from the 2015 budget cycle to pay down the principal amount of outstanding debt**

NYISO 2015 BUDGET VS. ACTUAL: *RATE SCHEDULE 1 RECOVERIES*

RS1 Volume Statistics

STATISTICS ON MWH (in Millions) VOLUME PER YEAR														
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
January	13.2	14.3	14.9	14.7	14.2	14.7	16.0	15.3	14.5	14.5	14.1	14.8	16.0	15.4
February	11.8	12.8	13.1	12.6	13.0	14.5	14.6	12.9	12.9	12.8	12.7	13.6	14.4	14.8
March	12.5	13.2	13.3	13.7	14.0	14.4	14.8	13.3	13.0	13.5	12.8	13.9	14.5	14.8
April	12.0	12.0	12.0	12.3	12.3	13.4	13.4	12.3	11.8	12.3	12.2	12.5	12.2	12.3
May	12.2	12.1	13.4	12.6	13.2	14.2	14.3	12.7	13.2	13.1	13.3	12.9	12.5	13.1
June	13.7	13.4	14.1	15.6	15.0	15.2	16.6	13.1	15.1	14.6	14.4	14.3	14.2	13.9
July	16.1	15.4	15.3	17.1	17.9	16.7	18.7	14.8	17.9	17.6	17.5	17.8	15.7	16.2
August	16.0	15.4	15.2	17.7	17.1	17.3	16.4	16.2	16.5	15.9	16.8	15.3	14.9	16.2
Sept.	13.8	13.1	13.5	15.2	13.4	14.7	14.6	13.0	14.1	13.9	13.6	13.4	13.8	14.8
October	12.9	12.7	12.4	13.8	13.2	14.1	13.5	12.7	12.7	13.1	12.7	12.8	12.7	13.0
November	12.5	12.4	12.2	13.2	13.1	13.7	13.8	12.3	12.6	12.5	12.9	13.2	13.2	12.8
December	13.8	14.0	14.0	14.9	13.9	15.3	14.6	14.6	14.4	13.7	14.1	15.2	14.7	12.9
Total by Year	160.5	160.8	163.4	173.4	170.3	178.1	181.3	163.2	168.7	167.5	167.1	169.7	168.8	170.2
Average	13.4	13.4	13.6	14.5	14.2	14.8	15.1	13.6	14.1	14.0	13.9	14.1	14.1	14.2

Summary of 2015 Rate Schedule 1 Recoveries

2015 MWH (in Millions) Comparison: Budget vs. Actual						
Invoice Month	Budgeted MWH	Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	14.3	15.4	1.1	1.1	\$ 1.1	\$ 1.1
Feb	12.9	14.8	1.9	3.0	\$ 1.8	\$ 2.9
Mar	13.3	14.8	1.5	4.5	\$ 1.5	\$ 4.4
Apr	12.4	12.3	(0.1)	4.4	\$ (0.1)	\$ 4.3
May	12.9	13.1	0.2	4.6	\$ 0.2	\$ 4.5
Jun	14.5	13.9	(0.6)	4.0	\$ (0.6)	\$ 3.9
Jul	16.3	16.2	(0.1)	3.9	\$ (0.1)	\$ 3.8
Aug	16.1	16.2	0.1	4.0	\$ 0.1	\$ 3.9
Sep	13.7	14.8	1.1	5.1	\$ 1.1	\$ 5.0
Oct	12.8	13.0	0.2	5.3	\$ 0.2	\$ 5.2
Nov	12.6	12.8	0.2	5.5	\$ 0.2	\$ 5.4
Dec	14.0	12.9	(1.1)	4.4	\$ (1.0)	\$ 4.4
Total	165.8	170.2	4.4			

2015 Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
Market Activity	Projected 2015 Annual Revenue Requirement	2015 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$5.4M	\$0.0276/ TCC MWh	\$ 6,746,000
Virtual Trading	\$2.8M	\$0.1046/ Cleared MWh	\$ 3,205,000
SCR/EDRP	<\$10,000	2015 RS1 Rate for Physical Injections	\$ -
Total	\$8.2M		\$ 9,951,000

