

2013 Budget vs. Actual Status

(\$ in millions, unless otherwise noted)

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Executive Summary

- ◆ **2013 budget vs. actual results are contingent upon the completion of NYISO's financial statement audit (scheduled for mid-March).**
- ◆ **NYISO experienced an over-collection of \$2.5M on 2013 Rate Schedule 1 revenues.**
- ◆ **Draft NYISO budget vs. actual results reflect a spending underrun of \$4.8M (3.0% variance against the 2013 budget).**

NYISO 2013 BUDGET VS. ACTUAL: *RATE SCHEDULE 1 RECOVERIES*

RS1 Volume Statistics

STATISTICS ON MWH (in Millions) VOLUME PER YEAR													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
January	14.6	13.2	14.3	14.9	14.7	14.2	14.7	16.0	15.3	14.5	14.5	14.1	14.8
February	13.0	11.8	12.8	13.1	12.6	13.0	14.5	14.6	12.9	12.9	12.8	12.7	13.6
March	13.7	12.5	13.2	13.3	13.7	14.0	14.4	14.8	13.3	13.0	13.5	12.8	13.9
April	12.2	12.0	12.0	12.0	12.3	12.3	13.4	13.4	12.3	11.8	12.3	12.2	12.5
May	13.0	12.2	12.1	13.4	12.6	13.2	14.2	14.3	12.7	13.2	13.1	13.3	12.9
June	14.3	13.7	13.4	14.1	15.6	15.0	15.2	16.6	13.1	15.1	14.6	14.4	14.3
July	14.5	16.1	15.4	15.3	17.1	17.9	16.7	18.7	14.8	17.9	17.6	17.5	17.8
August	16.2	16.0	15.4	15.2	17.7	17.1	17.3	16.4	16.2	16.5	15.9	16.8	15.3
Sept.	13.0	13.8	13.1	13.5	15.2	13.4	14.7	14.6	13.0	14.1	13.9	13.6	13.4
October	12.6	12.9	12.7	12.4	13.8	13.2	14.1	13.5	12.7	12.7	13.1	12.7	12.8
November	12.1	12.5	12.4	12.2	13.2	13.1	13.7	13.8	12.3	12.6	12.5	12.9	13.2
December	12.8	13.8	14.0	14.0	14.9	13.9	15.3	14.6	14.6	14.4	13.7	14.1	15.2
Total by Year	162.0	160.5	160.8	163.4	173.4	170.3	178.1	181.3	163.2	168.7	167.5	167.1	169.7
Average	13.5	13.4	13.4	13.6	14.5	14.2	14.8	15.1	13.6	14.1	14.0	13.9	14.1

Summary of 2013 Rate Schedule 1 Recoveries

2013 MWH (in Millions) Comparison: Budget vs. Actual						
Invoice Month	Budgeted MWH	Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	14.5	14.8	0.3	0.3	\$ 0.3	\$ 0.3
Feb	13.0	13.6	0.6	0.9	\$ 0.6	\$ 0.9
Mar	13.3	13.9	0.6	1.5	\$ 0.6	\$ 1.5
Apr	12.1	12.5	0.4	1.9	\$ 0.4	\$ 1.8
May	13.0	12.9	(0.1)	1.8	\$ (0.1)	\$ 1.7
Jun	14.6	14.3	(0.3)	1.5	\$ (0.3)	\$ 1.5
Jul	17.4	17.8	0.4	1.9	\$ 0.4	\$ 1.9
Aug	16.0	15.3	(0.7)	1.2	\$ (0.7)	\$ 1.2
Sep	13.9	13.4	(0.5)	0.7	\$ (0.5)	\$ 0.7
Oct	12.7	12.8	0.1	0.8	\$ 0.1	\$ 0.8
Nov	12.4	13.2	0.8	1.6	\$ 0.7	\$ 1.5
Dec	14.2	15.2	1.0	2.6	\$ 1.0	\$ 2.5
Total	167.1	169.7	2.6			

2013 Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
Market Activity	Projected 2013 Annual Revenue Requirement	2013 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$5.0M	\$0.0279/ TCC MWh	\$ 5,275,000
Virtual Trading	\$2.7M	\$0.0805/ Cleared MWh	\$ 2,445,000
SCR/EDRP	<\$10,000	2013 RS1 Rate for Physical Injections	\$ 4,000
Total	\$7.7M		\$ 7,724,000

