

2014 Budget vs. Actual Status

(\$ in millions, unless otherwise noted)

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Executive Summary

- ◆ **2014 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 \$1.4M on 2014 Rate Schedule 1 revenues.**
- ◆ **Draft NYISO budget vs. actual results reflect a spending underrun of \$3.8M (~2.0% variance against the 2014 budget).**

NYISO 2014 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	2014
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	16.0
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	14.4
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	14.5
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	12.2
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	12.5
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	14.2
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	15.7
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	14.9
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	13.8
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	12.7
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	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	14.7
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	168.8
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	14.1

Summary of 2014 Rate Schedule 1 Recoveries

2014 MWH (in Millions) Comparison: Budget vs. Actual						
Invoice Month	Budgeted MWH	Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	14.4	16.0	1.6	1.6	\$ 1.5	\$ 1.5
Feb	13.1	14.4	1.3	2.9	\$ 1.3	\$ 2.8
Mar	13.3	14.5	1.2	4.1	\$ 1.2	\$ 3.9
Apr	12.3	12.2	(0.1)	4.0	\$ (0.1)	\$ 3.8
May	12.9	12.5	(0.4)	3.6	\$ (0.4)	\$ 3.4
Jun	14.7	14.2	(0.5)	3.1	\$ (0.5)	\$ 3.0
Jul	16.4	15.7	(0.7)	2.4	\$ (0.7)	\$ 2.3
Aug	16.4	14.9	(1.5)	0.9	\$ (1.4)	\$ 0.9
Sep	13.9	13.8	(0.1)	0.8	\$ (0.1)	\$ 0.8
Oct	12.9	12.7	(0.2)	0.6	\$ (0.2)	\$ 0.6
Nov	12.6	13.2	0.6	1.2	\$ 0.6	\$ 1.2
Dec	14.5	14.7	0.2	1.4	\$ 0.2	\$ 1.4
Total	167.4	168.8	1.4			

2014 Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
Market Activity	Projected 2014 Annual Revenue Requirement	2014 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$5.4M	\$0.0241/ TCC MWh	\$ 5,289,000
Virtual Trading	\$2.9M	\$0.0976/ Cleared MWh	\$ 2,851,000
SCR/EDRP	<\$10,000	2014 RS1 Rate for Physical Injections	\$ 300
Total	\$8.3M		\$ 8,140,300

NYISO 2014 BUDGET VS. ACTUAL: *BUDGETARY RESULTS*

2014 Budget vs. Actual Results

<i>(\$ in millions)</i>	<u>YTD AMOUNTS AS OF 12/31/14</u>		
<u>Cost Category</u>	<u>Original Budget</u>	<u>Actuals</u>	<u>Variance</u>
Non - Infrastructure Master Plan Capital	\$ 6.0	\$ 8.2	\$ 2.2
Infrastructure Master Plan Capital	\$ 0.6	\$ 3.4	\$ 2.8
Less: Proceeds from LT IMP Financing - 20 years	\$ (0.6)	\$ (1.4)	\$ (0.8)
Capital net of IMP funding	\$ 6.0	\$ 10.2	\$ 4.2
Salaries & Benefits	\$ 80.1	\$ 80.0	\$ (0.1)
Professional Fees (including Legal)	\$ 26.7	\$ 22.8	\$ (3.9)
Building Services	\$ 5.9	\$ 5.3	\$ (0.6)
Computer Services	\$ 13.1	\$ 13.3	\$ 0.2
Insurance	\$ 3.0	\$ 2.9	\$ (0.1)
Telecommunications	\$ 4.1	\$ 3.7	\$ (0.4)
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 4.0	\$ 3.9	\$ (0.1)
Current Year Needs (excluding FERC Fees)	\$ 142.9	\$ 142.1	\$ (0.8)
Debt Service from Prior Year Financings	\$ 32.3	\$ 37.0	\$ 4.7
Cash Budget (excluding FERC Fees)	\$ 175.2	\$ 179.1	\$ 3.9
Less: Miscellaneous Revenues	\$ (2.5)	\$ (3.5)	\$ (1.0)
Less: Proceeds from Debt	\$ (25.0)	\$ (25.0)	\$ -
Less: Proceeds from 2013 budget underrun and volume overcollections	\$ -	\$ (6.6)	\$ (6.6)
Add: Interest on Debt	\$ 0.3	\$ 0.2	\$ (0.1)
Net Budget Needs (excluding FERC Fees)	\$ 148.0	\$ 144.2	\$ (3.8)
FERC Fees	\$ 12.0	\$ 12.0	\$ -
Rate Schedule #1 Revenue Requirement	\$ 160.0	\$ 156.2	\$ (3.8)

2014 Budget vs. Actual Variance Explanations

	<u>Year-End Variance</u>
<u>Non – Infrastructure Master Plan Capital</u>	A year-end overrun of \$2.2M is primarily due to the acquisition of two adjacent properties for \$1.3M and the purchase of additional hardware storage capacity for \$1.1M.
<u>Infrastructure Master Plan Capital</u>	A year-end overrun of \$2.8M is due to unresolved construction claims for additional costs related to the Infrastructure Master Plan project and unrelated ancillary work totaling \$2.0M and timing of construction activities carried over from 2013 of \$0.8M, which was offset with borrowings of mortgage proceeds during 2014.
<u>Salaries & Benefits</u>	N/A
<u>Professional Fees</u>	A year-end underrun of \$3.9M is primarily due to timing of project consultancy fees of \$2.1M (\$1.6M related to CTS-NE), savings in external legal costs of \$1.2M, and various other cost savings of \$0.6M.
<u>Building Services</u>	A year-end underrun of \$0.6M is primarily due to savings on the cost of utilities and various dues & subscriptions.
<u>Computer Services</u>	N/A
<u>Insurance</u>	N/A
<u>Telecommunications</u>	A year-end underrun of \$0.4M is primarily due to savings from the consolidation of certain building to building communications lines and upgrading to more cost effective technologies, as well as, switching service providers in favor of more cost effective rates.
<u>Other Expenses</u>	N/A
<u>Debt Service</u>	A year-end overrun of \$4.7M is due to additional principal payments on the 2012 budget loan of \$5.2M, offset with proceeds remaining from the 2013 budget cycle. This overrun is partially offset by Interest savings realized from the accelerated debt payment schedule and negotiated interest rate reductions.
<u>Proceeds from 2013 Budget Underrun and Volume Overcollections</u>	This line represents \$6.6M of proceeds from the 2013 budget cycle, which have been used to pay down a portion of the 2012 budget loan and fund the acquisition of two adjacent properties.
<u>Misc. Revenues</u>	A year-end overrun of \$1.0M is primarily due to reimbursable grant revenues.
<u>Interest on Debt</u>	N/A
<u>FERC Fees</u>	N/A

Outstanding Debt Summary

<u>Debt Facility</u>	<u>Loan Status</u>	<u>Maturity Date</u>	<u>Amount Borrowed</u>	<u>Principal Outstanding at 12/31/14</u>
Revolving Credit Facility	\$50M Available	Dec-17	\$ -	\$ -
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 16.7
2012 Budget Loan	Term Loan Repayment	Dec-15	\$ 25.8	\$ 2.9
2013 Budget Loan	Term Loan Repayment	Dec-16	\$ 24.2	\$ 16.1
2014 Budget Loan*	Principal payments begin in 2015	Dec-17	\$ 25.0	\$ 25.0
Infrastructure Master Plan Mortgage	Principal payments begin in 2014	Aug-31	\$ 45.0	\$ 43.9
Total				\$ 104.6

* Interest only until 2015

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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