



**RELIABILITY FIRST**

**RELIABILITYFIRST CORPORATION  
2024 BUSINESS PLAN AND BUDGET**

**APPROVED BY BOARD OF DIRECTORS  
JUNE 29, 2023**

**FINAL**

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## Introduction

The following table summarizes ReliabilityFirst Corporation's (ReliabilityFirst) budget for 2024.

	2024 Budget (in whole dollars)			
		U.S.	Canada	Mexico
Statutory FTEs	98.00			
Non-statutory FTEs	-			
<b>Total FTEs</b>	98.00			
Statutory Expenses	\$ 31,147,635			
Non-Statutory Expenses	\$ -			
<b>Total Expenses</b>	\$ 31,147,635			
Statutory Inc(Dec) in Fixed Assets	\$ 176,900			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ 176,900			
Statutory Working Capital Requirement	\$ (2,841,915)			
Non-Statutory Working Capital Requirement	\$ -			
<b>Total Working Capital Requirement</b>	\$ (2,841,915)			
Total Statutory Funding Requirement	\$ 28,482,620			
Total Non-Statutory Funding Requirement	\$ -			
<b>Total Funding Requirement</b>	\$ 28,482,620			
<b>Statutory Funding Assessments</b>	\$ 26,959,272	\$ 26,959,272	\$ -	\$ -
<b>Non-Statutory Fees</b>	\$ -	\$ -	\$ -	\$ -
NEL (MWH)	887,355,157	887,355,157	-	-
NEL%	100%	100%	0%	0%

## ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations with distinct roles between NERC and the Regional Entities. The ERO Enterprise strives for consistency where necessary but recognizes that each Regional Entity conducts its work in unique ways based on its own challenges and stakeholder needs. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

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As the ERO Enterprise continues to mature, the organization has worked to further leverage resources, and enhance communication and collaboration to ensure grid reliability, resilience and security. The ERO Enterprise committed to the following declarations:

- Work together as one team and honor each of its roles;
- Actively support ERO Enterprise activities while eliminating unnecessary duplication of work;
- Collaborate to develop clear and consistent guidance across the ERO Enterprise;
- Share information, knowledge, and resources across the ERO Enterprise;
- Develop and share harmonized messages across ERO Enterprise communications; and
- Support innovation, initiatives, and the sharing of best practices across the ERO Enterprise.

Building upon these commitments, the ERO Enterprise is now engaging in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



## ERO Enterprise Strategic and Operational Planning

NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of strategic and operational goals and objectives that are designed to ensure the ERO fulfills its statutory obligations. This collaboration is done while acknowledging the unique differences across the Regions, and the different corporate and governance responsibilities of each entity.

ERO Enterprise leadership came together to revise the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and ensure alignment with

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the NERC Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees (Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, includes the following strategic focus areas:

1. Expand risk-based focus in all standards, compliance monitoring, and enforcement programs;
2. Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the RISC's biennial [ERO Reliability Risk Priorities Report](#);
3. Build a strong, Electricity Information Sharing and Analysis Center (E-ISAC)-based security capability;
4. Strengthen engagement across the reliability and security ecosystem in North America; and
5. Capture effectiveness, efficiency, and continuous improvement opportunities.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's Business Plan and Budget may reference how activities support each of the strategic focus areas.

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.<sup>1</sup>

## ReliabilityFirst Organizational Overview

ReliabilityFirst is a not-for-profit corporation incorporated in the State of Delaware and authorized by the Federal Energy Regulatory Commission (FERC) to operate as a Regional Entity. ReliabilityFirst is responsible for promoting and improving the reliability, security and resiliency of the Bulk Electric System (BES) in all or parts of thirteen states and the District of Columbia. As a Regional Entity, ReliabilityFirst performs key reliability functions delegated to it by NERC. These include:

- Active participation in the development of North American Reliability Standards for the BES, and as needed, development of Reliability Standards applicable within the ReliabilityFirst Region.
- Monitoring and enforcement of approved Reliability Standards, including the registration of responsible entities, and as needed, certification of such entities.
- Assessment of the present and future reliability, resiliency, security, and risks of the BES.
- Promoting effective training and education of personnel and entities.
- Promoting situational awareness and the protection of critical infrastructure.

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<sup>1</sup> The [2023 ERO Work Plan Priorities](#) were approved by the NERC Board in November 2021. NERC management and the Board evaluate annual work plan priorities throughout the year.

## Membership and Governance

### Members

ReliabilityFirst has an open membership policy that permits participation of all industry stakeholders through their designated representatives. There are six (6) Industry Sectors: Suppliers, Transmission Companies, Regional Transmission Organizations (RTOs), Small Load Serving Entities (LSEs), Medium LSEs, and Large LSEs. There are three (3) Classes of Members: Regular Members, Associate Members, and Adjunct Members (an Associate Member is an affiliate or related party of a Regular Member, and an Adjunct Member is an entity that does not qualify or desire to join an Industry Sector but has been approved for membership).

There are currently 55 Members of ReliabilityFirst; 39 are Regular Members with voting rights, 6 are Associate Members, and 10 are Adjunct Members. ReliabilityFirst's foundation has been and continues to be the broad, active participation of volunteer technical and policy experts representing electricity industry stakeholders within the Region who are committed to the reliability, security, and resiliency of the BES. ReliabilityFirst believes that partnering with industry expert resources, combined with a competent and independent ReliabilityFirst staff, provides a cost-effective approach that is consistent with the industry self-regulatory model envisioned by Congress in the Energy Policy Act of 2005.

### Board of Directors

ReliabilityFirst is governed by a hybrid, independent, and balanced stakeholder Board that consists of 16 Directors.

- Eight (8) Directors are elected by the Industry Sectors as follows:
  - Suppliers elect two (2) Directors;
  - Transmission Companies elect two (2) Directors;
  - RTOs elect one (1) Director;
  - Small LSEs elect one (1) Director;
  - Medium LSEs elect one (1) Director; and
  - Large LSEs elect one (1) Director.
- Three (3) Directors are at-large. At-Large Directors are elected by all of the Industry Sectors voting together as a single class.
- Four (4) Directors are independent from ReliabilityFirst, any Member, Affiliate or Related Party of any Member. Independent Directors are elected by all of the Industry Sectors voting together as a single class. One of these Directors is appointed as a Lead Independent Director who coordinates the activities of the other Independent Directors and serves as a Board Officer along with the Board President and Vice President.
- The President and CEO serves as a non-voting member of the Board of Directors.

## 2024 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of strategic and operating objectives developed jointly by NERC and the Regional Entities. These strategic and operating objectives are set forth in the ERO Enterprise Long Term Strategy.

## 2024 Key Deliverables

- Promote a culture within the organization that addresses reliability risks across the ReliabilityFirst Region and the ERO Enterprise.
  - Ensure that the industry understands the essential reliability purpose of Reliability Standards and the corresponding expectations for those Reliability Standards.
  - Work with the industry to maintain and continuously improve effective risk control programs for reliability, security, and resiliency.
  - Facilitate information sharing among the industry, Regions, ERO, and government.
- Identify the risks to reliability, security and resiliency in the ReliabilityFirst Region.
  - Identify, understand, and prioritize risks based on reliability impacts, projected resources, and emerging issues.
  - Analyze events and system performance consistently to determine sequence, cause, and remediation.
  - Ensure that the industry is well informed of emerging trends, risk analysis, lessons learned, and expected actions.
- Mitigate reliability risks.
  - Use efficient and effective processes to verify that the industry meets reliability objectives.
  - Ensure that the industry understands identified risks and addresses them promptly and effectively.
  - Work with the ERO to track industry accountability for critical reliability recommendations.
- Communicate reliability risks.
  - Communicate identified and prioritized risks and mitigation strategies to the ERO Enterprise, across the ReliabilityFirst footprint, and/or to targeted entities, as appropriate.
  - Share staff expertise and leverage the expertise of ReliabilityFirst entities to advance industry practices surrounding risk identification, mitigation, and prevention.
- Promote a culture of reliability excellence and facilitate and encourage continuous improvement through training and education.
- Ensure useful and reliable data modeling. Verify that the data represents system behavior accurately. Facilitate data sharing among the entities in the ReliabilityFirst region.
- Serve as an independent, objective, and fair compliance monitoring and enforcement authority, without conflicts of interest.



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- Register entities commensurate to the risk they pose to the BES and ensure that all key entities are certified to have essential capabilities.
- Ensure that all compliance monitoring and enforcement activities are risk-based, reliability-focused, and adhere to the requirements of the ReliabilityFirst delegation agreement and the Risk Based Compliance Monitoring and Enforcement Program (CMEP).
- Ensure that all violations of mandatory Reliability Standards are mitigated in a timely, thorough, and comprehensive manner to prevent reoccurrence.
- Improve transparency, consistency, quality, and timeliness of results; collaborate with NERC and the other Regions; improve efficiencies and cost effectiveness.
  - Identify, understand, and manage internal risks.
  - Ensure processes are effective, efficient, and continually improving.
- Serve as an independent and objective voice when providing information around reliability risks to stakeholders (e.g., resource adequacy, impacts of the changing generation mix, etc.). Serve as an expert resource on reliability issues for registered entities, state legislatures, and state public utility commissions.

## 2024 Overview of Budget

This Business Plan and Budget reflects ReliabilityFirst's best estimate of the costs it will incur in carrying out its delegated functions in support of the ERO in 2024. Overall, the ReliabilityFirst 2024 budget of \$31,324,535 increased 12% over the 2023 budget of \$27,975,420. The 2024 assessment of \$26,959,272 represents a 9.5% increase over the 2023 assessment of \$24,620,339. ReliabilityFirst used collected penalties and a portion of its reserves to limit the assessment increase.