NYISO 2013 BUDGET VS. ACTUAL: *BUDGETARY RESULTS*

2013 Budget vs. Actual Results

Infrastructure Master Plan

(\$ in millions)	ANNUAL AMOUNTS		
<u>Cost Category</u>	<u>Original Budget</u>	<u>Actuals</u>	<u>Variance</u>
Non - Infrastructure Master Plan Capital	\$ 8.0	\$ 9.0	\$ 1.0
Infrastructure Master Plan Capital	\$ 20.5	\$ 22.2	\$ 1.7
Less: Proceeds from LT IMP Financing - 20 years	\$ (20.5)	\$ (21.2)	\$ (0.7)
**Plus: Proceeds from LT IMP Financing - 20 years (timing of Draws & Retainage)	\$ -	\$ (1.0)	\$ (1.0)
Capital net of IMP funding	\$ 8.0	\$ 9.0	\$ 1.0
Salaries & Benefits	\$ 77.1	\$ 77.7	\$ 0.6
Professional Fees (including Legal)	\$ 32.6	\$ 27.5	\$ (5.1)
Building Services	\$ 5.0	\$ 4.6	\$ (0.4)
Computer Services	\$ 13.2	\$ 13.9	\$ 0.7
Insurance	\$ 3.0	\$ 2.8	\$ (0.2)
Telecommunications	\$ 4.9	\$ 3.7	\$ (1.2)
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 3.1	\$ 3.5	\$ 0.4
Current Year Needs (excluding FERC Fees)	\$ 146.9	\$ 142.7	\$ (4.2)
Debt Service from Prior Year Financings	\$ 31.5	\$ 31.5	\$ -
Cash Budget (excluding FERC Fees)	\$ 178.4	\$ 174.2	\$ (4.2)
Less: Miscellaneous Revenues	\$ (6.4)	\$ (6.2)	\$ 0.2
Less: Proceeds from Debt	\$ (24.2)	\$ (24.2)	\$ -
Add: Interest on Debt + IMP financing	\$ 1.8	\$ 1.5	\$ (0.3)
Net Budget Needs (excluding FERC Fees)	\$ 149.6	\$ 145.3	\$ (4.3)
FERC Fees	\$ 11.5	\$ 11.0	\$ (0.5)
Rate Schedule #1 Revenue Requirement	\$ 161.1	\$ 156.3	\$ (4.8)

** Debt proceeds to be received in month following the month services were provided

2013 Budget vs. Actual Variance Explanations

	<u>Year-End Variance</u>
<u>Non – Infrastructure Master Plan Capital</u>	A year-end overrun of \$1.0M is primarily due to the start of the roof replacement on the original KCC building structure and renovations to the cafeteria and original lobby.
<u>Infrastructure Master Plan Capital</u>	A year-end overrun of \$1.7M is due to timing of construction activities carried over from 2012. Although 2013 costs were higher, additional borrowing of mortgage proceeds offset any potential budget impact during 2013.
<u>Salaries & Benefits</u>	A year-end overrun of \$0.6M is primarily due to budget assumptions used to estimate compensation.
<u>Professional Fees</u>	A year-end underrun of \$5.1M is primarily due to savings on multiple Ranger enhancement initiatives of \$1.0M, savings in external legal fees due to increased reliance on the work of in-house counsel of \$1.2M, consulting services for the DOE SGIG project of \$1.0M, and budget reallocations to Computer Services of \$1.1M.
<u>Building Services</u>	A year-end underrun of \$0.4M is primarily due to savings in utility costs and various building maintenance contracts.
<u>Computer Services</u>	A year-end overrun of \$0.7M is primarily due to reallocations from other budget line items of \$1.1M, partially offset by a refund received for negotiated savings on a software maintenance contract of \$0.6M.
<u>Insurance</u>	N/A
<u>Telecommunications</u>	A year-end underrun of \$1.2M is primarily due to savings of \$0.5M related to the DOE SGIG telecommunications network and savings on general usage charges of \$0.7M.
<u>Other Expenses</u>	A year-end overrun of \$0.4M is primarily due to an increase in BOD fees effective April 2013.
<u>Debt Service</u>	N/A
<u>Misc. Revenues</u>	N/A
<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 \$0.5M.

Outstanding Debt Summary

<u>Debt Facility</u>	<u>Loan Status</u>	<u>Maturity Date</u>	<u>Amount Borrowed</u>	<u>Principal Outstanding at 12/31/13</u>
Revolving Credit Facility	\$50M Available	Dec-13	\$ -	\$ -
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 17.7
2011 Budget Loan	Term Loan Repayment	Dec-14	\$ 25.0	\$ 8.3
2012 Budget Loan	Term Loan Repayment	Dec-15	\$ 25.8	\$ 16.7
2013 Budget Loan *	Principal payments begin in 2014	Dec-16	\$ 24.2	\$ 24.2
Infrastructure Master Plan Mortgage *	Principal payments begin in 2014	Aug-31	\$ 38.7	\$ 38.7
Total				\$ 105.6

* Interest only until 2014

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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