NYISO 2015 BUDGET VS. ACTUAL: *BUDGETARY RESULTS*

2015 Budget vs. Actual Results

<i>(\$ in millions)</i>	<u>YEAR-END AMOUNTS</u>		
<u>Cost Category</u>	<u>Original Budget</u>	<u>Actuals</u>	<u>Variance</u>
Capital	\$ 8.5	\$ 10.1	\$ 1.6
Salaries & Benefits	\$ 83.8	\$ 83.1	\$ (0.7)
Professional Fees (including Legal)	\$ 25.0	\$ 24.1	\$ (0.9)
Building Services	\$ 6.3	\$ 5.9	\$ (0.4)
Computer Services	\$ 14.8	\$ 15.4	\$ 0.6
Insurance	\$ 2.9	\$ 2.8	\$ (0.1)
Telecommunications	\$ 3.8	\$ 3.7	\$ (0.1)
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 3.8	\$ 3.6	\$ (0.2)
Current Year Needs (excluding FERC Fees)	\$ 148.9	\$ 148.7	\$ (0.2)
Debt Service from Prior Year Financings	\$ 27.3	\$ 31.7	\$ 4.4
Cash Budget (excluding FERC Fees)	\$ 176.2	\$ 180.4	\$ 4.2
Less: Miscellaneous Revenues	\$ (3.1)	\$ (3.7)	\$ (0.6)
Less: Proceeds from Debt	\$ (25.0)	\$ (25.0)	\$ -
Less: Proceeds from budget underrun and volume overcollections	\$ -	\$ (5.8)	\$ (5.8)
Add: Interest on Debt	\$ 0.3	\$ 0.2	\$ (0.1)
Net Budget Needs (excluding FERC Fees)	\$ 148.4	\$ 146.1	\$ (2.3)
FERC Fees	\$ 12.5	\$ 10.9	\$ (1.6)
Rate Schedule #1 Revenue Requirement	\$ 160.9	\$ 157.0	\$ (3.9)

2015 Budget vs. Actual Variance Explanations

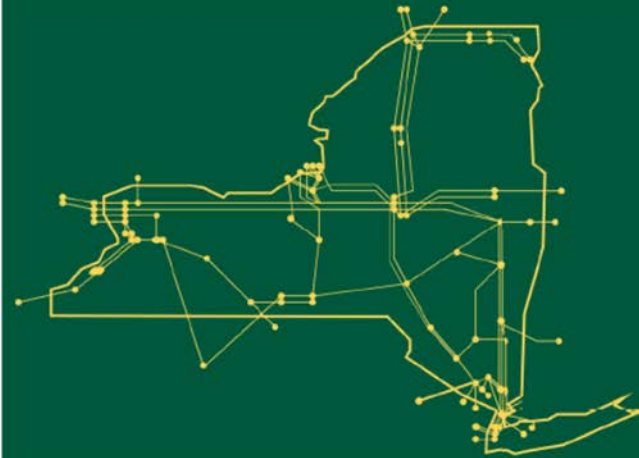
	<u>Year-End Variance</u>
<u>Capital</u>	A year-end overrun of \$1.6M is primarily due to Storage Infrastructure Project expenditures.
<u>Salaries & Benefits</u>	A year-end underrun of \$0.7M is primarily due to a higher actual vacancy rate than was budgeted.
<u>Professional Fees</u>	A year-end underrun of \$0.9M is primarily due to savings of \$1.2M on the EMS/BMS System Upgrade, \$1.2M on Coordinated Transaction Scheduling with ISO-NE and \$0.6M for external legal fees, partially offset by a \$1.0M overrun related to the PSC-AC Transmission Study and an overrun of \$0.6M for executive search fees.
<u>Building Services</u>	A year-end underrun of \$0.4M is primarily due to savings on various building service contracts.
<u>Computer Services</u>	A year-end overrun of \$0.6M is primarily due to additional NERC CIP 5 project costs and higher maintenance renewal costs than anticipated.
<u>Insurance</u>	N/A
<u>Telecommunications</u>	N/A
<u>Other Expenses</u>	N/A
<u>Debt Service</u>	A year-end overrun of \$4.4M is primarily due to additional principal payments on outstanding debt, offset with proceeds from a budget underrun and volume over collection from the prior year.
<u>Misc. Revenues</u>	Revenue generated from reimbursable planning studies was higher than budgeted by \$0.6M primarily due to additional study work and size of the 2015 Class Year.
<u>Interest on Debt</u>	N/A
<u>FERC Fees</u>	The actual FERC Fee invoice was less than the budgeted amount, resulting in an underrun of \$1.6M.

Outstanding Debt Summary

<u>Debt Facility</u>	<u>Loan Status</u>	<u>Maturity Date</u>	<u>Amount Borrowed</u>	<u>Principal Outstanding at 12/31/15</u>
Revolving Credit Facility	\$50M Available	Dec-17	\$ 7.0	\$ -
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 15.6
2013 Budget Loan	Term Loan Repayment	Dec-16	\$ 24.2	\$ 2.9
2014 Budget Loan	Term Loan Repayment	Dec-17	\$ 25.0	\$ 17.3
2015 Budget Loan*	Principal payments begin in 2016	Dec-18	\$ 25.0	\$ 25.0
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 41.2
Total				\$ 102.0

* Interest only until 2016

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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