Personnel costs increased by \$3,411,464 which is an increase of 15% over the 2023 budget, primarily as the result of increased Full Time Equivalent (FTE) needs due to both current workload and forecasted growth in key areas over next year. This increase is also a result of unbudgeted salary adjustments that were distributed in 2022 and 2023 to account for post pandemic workforce conditions. The additional FTE increases are due to increasing violation intake, increasing NERC/FERC oversight, increasing security threats and expectations, and full adoption of ERO wide tools such as the Secure Evidence Locker (SEL), which are increasing the amount of time it takes RF personnel to perform certain CMEP functions as compared to the tool RF had previously used (MKInsight). In addition, there is a growing need for more complex engineering studies due to the changing resource mix, increasing standards and requirements, expansion of the number of Registered Entities and enhancing stakeholder outreach activities.

Incorporated into the personnel costs are three additional FTE professionals in the Compliance Monitoring program areas, one additional FTE in the Enforcement program area, one additional FTE in the Reliability and Risk program area, one additional FTE in Information Technology, and one additional Security FTE in the General and Administrative area for a total of seven additional FTE's. These additional FTE's and a 4% general wage increase are the primary drivers for the 2024 budget increase. One additional Security FTE was pre-approved by the Board of Directors

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in the General and Administrative area applying to the 2025 annual budget, which has no impact on the 2024 budget. ReliabilityFirst does not include a personnel vacancy rate because the corporation generally has traditionally had a low turnover rate.

The Meetings, Operating and Fixed Asset costs of \$4,465,960 decreased by 1% over the 2023 budget of \$4,528,309, primarily due to a reduced need for contractors, resulting from the additional FTE's, lower meeting and travel expenses due to efficiencies gained through virtual options, and lower office costs as the result of lower computer hardware and service and maintenance costs.

The ReliabilityFirst Board has approved a previously established \$1,000,000 operating reserve for 2024, which is the same level that existed in 2023. This level of operating reserve is believed to be sufficient for any unbudgeted and unexpected expenditures of the organization and is consistent with Board Policy.

The ReliabilityFirst Board also approved a decrease in the target working capital reserve to \$2.9M. Historically, the working capital reserve has consisted of the amount necessary to satisfy projected cash flow for daily operations. In concert with the ERO Enterprise wide effort to better manage and stabilize assessments, the working capital reserve is used to enhance day to day cash flow management of expenditures, while providing the capability to stabilize future assessments. The operating and working capital reserves have been differentiated to enable more granular identification and control in the utilization and monitoring of these funds in the appropriate manner. Refer to section B-1 for more information on the working capital reserve.

The executive management group for NERC and the Regional Entities (known as the ERO EC) concentrates on various initiatives to improve efficiency and consistency across NERC and the Regional Entities, including the development of enterprise-wide applications. As enterprise-wide projects are identified and prioritized by the ERO EC, they are managed at NERC. ReliabilityFirst assumes agreed upon ERO Enterprise wide applications will be available and has only included appropriate funding for applications and supporting systems necessary to satisfy its business needs that are not within the mutually agreed upon scope of the ERO Enterprise wide applications funded by NERC.

In the development of each annual Business Plan and Budget, ReliabilityFirst examines projected workload using the operating and strategic objectives referenced above and conducts a manpower analysis to determine staffing levels required to complete necessary tasks and meet the obligations of the Regional Delegation Agreement. The manpower analysis for 2024 yielded a requirement of 107 FTEs in order to fully address the expected workload.

Although ReliabilityFirst's manpower analysis justifies a need for 107 FTEs, ReliabilityFirst's philosophy is to seek and achieve greater efficiencies in its tasks and workload each year. On this basis, ReliabilityFirst believes a staffing level of 98, which includes an increase in the headcount of seven, will be sufficient to perform its work.

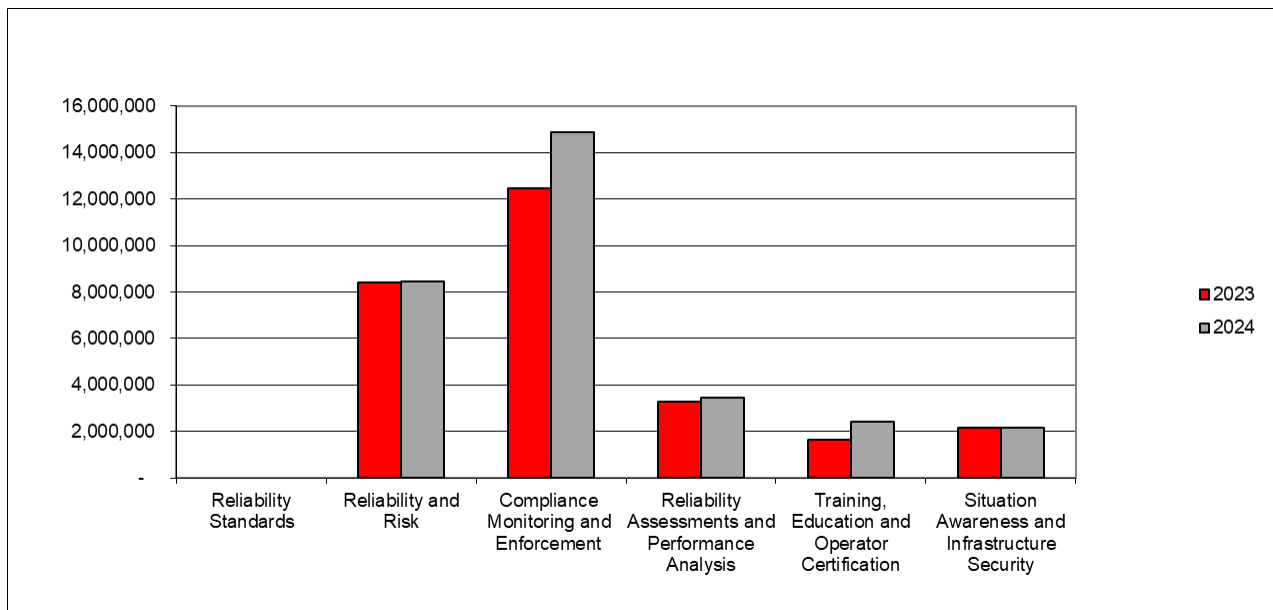
ReliabilityFirst will continue to ensure enhancements are being made in many process areas and that the maturation of the organization will continue to result in expected efficiency improvements.

## Summary of Budget by Program Area

The following table and figure summarize and illustrate ReliabilityFirst’s budget by program area.

Program	Budget 2023	Projection 2023	Budget 2024	Variance 2023	
				Budget v 2024 Budget	Variance %
Reliability Standards	-	-	-	-	0.0%
Reliability and Risk	8,428,744	5,522,481	5,682,846	(2,745,897)	-32.6%
Compliance Monitoring and Enforcement	12,455,300	8,624,216	9,516,758	(2,938,542)	-23.6%
Reliability Assessments and Performance Analysis	3,274,533	6,363,031	6,995,931	3,721,398	113.6%
Training, Education and Outreach	1,667,802	4,092,275	4,443,958	2,776,156	166.5%
Situation Awareness and Infrastructure Security	2,149,041	4,381,851	4,685,041	2,536,000	118.0%
<b>Total</b>	<b>27,975,420</b>	<b>28,983,853</b>	<b>31,324,535</b>	<b>3,349,116</b>	<b>12.0%</b>

## 2023 Versus 2024 Cost Allocation by Program Summary of Expenses



## Introduction

## FTEs by Program Area

Total FTEs by Program Area	Budget 2023	Projections 2023*	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance 2023 Projections v 2024 Budget
<b>STATUTORY</b>					
<b>Operational Programs</b>					
<b>Reliability Standards</b>	0.00	0.00	0.00	0.00	0.00
<b>Reliability and Risk</b>					
Reliability and Risk	1.00	1.00	1.00	0.00	0.00
Reliability Analysis	1.00	1.00	1.00	0.00	0.00
Entity Engagement	8.00	6.00	6.00	-2.00	0.00
Risk Analysis and Mitigation	8.00	7.00	7.00	-1.00	0.00
Analysis Services	3.00	3.00	4.00	1.00	1.00
<b>Compliance Monitoring and Enforcement</b>					
Operations and Planning	11.00	12.00	13.00	2.00	1.00
Critical Infrastructure Protection	10.00	11.00	13.00	3.00	2.00
Compliance Monitoring	2.00	2.00	2.00	0.00	0.00
Enforcement	10.00	8.00	9.00	-1.00	1.00
<b>Reliability Assessment and Performance Analysis</b>	7.00	7.00	7.00	0.00	0.00
<b>Training, Education, and Outreach</b>	3.00	4.00	4.00	1.00	0.00
Situation Awareness and Infrastructure Security	5.00	5.00	5.00	0.00	0.00
<b>Total FTEs Operational Programs</b>	<b>69.00</b>	<b>67.00</b>	<b>72.00</b>	<b>3.00</b>	<b>5.00</b>
<b>Administrative Programs</b>					
General and Administrative	5.00	5.00	6.00	1.00	1.00
Legal and Regulatory Affairs	2.00	4.00	4.00	2.00	0.00
Information Technology	8.00	8.00	9.00	1.00	1.00
Human Resources	4.00	4.00	4.00	0.00	0.00
Finance and Accounting	3.00	3.00	3.00	0.00	0.00
<b>Total FTEs Administrative Programs</b>	<b>22.00</b>	<b>24.00</b>	<b>26.00</b>	<b>4.00</b>	<b>2.00</b>
<b>Total FTEs</b>	<b>91.00</b>	<b>91.00</b>	<b>98.00</b>	<b>7.00</b>	<b>7.00</b>

\*2023 projections reflect reallocations described below

ReliabilityFirst strives for cost and operational efficiency. To this end, prior to seeking to add staff resources, an effort is first made to consider current and projected workloads and skills of existing team members and to reallocate existing staff wherever possible. Due to the increasing complexity of our work and the increasing workloads in key areas, a significant amount of staff was reallocated amongst existing Program Areas in 2023. The result of this effort is shown in the column labeled Projections 2023.

For clarity to the reader, an additional column has been added to the table to more appropriately highlight new staffing additions by department, comparing the 2024 Budget to the 2023 (Reallocated) Projections.

For an explanation of the 2024 Budget FTE additions, refer to the Resource Requirements section in each program area in Section A.

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## 2023 Budget and Projection and 2024 Budget Comparisons

The following table lists the 2023 budget and projection compared to the 2024 budget.

<b>2023 Budget and Projection, and 2024 Budget</b>					
<b>STATUTORY</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ReliabilityFirst Funding</b>					
ReliabilityFirst Assessments	\$ 24,620,340	\$ 24,620,340	\$ -	\$ 26,959,272	\$ 2,338,932
Penalties Released	4,108,418	3,515,100	(593,318)	1,473,348	(2,635,070)
<b>Total ReliabilityFirst Funding</b>	<b>\$ 28,728,760</b>	<b>\$ 28,135,440</b>	<b>\$ (593,318)</b>	<b>\$ 28,432,620</b>	<b>\$ (296,138)</b>
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest and Investment Income	100,000	100,000	-	50,000	(50,000)
Miscellaneous Income	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 28,828,758</b>	<b>\$ 28,235,440</b>	<b>\$ (593,318)</b>	<b>\$ 28,482,620</b>	<b>\$ (346,138)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 16,913,744	\$ 17,676,228	\$ 762,485	\$ 19,495,380	\$ 2,581,637
Payroll Taxes	1,052,888	1,148,271	95,382	1,232,095	179,207
Benefits	2,773,918	2,729,114	(44,804)	2,985,469	211,551
Retirement Costs	2,706,561	2,885,574	179,013	3,145,630	439,069
<b>Total Personnel Expenses</b>	<b>\$ 23,447,110</b>	<b>\$ 24,439,188</b>	<b>\$ 992,076</b>	<b>\$ 26,858,575</b>	<b>\$ 3,411,464</b>
<b>Meeting Expenses</b>					
Meetings	\$ 432,855	\$ 432,855	\$ -	\$ 432,855	\$ (0)
Conference Calls	15,000	15,000	-	-	(15,000)
Travel	648,100	648,100	-	648,100	0
<b>Total Meeting Expenses</b>	<b>\$ 1,095,955</b>	<b>\$ 1,095,955</b>	<b>\$ -</b>	<b>\$ 1,080,955</b>	<b>\$ (15,000)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 837,549	\$ 837,549	\$ -	\$ 553,700	\$ (283,849)
Office Rent	682,584	682,584	-	852,751	170,167
Office Costs	1,066,747	1,083,103	16,356	1,011,134	(55,613)
Professional Services	685,915	685,915	-	741,816	55,901
Miscellaneous	49,559	49,559	-	48,704	(855)
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 3,322,354</b>	<b>\$ 3,338,710</b>	<b>\$ 16,356</b>	<b>\$ 3,208,105</b>	<b>\$ (114,250)</b>
<b>Total Direct Expenses</b>	<b>\$ 27,865,420</b>	<b>\$ 28,873,853</b>	<b>\$ 1,008,432</b>	<b>\$ 31,147,635</b>	<b>\$ 3,282,214</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 27,865,420</b>	<b>\$ 28,873,853</b>	<b>\$ 1,008,432</b>	<b>\$ 31,147,635</b>	<b>\$ 3,282,214</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 963,337</b>	<b>\$ (638,413)</b>	<b>\$ (1,601,750)</b>	<b>\$ (2,665,015)</b>	<b>\$ (3,628,352)</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
Allocation of Fixed Assets	\$ 110,000	110,000	-	176,900	66,900
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ 110,000</b>	<b>\$ 110,000</b>	<b>\$ -</b>	<b>\$ 176,900</b>	<b>\$ 66,900</b>
<b>Total Budget (= B + C)</b>	<b>\$ 27,975,420</b>	<b>\$ 28,983,853</b>	<b>\$ 1,008,432</b>	<b>\$ 31,324,535</b>	<b>\$ 3,349,114</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ 853,338</b>	<b>\$ (748,413)</b>	<b>\$ (1,601,750)</b>	<b>\$ (2,841,915)</b>	<b>\$ (3,695,252)</b>
FTEs	91.00	91.00	-	98.00	7.00

\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

## **Section A: Statutory Programs**

## Reliability Standards Program

<b>Reliability Standards Program</b> (in whole dollars)			
	<b>2023</b>	<b>2024</b>	<b>Increase (Decrease)</b>
Total FTEs	0.00	0.00	0.00
Direct Expenses	\$ -	\$ -	\$ -
Indirect Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ -	\$ -	\$ -

### Program Scope and Functional Description

ReliabilityFirst provides input to the NERC Reliability Standards development process to help ensure the Standards adequately mitigate the risks they are intended to address, particularly those risks facing the ReliabilityFirst footprint, as well as help identify, evaluate and promote the amendment of Reliability Standards to ensure their efficiency, efficacy and appropriateness. ReliabilityFirst may develop Regional Reliability Standards as necessary. Regional Reliability Standards must be developed in accordance with the ReliabilityFirst Reliability Standards Development Procedure and must be more stringent than a NERC Reliability Standard, addressing a regional matter that the NERC Reliability Standard does not, or a regional difference necessitated by a physical difference in the BES.

To date, ReliabilityFirst has developed one FERC approved Regional Standard (Planning Resource Adequacy Analysis, Assessment and Documentation standard BAL-502-RF-03, approved by FERC on October 16, 2017) and has no current plans to develop any additional Regional Standards in 2024.

ReliabilityFirst may also develop regional criteria, which are good utility practices used to enhance the reliability of the BES and may augment Reliability Standards. Regional criteria are not Reliability Standards, and therefore are not enforceable. Regional criteria are developed in accordance with the ReliabilityFirst Reliability Standards Development Procedure. ReliabilityFirst has no current plans to develop regional criteria in 2024.

### 2024 Key Assumptions

The Reliability Standards Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

ReliabilityFirst previously reallocated the resources and expenses associated with the Reliability Standards Program to the Reliability and Risk Analysis and Compliance Monitoring Programs, due to decreased activity in the Reliability Standards Program. If any Reliability Standard or regional criteria needs to be developed, resources will be temporarily redeployed from the existing Reliability and Risk Analysis, Compliance Monitoring and other Program Areas.

**2024 Key Deliverables**

- Review and provide feedback on potential reliability, security, resiliency, or efficiency concerns associated with existing NERC Reliability Standards and Reliability Standard Audit Worksheets and those under development.
- Although none are anticipated, submit to NERC, and subsequently file with FERC any new Regional Reliability Standards that:
  - May be needed to support revised NERC Reliability Standards.
  - May address reliability gaps not currently covered by NERC Reliability Standards.
- Although none are anticipated, submit to the ReliabilityFirst Board any new regional criteria that:
  - Address issues not within the scope of NERC Reliability Standards.
  - Promote more consistent implementation of a NERC Reliability Standard within the Region.
- Initiate and coordinate revisions to Regional Reliability Standards or regional criteria in any stage of development to align with NERC and FERC requirements.
  - Support enhanced periodic reviews focused on conducting measured, in-depth reviews to further improve Reliability Standards.
  - Support ERO activities necessary to incorporate Regional Reliability Standards into continent-wide Standards.
  - Retire Regional Reliability Standards and regional criteria that are duplicative with NERC Reliability Standards or no longer needed for reliability.

**Resource Requirements****• Personnel**

There are no planned changes in FTEs for 2024.

**• Contractors and Consultants**

No contractor or consultant support is budgeted in 2024.



## Compliance Monitoring and Enforcement, and Organization Registration Program

<b>Compliance Monitoring, and Enforcement, and Organization Registration and Certification Program</b> (in whole dollars)			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	54.00	56.00	2.00
Direct Expenses	\$ 14,067,622	\$ 15,199,604	\$ 1,131,982
Indirect Expenses	\$ 6,729,833	\$ 7,989,799	\$ 1,259,966
Inc(Dec) in Fixed Assets	\$ 86,588	\$ 137,589	\$ 51,001
Total Funding Requirement	\$ 20,884,043	\$ 23,326,992	\$ 2,442,949

### Program Scope and Functional Description

The CMEP, and Organization Registration Program performs a variety of risk-based and dynamic activities to identify, communicate, and mitigate reliability, security and resiliency risks facing the ReliabilityFirst footprint. To achieve maximum effectiveness and consistency, ReliabilityFirst has delineated the responsibility to execute the Compliance Monitoring, Enforcement, and Organization Registration Program among three coordinated groups: Reliability and Risk Analysis, Compliance Monitoring, and Enforcement.

The Reliability and Risk Analysis group performs activities to drive continuous improvement, assess risk, and scope compliance monitoring and enforcement activities in accordance with risk. These activities, discussed in further detail in the Reliability and Risk Analysis section, include: (1) conducting Inherent Risk Assessments and developing Compliance Oversight Plans to assess the risk posed by each entity and determine a plan for compliance monitoring activities; (2) support Assist Visits, Internal Controls Reviews, and workshop development to drive continuous improvement and refine the scope of compliance monitoring activities based upon the maturity of the entity's internal controls; (3) conducting industry outreach, training, and education initiatives; (4) developing lessons learned and identifying key trends to share with the industry; (5) performing registration and certification review activities; (6) conducting risk assessments and supporting mitigation plan activities associated with noncompliance; and (7) collaborate in the standards development process for both ERO wide and regional standards.

The Compliance Monitoring group monitors compliance to the NERC Reliability Standards (Reliability Standards) across ReliabilityFirst's registered owners, operators, and users of the BES through a variety of risk-based activities. These monitoring activities are key to reliability, security and resiliency, as they ensure that entities have effective controls in place and are following the requirements of the Reliability Standards. These activities, discussed in further detail in the Compliance Monitoring section, include compliance audits, spot checks, self-certifications,

investigations, assessing complaints, and assessing system events from a reliability and compliance perspective to identify and ensure the mitigation of potential risks.

The Enforcement group is responsible for performing the delegated function to enforce, where necessary, compliance with the Reliability Standards. These efforts, discussed in further detail in the Enforcement section, involve ensuring that the selected disposition method for any noncompliance: (1) is clearly communicated; (2) is appropriately supported by the record in light of the risk posed by the noncompliance; and (3) promotes the desired entity behavior. The Enforcement group focuses on understanding the risks behind each noncompliance and how to effectively mitigate those risks, as well as sending the appropriate message to the noncompliant entity and the broader regulated community (whether deterrent-driven for undesired behavior or incentive-driven for desired behavior).

Major activities for the Reliability and Risk Analysis, Compliance Monitoring, and Enforcement groups include the continued implementation of the Risk-Based CMEP, and efforts connected to continue updating and revisions to the CIP Standards. These are joint ERO Enterprise level initiatives that benefit NERC, the Regional Entities, and the Registered Entities.

A detailed Program Scope and Functional Description for the Reliability and Risk Analysis, Compliance Monitoring, and Enforcement groups, as well as the Key Assumptions and Deliverables for each of these groups, can be found in their respective sections below.

## Reliability and Risk

<b>Reliability and Risk</b>			
(in whole dollars)			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase</b>
Total FTEs	21.00	19.00	(2.00)
Direct Expenses	\$ 5,777,914	\$ 5,682,846	\$ (95,067)
Indirect Expenses	\$ 2,617,157	\$ 2,710,825	\$ 93,668
Inc(Dec) in Fixed Assets	\$ 33,673	\$ 46,682	\$ 13,009
Total Funding Requirement	\$ 8,428,744	\$ 8,440,353	\$ 11,609

The FTEs in this table are included in the Total FTEs in the Compliance Monitoring and Enforcement, and Organization Registration Program table on page 17.

### Program Scope and Functional Description

The Reliability Analysis group includes Analytic Services, Risk Analysis and Mitigation (RAM), and Entity Engagement.

The activities performed by the Reliability Analysis group include continued and focused development of the ReliabilityFirst Data Warehouse for information storage and retrieval. The Data Warehouse is intended to centralize ReliabilityFirst's data sets, provide business intelligence capabilities for better integration of disparate data, and add visualization functions to better identify areas of concern or areas needing additional analysis. The Reliability Analysis group leads the development and integration of advanced analytic & business intelligence capabilities for identifying and determining reliability risks; applying analytics framework by which grid reliability and risk can be measured and tracked; using statistical tools and techniques for analysis; performing quantitative assessments of data models; and partnering with other departments in conducting various risk assessments (e.g., Regional Risk Assessments and explorative probabilistic, predictive, prescriptive, and emerging risk assessments, etc.).

From a RAM perspective the activities performed include Inherent Risk Assessments (identifying risks impacting an entity); Compliance Oversight Plans (creating a plan to monitor the entity's compliance with selected NERC Reliability Standards) and Registration (processing registration requests). The group's activities also include mitigation plan acceptance, approval, and verification; processing and assessment of periodic data submittals; winter preparedness evaluations; risk-harm analysis of potential non-compliances (PNC's), participation in the review of self-logged minimal risk issues; participation in outreach activities; BES Definition Exception Process activities; NERC-led Registration Review Panel participation, and serving as a technical resource for ReliabilityFirst and Regional Standards Development.

Entity Engagement functions to assist stakeholders in improving their compliance programs and organizational reliability, risk identification and mitigation, security, and resilience. They work closely with entities assisting stakeholders in achieving operational excellence, and improvements in organizational culture and overall program maturity.

**2024 Key Assumptions**

The Reliability and Risk group incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. The Reliability and Risk group also includes the following regional assumptions:

1. Inherent Risk Assessment/Compliance Oversight Plans activities are steady-state activities with the continued implementation of the Risk-Based CMEP. These activities include completing Inherent Risk Assessments and Compliance Oversight Plans for all Registered Entities which address emerging risks to reliability and are tailored to the inherent risks and performance posed by specific entities.
2. In accordance with FERC's Order approving NERC's Risk-Based Registration Initiative, registration staff continues to participate in the NERC-Led Registration Review Panels described in the NERC Rules of Procedure, Appendix 5A, Section III.D.
3. In accordance with FERC's Order regarding Inverter Based Resources, registration staff anticipates an increase number of registration requests for the processing of the new Inverter Based Resources class of functional entity.
4. There will continue to be an intentional focus on advanced analytics to support the described activities. This will include being instrumental in identifying emerging risks as well as development of metric driven analysis. In addition to the data provided internally across the ERO, external data sources will be explored to integrate into the Data Warehouse to continuously improve our ability to assess risk. This will result in an increase in workload.
5. There will be continued ERO Enterprise-wide maintenance and enhancements of the risk-based CMEP practices and tools. In particular, ReliabilityFirst staff resources will be allocated to continued development, design, testing, training, and implementation of the ERO Enterprise Align Tool and SEL. The full impact of the new ERO Enterprise Align Tool and SEL is starting to be understood at this time, and an increase in administrative and processing tasks related to the new security requirements has and will continue to increase the cycle time for performing routine tasks.
6. With the development of new and modified Standards that tackle changing risks in our footprint (e.g., winterization, supply chain, virtualization and cloud computing), we anticipate the need for additional Assist Visits, outreach, and training to help mature and enhance registered entity programs.
7. Registered Entities are more frequently making changes to their Energy Management Systems to enhance situational awareness, increase visibility of distributed energy resources, monitor for stability concerns, plus more easily adapt to new Standards such as TOP-001-5, TOP-003-3, and CIP-012-1. We anticipate more frequent certification review activities to assess these changes and ensure that the entities enhance their capabilities to mitigate these risks.

8. With the required 5-year review of the ReliabilityFirst Planning Resource Adequacy Analysis, Assessment, and Documentation Regional Standard (BAL-502-RF-03) commencing in 2023, there is a potential for this Regional Standard to go through the ReliabilityFirst Standard Development Process if modifications are required.

### 2024 Key Deliverables

- Process all registration requests.
- Process BES Exception Requests submittals and participate on NERC-Led Review Panels.
- Provide technical subject matter expertise and support for compliance monitoring and enforcement activities, regional outreach activities, and other initiatives as identified within ReliabilityFirst and/or the ERO.
- Support the development and integration of advanced analytical capabilities for identifying and determining reliability risks, and conducting various risk assessments (i.e. Regional Risk Assessments, Inherent Risk Assessments/Compliance Oversight Plans, Risk-Harm Assessments, and explorative Probabilistic Risk Assessment).
- Support ERO Enterprise-wide data collection (e.g. periodic Data Submittals) and analysis efforts.
- Lead/Participate in the annual Winter Preparedness program designed to help ensure the readiness of generating units to perform during extreme cold weather.
- Support the ongoing implementation of the Risk-Based CMEP, with a focus on the ongoing assessment of ReliabilityFirst Regional Risks, and continued maturation of the Inherent Risk Assessment and Compliance Oversight Plan process.
- Perform Inherent Risk Assessments/Compliance Oversight Plans of entities in alignment with the ERO Guide for Compliance Monitoring, to identify inherent risks of an entity and develop a plan to monitor the entity's compliance with selected NERC Reliability Standards based on their inherent risk and performance.
- Conduct risk-harm assessments and develop associated risk statements for all possible non-compliances to assess the real or potential risk posed by each noncompliance and inform the proper enforcement and mitigation action(s).
- Perform mitigation plan activities in an effort to return entities to compliance and prevent reoccurrence by:
  - Reviewing proposed mitigation plans and accepting those that contain appropriate corrective and preventative actions.
  - Communicating with Enforcement and the entity throughout the mitigation plan review process to ensure defined corrective and preventative actions will mitigate the noncompliance.
  - Verifying mitigation plan completion through the evaluation of evidence provided by the entity to demonstrate that agreed-to actions have been implemented according to established milestones.
  - Participating in outreach activities to help entities move beyond baseline compliance.

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- Perform reviews of self-logged non-compliances, submitted quarterly by entities granted logging privileges, to assess the non-compliances and their associated risk determinations and mitigating activities.
  - Support regional workshops, Technical Talks, targeted webinars, and other outreach engagements with entities.
  - Using inherent risk assessment and Regional Risk Assessment results, analyze and recommend outreach for identified risks related to specific entities or groups of entities.
  - Facilitate the administration of the ReliabilityFirst Regional Standards Development Process for any potential Regional Standards revisions.
  - Assist NERC with the coordination, planning, delivery, and management of training and outreach activities across the ERO Enterprise in concert with Region-specific training and outreach activities.
  - Participate in the ERO Enterprise Collaboration Groups promoting collaboration and consistency amongst the Regions and functional area programs. Assume leadership roles as appropriate.
  - Conduct Certifications and Certification Evaluations of Balancing Authority, Transmission Operator and Reliability Coordinator registered entities. Also perform Readiness Reviews with registered entities undergoing similar changes.
  - Perform Assist Visits and Extended Assist Visits, including:
    - Provide guidance through entity Assist Visits on the CIP Reliability Standards, including a focus on new and revised Reliability Standards with technology related concerns including Cloud Computing, and Virtualization.
    - Continue targeted Extended Assist Visits with stakeholders that have been identified through Compliance, Enforcement, and/or Assessment engagements as needing long-term consultation by the ReliabilityFirst outreach staff.
  - Implement and continue to mature programs and tools developed for entity self-assessment and self-evaluation of internal controls, organizational maturity, insider threat and cyber resilience.

### Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting an increase of one FTE for 2024 in the Data Analytics group. As discussed above in the 2024 Key Assumptions, the analytics workload has increased, and is anticipated to steadily increase as more data, both internal and external, is made available for consumption. This additional FTE will help ReliabilityFirst better identify emerging risks to reliability as well as develop metric driven analysis using ERO and external data sources.

Other changes to the FTE count for this Program Area in the above table reflect reallocations to repurpose existing staff and reduce the need for additional staff as described on p. 12.

- **Contractors and Consultants**

Contractor and Consultant support is budgeted to support efforts related to the Winter Preparedness program and initiatives in Reliability Analysis in 2024, reduced from 2023 as the result of the addition of the FTE noted above.

The Entity Engagement and Risk and Resilience areas will also pursue interns to assist the teams with relevant work activities. Projected workload in 2024 is consistent with a need for an intern and not an FTE.

**Reliability and Risk Budget Detail**

The following table shows funding sources and related expenses for the Reliability and Risk section of the *2024 Business Plan and Budget*. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

<b>2023 Budget and Projection, and 2024 Budget</b>					
<b>Reliability and Risk</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ReliabilityFirstFunding</b>					
ERO Assessments	\$ 7,140,453	7,140,453	\$ -	\$ 8,038,358	\$ 897,905
Penalties Released	1,257,679	944,355	(313,324)	\$ 388,800	(868,879)
<b>Total ReliabilityFirst Funding</b>	<b>\$ 8,398,132</b>	<b>\$ 8,084,808</b>	<b>\$ (313,324)</b>	<b>\$ 8,427,158</b>	<b>\$ 29,026</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	30,612	\$ 30,612	-	13,194	(17,418)
Miscellaneous Income	-	-	-	-	-
<b>Total Funding (A)</b>	<b>8,428,744</b>	<b>8,115,420</b>	<b>(313,324)</b>	<b>8,440,353</b>	<b>11,609</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 3,892,253	\$ 3,703,427	\$ (188,826)	\$ 4,015,462	\$ 123,209
Payroll Taxes	239,089	237,100	(1,989)	\$ 251,941	12,852
Benefits	530,960	487,873	(43,086)	\$ 495,208	(35,752)
Retirement Costs	613,752	589,940	(23,812)	\$ 630,976	17,224
<b>Total Personnel Expenses</b>	<b>\$ 5,276,054</b>	<b>\$ 5,018,341</b>	<b>\$ (257,713)</b>	<b>\$ 5,393,587</b>	<b>\$ 117,533</b>
<b>Meeting Expenses</b>					
Meetings	\$ 10,880	\$ 10,880	\$ -	\$ 10,593	\$ (287)
Conference Calls	-	-	-	-	-
Travel	169,300	169,300	-	\$ 129,097	(40,203)
<b>Total Meeting Expenses</b>	<b>\$ 180,180</b>	<b>\$ 180,180</b>	<b>\$ -</b>	<b>\$ 139,689</b>	<b>\$ (40,491)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 186,667	\$ 186,667	\$ -	\$ 24,000	\$ (162,667)
Office Rent	-	-	-	-	-
Office Costs	134,013	136,293	2,280	\$ 124,570	(9,443)
Professional Services	-	-	-	-	-
Miscellaneous	1,000	1,000	-	\$ 1,000	-
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 321,680</b>	<b>\$ 323,960</b>	<b>\$ 2,280</b>	<b>\$ 149,570</b>	<b>\$ (172,110)</b>
<b>Total Direct Expenses</b>	<b>\$ 5,777,914</b>	<b>\$ 5,522,481</b>	<b>\$ (255,433)</b>	<b>\$ 5,682,846</b>	<b>\$ (95,067)</b>
<b>Indirect Expenses</b>	<b>\$ 2,617,157</b>	<b>\$ 2,454,371</b>	<b>\$ (162,786)</b>	<b>\$ 2,710,825</b>	<b>\$ 93,668</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 8,395,071</b>	<b>\$ 7,976,852</b>	<b>\$ (418,219)</b>	<b>\$ 8,393,671</b>	<b>\$ (1,400)</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 33,673</b>	<b>\$ 138,568</b>	<b>\$ 104,895</b>	<b>\$ 46,682</b>	<b>\$ 13,009</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
Allocation of Fixed Assets	\$ 33,673	29,552	(4,121)	\$ 46,682	\$ 13,009
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ 33,673</b>	<b>\$ 29,552</b>	<b>\$ (4,121)</b>	<b>\$ 46,682</b>	<b>\$ 13,009</b>
<b>Total Budget (= B + C)</b>	<b>\$ 8,428,744</b>	<b>\$ 8,006,404</b>	<b>\$ (422,340)</b>	<b>\$ 8,440,353</b>	<b>\$ 11,609</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ 0</b>	<b>\$ 109,016</b>	<b>\$ 109,016</b>	<b>\$ -</b>	<b>\$ (0)</b>
<b>FTEs</b>	21.00	18.00	(3.00)	19.00	(2.00)



\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

<b>Compliance Monitoring and Enforcement</b>			
(in whole dollars)			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	33.00	37.00	4.00
Direct Expenses	\$ 8,289,709	\$ 9,516,758	\$ 1,227,049
Indirect Expenses	\$ 4,112,676	\$ 5,278,974	\$ 1,166,298
Inc(Dec) in Fixed Assets	\$ 52,915	\$ 90,907	\$ 37,992
Total Funding Requirement	\$ 12,455,300	\$ 14,886,639	\$ 2,431,340

The FTEs in this table are included in the Total FTEs in the Compliance Monitoring and Enforcement, and Organization Registration Program table on page 17.

## Compliance Monitoring

### Program Scope and Functional Description

The activities performed by the Compliance Monitoring group to monitor and help ensure the reliability, security, and resiliency of the BES include: Operations and Planning (O&P) and Critical Infrastructure Protection (CIP) Audits; Spot Checks; Self-Certifications; Investigations; assessing Complaints; assessing entity internal controls as part of each engagement; evaluating system events from a reliability, security and compliance perspective to identify and ensure mitigation of potential risks; assisting in the review, approval, and verification of mitigation plans for non-compliances identified during compliance monitoring activities; and managing Technical Feasibility Exceptions (TFEs). The group also serves as industry subject matter experts and technical resources for the Corporation.

### 2024 Key Assumptions

The Compliance Monitoring group incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. The Compliance Monitoring group also includes the following regional assumptions:

1. Assure reliability by monitoring compliance to the Reliability Standards through CMEP processes (e.g., Audits, Spot Checks, Self-Certifications), using a risk-based approach, ensuring that all activities are completed per the established process and timelines.
2. Pursuant to the risk-based CMEP, Entities will have an Inherent Risk Assessment completed to determine their Compliance Oversight Plans. As required by the NERC Rules of Procedure, Balancing Authority, Transmission Operator, and Reliability Coordinator audits will continue to occur on a three-year cycle. For all other Entities, ReliabilityFirst will evaluate the Entity's Compliance Oversight Plan to identify Entity specific risks, analyze emerging industry risks, and develop its planned monitoring schedule and oversight approach.

3. The ERO Enterprise will continue to perform reviews of internal controls as part of the compliance monitoring engagement process. As the ERO Enterprise continues to mature its approach on internal controls this will continue to add time to the monitoring process and increase workload.
4. ReliabilityFirst will continue performing more frequent in-depth touch points across our footprint. The more frequent touch points reduce the scope of an individual engagement but adds to the overhead of managing a larger number of engagements throughout the year.
5. The ERO Enterprise will continue to collaborate and define ongoing training needs, priorities, and implementation schedules for the compliance staff. ReliabilityFirst will provide the necessary training to continue to provide a credible, skilled, competent, and respected compliance monitoring staff.
6. Staff will continue to partner with NERC as we transition to utilizing Align and the SEL for ReliabilityFirst CMEP Activities while developing and prioritizing system enhancements.
7. With the CIP Standards being revised to include virtualization, the ERO Enterprise continues to evaluate whether the approved and ongoing changes will materially change the amount of rigor and time Regional Entities will need to spend on compliance monitoring activities, including whether field visits will be required and the impact the changes will have on ERO outreach efforts to these entities. Results of this evaluation may impact the audit scope, regional resource requirements, and expectations that will need to be factored into future resource recommendations for the budget.
8. The continued increased complexity of the O&P and CIP Standards, and the substantial increase of assets within scope for the CIP Standards has increased the workload for auditors. Moreover, the time required to complete audit reviews often includes site and field visits, based on the scope of the audit and whether initial evidence provided is sufficient to substantiate that an entity is compliant. This has increased the time required for audits and has added workload in the area that is expected to continue.
9. The ongoing revisions of the CIP Standards and technical nature of the O&P standards have also resulted in an additional workload to provide outreach and training to Entities. Entity outreach is expected to be an ongoing need, given the increasing complexity, and continually evolving nature of cybersecurity and the Standards.

### **2024 Key Deliverables**

- Manage all compliance monitoring activities in a risk-based, fair, and consistent manner, affording all entities appropriate due process.
- Perform internal controls reviews as part of the compliance monitoring engagement process.
- Conduct thorough and professional collaborative compliance audits consistently with all Regions through the incorporation of the Auditor Handbook, Checklist, and the Align Tool.
- Prepare and distribute compliance monitoring reports to NERC and Registered Entities.
- Ensure all auditors receive adequate training, meet all NERC auditor training requirements, keep abreast of new and emerging technologies, and maintain professional certifications.

- Provide efficiencies in compliance monitoring processes through continued auditor training, development and enhancement of auditor tools, and continuous improvements.
- Monitoring Staff will support ERO and regional outreach and training efforts including any Small Group Advisory Sessions, ReliabilityFirst Workshops (e.g. additional targeted workshops), various ERO and Regional Workshops, Technical Talks with RF and CIP and O&P related Assist Visits.
- Compliance Monitoring engagements will be performed as separate CIP and O&P engagements unless agreed to otherwise between ReliabilityFirst and the Entity. Various Compliance Monitoring methods will be utilized based upon the focused risk and/or Entity being monitored.
- Spot Checks and Self-Certifications will be used: (1) to assess performance to selected Reliability Standards when a larger engagement is not warranted; (2) as an alternate means of monitoring lower risk entities; and (3) on an as-needed basis to address identified risks. Spot Check or Self-Certification may be executed on the identification of emerging risks.
- Support the ERO Enterprise in continuing training and outreach for Registered Entities.
- Assist in the development of the risk based annual CMEP implementation Plan in coordination with cross-functional groups.
- Complete Compliance Assessment Reviews of system events according to the ReliabilityFirst Compliance Assessment process, to determine if reliability issues associated with the system event require the initiation of a compliance monitoring process; performance of mitigation activities by involved entities; and/or industry outreach and education.

## Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting three additional FTE's in 2024, one in O&P monitoring and two in the CIP monitoring department. As discussed above in the 2024 Key Assumptions, the workload in the O&P and CIP monitoring areas has continually increased and is expected to continue increasing. This is driven by various factors, including the expansion of CIP scopes for entities with only Low Impact BES Cyber Systems, increased complexity of the Standards, and the fact that more Compliance Oversight Plans also include Spot Checks or Self-Certifications. Compliance monitoring teams now perform internal controls reviews as part of the compliance monitoring engagement process, which has added time and workload to engagements. All of these, along with the enhanced security features included with the new ERO Enterprise Align Tool and the SEL, will require additional hours for the audit teams to complete its work.

- **Contractors and Consultants**

No contractor or consultant support is budgeted in 2024.

## Enforcement

### Program Scope and Functional Description

The Enforcement group performs ReliabilityFirst’s delegated function to enforce compliance with the Reliability Standards. This effort involves ensuring that the selected resolution and disposition method for any noncompliance is consistent with the risk posed by the noncompliance; is adequately supported by the record; and promotes desired entity behaviors to enhance reliability.

Enforcement staff is responsible for (1) drafting and negotiating with entities all necessary disposition documents as applicable; (2) ensuring all requisite notices are timely issued; (3) post-filing support and advocacy with NERC and FERC; (4) ensuring that the record and related disposition documents comply with all applicable FERC orders, rules, and regulations, NERC ROP, guidance, and ERO-wide program documents, and internal policies and procedures (collectively, “applicable orders, rules, and procedures”); and (5) participating in hearings where necessary.

For continuity and stakeholder convenience and familiarity, Enforcement staff serves as a single point of contact for entities for noncompliance-related communications, including answering entity questions and providing regular updates on disposition matters. The Enforcement staff is also heavily involved in external outreach to help entities understand potential noncompliance trends and themes that may be early indicators of programmatic or systemic challenges.

ReliabilityFirst frequently serves as the lead Region in resolving multi-regional enforcement actions for those registered entities that transverse multiple regions (designated as multi-regional registered entities or MRREs). Consequently, Enforcement staff devotes substantial resources to coordinate the enforcement work of various Regions, obtain consensus on a myriad of issues, and negotiate acceptable resolutions.

Enforcement staff regularly works with FERC, NERC, other Regions, and industry to shape risk-based, effective enforcement policies that drive desired entity behavior. This work includes drafting, or supporting the drafting, of ERO-wide enforcement program documents and enforcement related regulatory filings, presenting and training on enforcement programs in various forums, and monitoring and managing enforcement metrics in support of NERC’s strategic Plan and Oversight Program. Enforcement staff also works with NERC and the other Regions to promote and otherwise ensure collaboration and implementation of consistent enforcement practices focused on higher reliability risks.

### 2024 Key Assumptions

The Enforcement group incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. It also includes the following regional assumptions:

1. The increased number of non-compliances will, at a minimum, remain steady due to implementation of the CIP Version 5 Standards and certain Operations and Planning Standards, which increased the scope of assets covered and frequency of activities required relating to an entity’s assets.

2. ReliabilityFirst will continue to process multiple Settlement Agreements due to the complexity of the CIP Standards and increased focus on certain Operations and Planning Standards. Complex, higher-risk non-compliances dispositioned as Settlement Agreements will require approximately 65% of Enforcement resources. These matters often involve more complex mitigation, increased regional interaction with the entities, and additional analysis and advocacy regarding penalties and sanctions.
3. ReliabilityFirst anticipates that the majority of non-compliances will continue to trend as minimal or moderate risk; however the complexity of processing these non-compliances may continue to increase as entities' compliance history grows and technology continues to evolve and advance.
4. ReliabilityFirst will implement and utilize the new ERO tools for CMEP activities, including Align SEL for exchanging entities' most sensitive information. Mostly due to increased security measures, but also due to aspects of their functionality, these tools increase the amount of administrative work for our enforcement case managers compared to prior tools and processes.
5. Enforcement staff will spend significant time ensuring adequate records are created for all issues, including minimal risk issues.
6. ReliabilityFirst will frequently serve as the lead Region for MRREs and will continue to support other Regions when ReliabilityFirst is the affected Region. The disposition of MRRE non-compliances takes additional time to coordinate dispositions, review mitigation, and negotiate acceptable solutions with affected Regions.
7. Enforcement staff will work with FERC, NERC, the other Regions, and the industry to shape effective and risk-based enforcement policies that drive desired behavior and ensure consistency.
8. The number of hearings to be conducted is unknown, and therefore no internal or external resources have been budgeted for hearings.
9. Enforcement staff will provide outreach to industry through internal support of functional initiatives (e.g., Regional Risk Assessments); workshop presentations and participation in panel discussions; webinars; targeted entity training; identification and sharing of lessons learned; and contributions to the ReliabilityFirst newsletter.

### **2024 Key Deliverables**

- Continue to focus on resolving enforcement actions in a thoughtful, risk-based, reliability focused manner.
- Ensure that the use of discretion in Enforcement is internally documented, repeatable, and consistent with NERC directives and FERC orders, rules, and regulations.
- Conduct initial fact and circumstance reviews of non-compliances and communicate with the entity through each step of the enforcement process.
- Continue to work to refine the risk-harm assessment process, a key input into enforcement decision-making.
- Continue to increase efficiency, through process improvements, in dispositioning enforcement actions and preparing related documentation.

- Continue to work with NERC and the other Regions to shape a well-reasoned Enforcement philosophy that results in risk-based, uniform, repeatable, transparent, and reliability-focused approaches.
- Use knowledge obtained in the regular course of business in enforcement and other departments to assure informed decision-making.
- Draft and negotiate with entities, as applicable, all necessary disposition documents.
- Ensure all requisite notices are timely issued and provide post-filing support and advocacy with NERC and FERC.
- Ensure that the record of a noncompliance and the related disposition documents comply with all applicable orders, rules, and procedures.

## Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting one additional FTE in Enforcement in 2024. As described in the Assumptions section, the workload for Enforcement has increased since the implementation of CIP Version 5, and with the revision and implementation of certain Operations and Planning Standards. This increased volume has been sustained since the implementation of CIP version 5, and this is expected to continue, and potentially increase with the newest proposed revisions to the CIP Standards. Enforcement staff works to keep up with the increased intake through processing a maximum amount of noncompliance each year within its capabilities while also focusing on ensuring new noncompliance are timely and sufficiently mitigated.

Enforcement works to enforce complex non-compliances while remaining an accessible single point of contact for our Registered Entities. The complexities of our entities and the nature of our industry continue to evolve, requiring more in-depth analysis to appropriately dispose of non-compliances and resolve related issues outside of enforcement. Additionally, the quality of risk communication, deeper understanding of our Registered Entities risk profiles, and our ability to identify trends, share lessons learned and proactively target and train entities based on risk and compliance history are necessary to the Enforcement department's effectiveness. Under the Coordinated Oversight Program, the Enforcement department serves as the Lead Regional Entity for many registered entities and their subsidiaries. The Coordinated Oversight Program and efforts to increase transparency and consistency across the Regions has also resulted in additional workload. Additionally, with the use of the SEL, Enforcement staff will experience some administrative inefficiencies that will fall on the case managers.

- **Contractors and Consultants**

No contractor or consultant support is budgeted for in 2024.

**Compliance Monitoring and Enforcement Budget Detail**

The following table shows funding sources and related expenses for the CMEP section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

<b>2023 Budget and Projection, and 2024 Budget</b>					
<b>Compliance Monitoring and Enforcement</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ReliabilityFirst Funding</b>					
ERO Assessments	\$ 10,430,842	\$ 10,430,842	\$ -	\$ 14,103,808	\$ 3,672,966
Penalties Released	1,976,353	1,731,318	(245,035)	757,137	(1,219,216)
<b>Total ReliabilityFirst Funding</b>	<b>\$ 12,407,195</b>	<b>\$ 12,162,160</b>	<b>\$ (245,035)</b>	<b>\$ 14,860,945</b>	<b>\$ 2,453,750</b>
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	48,105	\$ 48,105	-	25,694	(22,411)
Miscellaneous Income	-	-	-	-	-
<b>Total Funding (A)</b>	<b>12,455,300</b>	<b>12,210,265</b>	<b>(245,035)</b>	<b>14,886,639</b>	<b>2,431,339</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 5,764,740	\$ 5,976,086	\$ 211,346	\$ 6,640,158	\$ 875,419
Payroll Taxes	378,611	413,029	34,418	\$ 440,928	62,317
Benefits	917,255	940,158	22,904	\$ 1,058,592	141,337
Retirement Costs	876,614	934,960	58,346	\$ 1,035,995	159,380
<b>Total Personnel Expenses</b>	<b>\$ 7,937,219</b>	<b>\$ 8,264,234</b>	<b>\$ 327,014</b>	<b>\$ 9,175,673</b>	<b>\$ 1,238,454</b>
<b>Meeting Expenses</b>					
Meetings	\$ 12,425	\$ 12,425	\$ -	\$ 11,834	\$ (591)
Conference Calls	-	-	\$ -	\$ -	-
Travel	237,200	237,200	\$ -	\$ 226,036	(11,164)
<b>Total Meeting Expenses</b>	<b>\$ 249,625</b>	<b>\$ 249,625</b>	<b>\$ -</b>	<b>\$ 237,870</b>	<b>\$ (11,755)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ (10,000)
Office Rent	-	-	-	-	-
Office Costs	83,464	90,957	7,493	\$ 93,815	10,351
Professional Services	-	-	-	-	-
Miscellaneous	9,400	9,400	-	9,400	-
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 102,864</b>	<b>\$ 110,357</b>	<b>\$ 7,493</b>	<b>\$ 103,215</b>	<b>\$ 351</b>
<b>Total Direct Expenses</b>	<b>\$ 8,289,709</b>	<b>\$ 8,624,216</b>	<b>\$ 334,507</b>	<b>\$ 9,516,758</b>	<b>\$ 1,227,050</b>
<b>Indirect Expenses</b>	<b>\$ 4,112,676</b>	<b>\$ 4,499,680</b>	<b>\$ 387,004</b>	<b>\$ 5,278,974</b>	<b>\$ 1,166,298</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 12,402,385</b>	<b>\$ 13,123,896</b>	<b>\$ 721,511</b>	<b>\$ 14,795,732</b>	<b>\$ 2,393,349</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 52,915</b>	<b>\$ (913,631)</b>	<b>\$ (966,546)</b>	<b>\$ 90,907</b>	<b>\$ 37,991</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
Allocation of Fixed Assets	\$ 52,915	54,179	1,264	\$ 90,907	\$ 37,992
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ 52,915</b>	<b>\$ 54,179</b>	<b>\$ 1,264</b>	<b>\$ 90,907</b>	<b>\$ 37,992</b>
<b>Total Budget (= B + C)</b>	<b>\$ 12,455,300</b>	<b>\$ 13,178,075</b>	<b>\$ 722,775</b>	<b>\$ 14,886,639</b>	<b>\$ 2,431,341</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ 0</b>	<b>\$ (967,810)</b>	<b>\$ (967,810)</b>	<b>\$ -</b>	<b>\$ (1)</b>
<b>FTEs</b>	33.00	33.00	-	37.00	4.00

\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessments and Performance Analysis Program</b>			
(in whole dollars)			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	7.00	7.00	0.00
Direct Expenses	\$ 2,441,414	\$ 2,424,276	\$ (17,139)
Indirect Expenses	\$ 822,535	\$ 998,725	\$ 176,190
Inc(Dec) in Fixed Assets	\$ 10,583	\$ 17,199	\$ 6,616
Total Funding Requirement	\$ 3,274,532	\$ 3,440,199	\$ 165,666

### Program Scope and Functional Description

ReliabilityFirst's Engineering and System Performance (ESP) group executes the Reliability Assessment and Performance Analysis (RAPA) program within ReliabilityFirst. This team independently analyzes, assesses, and reports on the reliability and adequacy of the BES within the ReliabilityFirst footprint. This program helps identify and assess risks across the region, and its deliverables are a major contributor to the risk-based efforts of the entire organization. The work includes the performance of resource and transmission assessment studies; special analyses and investigations as warranted; and the collection and dissemination of data, lessons learned, and other information. This program provides resources and data input for the technical analyses and support of the many risk-based activities described in the Reliability and Risk Analysis, Compliance Monitoring, and Enforcement sections. The program also facilitates four of the stakeholder advisory and technical committees and several other industry discussion groups. They act as subject matter experts within the organization assisting with technical webinars, papers and presentations.

### 2024 Key Assumptions

The RAPA Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

There are no additional assumptions unique to the ReliabilityFirst RAPA Program.

### 2024 Key Deliverables

- Assessments of Reliability Performance
  - Perform seasonal (summer and winter) risk analyses of the projected resource adequacy for PJM Interconnection, LLC (PJM) and Midcontinent Independent System Operator (MISO), the two Regional Transmission Organizations (RTO) that operate within ReliabilityFirst. As part of these risk analyses, the program produces seasonal RTO "waterfall" risk charts depicting the range of available capacity reserves for the forecasted normal (50/50) and extreme (90/10) seasonal peak demand levels, and historical long-term forecast and demand charts.
  - Perform seasonal (summer and winter), near-term (typically five years into the future), and extreme transmission power-flow analysis assessments, and produce reports on the transmission assessment scope and results.



- Collect data and contribute to the production of assessment reports for the NERC Reliability Assessment Subcommittee's seasonal, special assessment, and long-term reports.
- Provide technical support for the ERO Enterprise's expanded and enhanced system studies and help perform analyses as needed.
- Work with neighboring Regional Entities within the Eastern Interconnection Reliability Assessment Group (ERAG) to perform Eastern Interconnection assessment studies and produce reports.
- Update power-flow base case models that represent the Bulk Power System within the ReliabilityFirst footprint as needed for regional study efforts.
- Reporting Requirements
  - Assist NERC in the collection, verification, and validation of data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS, GADS Wind, and GADS Solar), Demand Response Availability Data System (DADS), Misoperation Information Data Analysis System (MIDAS), and Geomagnetic Disturbance Data System (GMD). All these systems can be used for data analytics across the ERO Enterprise.
- Other Requirements and Activities
  - Support risk-based activities with the development and review of lessons learned, best practices, and guidance documentation across the ERO Enterprise and industry. Continue to participate and expand the work being performed in the Eastern Interconnection Reliability Assessment Group (ERAG) and the Multiregional Modeling Working Group (MMWG).
  - Analyze protective relay misoperation information and track corrective action plans, as reported in the NERC MIDAS system. Facilitate a peer review process of this data via the ReliabilityFirst Protection Subcommittee.
  - Develop and maintain various data repositories, which includes, but is not limited to; support the development of ongoing data warehouse initiatives, maintenance of a linear contingency database, and maintenance of a data dictionary between GADS and the MMWG power-flow model.
  - In support of the ERO Enterprise, actively participate (and in some cases serve in leadership roles) in NERC committees, subcommittees, task forces, and other technical groups, such as the ERO RAPA Steering Group, Reliability Assessment Subcommittee, Performance Analysis Subcommittee, Probabilistic Assessment Working Group, and associated subgroups, as well as the MIDAS User Group, TADS User Group, and GADS User Group.
  - Continue to support and increase stakeholder participation and interaction through various regional technical groups, including the Reliability Committee (a technical advisory body to the ReliabilityFirst Board of Directors) and its subcommittees (i.e., Protection Subcommittee, Transmission Performance Subcommittee, Generation Subcommittee) and task forces. Facilitate several industry groups aimed toward continuous improvement and excellence.
  - Provide the various regional technical groups with information and knowledge to help entities improve human performance. Conduct a human performance workshop and facilitate an industry group aimed toward continuous improvement and excellence (such as the Substation Maintenance Community of Practice).

Strive to include participants that perform work in the field like commissioning engineers and transmission line/substation maintenance personnel.

- Provide Registered Entities with tailored training and interaction through recurring workshops (such as the Protection Workshop for Technical Personnel).
- Provide knowledge, techniques, and data input in support of ReliabilityFirst's risk-based activities, including the Inherent Risk Assessments and Regional Risk Assessment efforts.
- Provide the various Registered Entities with information and knowledge to help entities improve vegetation contacts on non-BES facilities. Initiate and facilitate an industry group aimed toward continuous improvement and excellence in vegetation management (such as the Vegetation Management Community of Practice).
- Support our state outreach program activities by developing material to assist in educating the states that ReliabilityFirst serves, around risk associated with the changing resource mix and integration of inverter-based resources and technologies.

### Resource Requirements

- **Personnel**

There are no additional FTE's budgeted for 2024.

- **Contractors and Consultants**

Contractor and consultant support is budgeted in 2024 to support:

- ERAG steady state and dynamic base case model assembly through the Multiregional Modeling Working Group (MMWG) processes.
- ERAG performance of power-flow analysis assessments.

The total cost of ERAG contractor and consulting support is shared across all four Regional Entities in the Eastern Interconnection.

Contractor and consultant support is also budgeted to assist with supplementing staff which is aimed at helping entities achieve excellence in reliability, risk identification, security, and resiliency.

**Reliability Assessment and Performance Analysis Program Budget Detail**

The following table lists funding sources and related expenses for the RAPA section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

<b>2023 Budget and Projection, and 2024 Budget</b>					
<b>Reliability Assessment and Performance Analysis</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ReliabilityFirst Funding</b>					
ERO Assessments	\$ 2,869,641	\$ 2,869,641	\$ -	\$ 3,292,096	\$ 422,455
Penalties Released	\$ 395,271	367,249	(28,022)	\$ 143,242	(252,029)
<b>Total ReliabilityFirst Funding</b>	<b>\$ 3,264,913</b>	<b>\$ 3,236,890</b>	<b>\$ (28,022)</b>	<b>\$ 3,435,338</b>	<b>\$ 170,426</b>
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	9,621	\$ 9,621	-	4,861	(4,760)
Miscellaneous Income		-	-	-	-
<b>Total Funding (A)</b>	<b>3,274,534</b>	<b>3,246,511</b>	<b>(28,022)</b>	<b>3,440,199</b>	<b>165,666</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,603,212	\$ 1,512,092	\$ (91,120)	\$ 1,573,274	\$ (29,938)
Payroll Taxes	95,790	95,160	(630)	\$ 96,030	239
Benefits	216,919	197,889	(19,030)	\$ 201,301	(15,618)
Retirement Costs	253,352	240,783	(12,570)	\$ 250,380	(2,973)
<b>Total Personnel Expenses</b>	<b>\$ 2,169,273</b>	<b>\$ 2,045,924</b>	<b>\$ (123,349)</b>	<b>\$ 2,120,984</b>	<b>\$ (48,289)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 10,550	\$ 10,550	\$ -	\$ 7,155	\$ (3,395)
Conference Calls	-	-	\$ -	\$ -	-
Travel	95,000	95,000	\$ -	\$ 84,875	(10,125)
<b>Total Meeting Expenses</b>	<b>\$ 105,550</b>	<b>\$ 105,550</b>	<b>\$ -</b>	<b>\$ 92,030</b>	<b>\$ (13,520)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 111,278	\$ 111,278	\$ -	\$ 150,062	\$ 38,784
Office Rent	-	-	-	\$ -	-
Office Costs	55,313	55,279	(34)	\$ 61,199	5,886
Professional Services	-	-	-	\$ -	-
Miscellaneous	-	-	-	\$ -	-
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 166,591</b>	<b>\$ 166,557</b>	<b>\$ (34)</b>	<b>\$ 211,261</b>	<b>\$ 44,670</b>
<b>Total Direct Expenses</b>	<b>\$ 2,441,414</b>	<b>\$ 2,318,031</b>	<b>\$ (123,383)</b>	<b>\$ 2,424,276</b>	<b>\$ (17,139)</b>
<b>Indirect Expenses</b>	<b>\$ 822,535</b>	<b>\$ 954,478</b>	<b>\$ 131,943</b>	<b>\$ 998,725</b>	<b>\$ 176,190</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 3,263,949</b>	<b>\$ 3,272,508</b>	<b>\$ 8,559</b>	<b>\$ 3,423,001</b>	<b>\$ 159,051</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 10,583</b>	<b>\$ (25,997)</b>	<b>\$ (36,581)</b>	<b>\$ 17,199</b>	<b>\$ 6,616</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
Allocation of Fixed Assets	\$ 10,583	11,493	910	\$ 17,199	\$ 6,616
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ 10,583</b>	<b>\$ 11,493</b>	<b>\$ 910</b>	<b>\$ 17,199</b>	<b>\$ 6,616</b>
<b>Total Budget (= B + C)</b>	<b>\$ 3,274,534</b>	<b>\$ 3,284,001</b>	<b>\$ 9,469</b>	<b>\$ 3,440,199</b>	<b>\$ 165,666</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ (0)</b>	<b>\$ (37,490)</b>	<b>\$ (37,490)</b>	<b>\$ -</b>	<b>\$ 0</b>
<b>FTEs</b>	7.00	7.00	-	7.00	-

\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

## Training, Education, and Outreach

Training, Education and Outreach (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	3.00	4.00	1.00
Direct Expenses	\$ 1,289,112	\$ 1,831,583	\$ 542,472
Indirect Expenses	\$ 373,880	\$ 570,700	\$ 196,820
Inc(Dec) in Fixed Assets	\$ 4,810	\$ 9,828	\$ 5,018
Total Funding Requirement	\$ 1,667,802	\$ 2,412,111	\$ 744,309

### Program Scope and Functional Description

Training ensures that the workforce is kept vigilant and attentive through educational sharpening and upskilling, ensuring valuable reliability and nurturing a culture of excellence in craft and continuous improvement. Outreach ensures that voices and needs are being heard, relationships are being developed, and that concerns and gaps are being addressed preemptive to any loss of reliability or resilience. The ReliabilityFirst Training, Education and Outreach Program is designed for flexible participation, adding value at all levels within organizations and across the ERO.

ReliabilityFirst does not provide system operator certification training, as it would be duplicative with that offered by the Regional Transmission Organizations within the Region.

### 2024 Key Assumptions

The Training and Education Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

- With the continuation of the ERO Innovation and Continuous Improvement Collaboration Group, an assumption is that this will lead to additional project work and initiatives to strengthen the ERO Enterprise and more effectively engage with our key stakeholders on emerging risks and challenges.
- Pursuant to the program objectives, strategic partnerships and growth may be developed.
- ReliabilityFirst is continuing to mature its outreach and education incorporating lessons learned from the pandemic. Before the pandemic, our workshops were typically in-person; and during the pandemic, our workshops were typically virtual. Post-Pandemic ReliabilityFirst will be enhancing its tools, processes, and training to deliver to a hybrid in-person and virtual audience simultaneously.
- NERC is introducing the ERO University where ReliabilityFirst will be contributing to and using new educational materials for both internal and external consumption.

### 2024 Key Deliverables

- **Industry and Stakeholder Education and Continuous Improvement**

ReliabilityFirst will continue its education and assistance efforts to help all stakeholders achieve improvement and excellence in compliance, reliability, risk identification, security, and resilience. Internally, this team will also facilitate training and continuous improvement

of staff skillsets to assess stakeholder compliance and operational programs, culture, and maturity. These activities include:

- Provide outreach to state policy makers within the region as an independent, unbiased source of information.
  - Assist NERC with the coordination, planning, delivery, and management of training and outreach activities across the ERO Enterprise in concert with Region-specific training and outreach activities.
  - Participate in the ERO Enterprise staff learning development process through the ERO working groups and functional area program leaders.
  - Issue announcements, newsletters, and reports on key compliance, reliability, risk identification and mitigation, security, state policies, and resilience issues facing ReliabilityFirst and the industry.
  - Communicate key risks and risk mitigation strategies.
  - In concert with various ReliabilityFirst departments, develop and publish lessons learned and best practices.
  - Provide continued guidance on the implementation of the Risk-Based CMEP, including Inherent Risk Assessments, Compliance Oversight Plans, and Internal Control Reviews
  - Identify and communicate common themes and root causes of Reliability Standard violations.
  - Hold open stakeholder calls (Technical Talk with RF) covering topics related to compliance, reliability, security, resilience, and enforcement.
  - Share best practices concerning generator plant winter readiness.
  - Host targeted webinars on the compliance monitoring and enforcement processes, and other risk areas.
  - Increase focus on lessons learned or trends identified from reliability assessments.
  - Post educational materials on the ReliabilityFirst public website on pertinent reliability, risk, security, continuous improvement and resilience topics.
  - Develop capabilities for on-demand and virtual training opportunities on relevant reliability, risk, security, continuous improvement and resilience topics.
  - Deliver internal and stakeholder training related to the implementation of the new Align and SEL platforms.
- **Industry Workshops and Outreach**

Continue workshops and outreach engagements to allow for information exchange between ReliabilityFirst and its stakeholders. Workshops and outreach will focus on understanding and mitigating risks to reliability, security, and resilience within the ReliabilityFirst footprint. Workshops and stakeholder outreach to be conducted include:

- One Reliability workshop (fall) to promote a culture of compliance focusing on reliability, security, resilience, risk management, internal controls, and targeted discussion on methods to demonstrate compliance.

- Protection Systems Workshop on key issues associated with protection systems (e.g., misoperations, maintenance and testing).
- Human Performance Workshop on practical application of human performance techniques and concepts for front-line activities such as operations, asset management, design, protection, and maintenance.
- Additional targeted outreach to address internal controls, cybersecurity, community outreach, emerging risks (e.g., misoperations, fuel security, changing generation mix, insider threats and cyber security technology) as the need is identified and the sessions can be scheduled.
- Industry webinars and state outreach webinars to address key issues on emerging risks that affect reliability.
- Participate in ERO Enterprise wide webinars for continued outreach and education across regions.

- **Personnel**

There are no additional FTE's budgeted for 2024.

Other changes to the FTE count for this Program Area in the above table reflect reallocations to repurpose existing staff and reduce the need for additional staff as described on p. 12.

- **Contractors and Consultants**

Contractor and consultant support is budgeted in 2024 to assist with continuous improvement and growth initiatives aimed at helping entities achieve excellence in reliability, risk identification, security, and resiliency.

**Training, Education, and Outreach Program Budget Detail**

The following table shows funding sources and related expenses for the Training, Education, and Outreach section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

<b>2023 Budget and Projection, and 2024 Budget</b>					
<b>Training, Education, and Outreach Program</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ReliabilityFirst Funding</b>					
ERO Assessments	\$ 1,483,760	\$ 1,483,760	\$ -	\$ 2,327,481	\$ 843,721
Penalties Released	179,668	209,857	30,189	\$ 81,853	(97,815)
<b>Total ReliabilityFirst Funding</b>	<b>\$ 1,663,428</b>	<b>\$ 1,693,617</b>	<b>\$ 30,189</b>	<b>\$ 2,409,333</b>	<b>\$ 745,905</b>
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	4,373	\$ 4,373	-	2,778	(1,595)
Miscellaneous Income		-	-	-	-
<b>Total Funding (A)</b>	<b>1,667,801</b>	<b>1,697,990</b>	<b>30,189</b>	<b>2,412,111</b>	<b>744,310</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 676,925	\$ 1,030,817	\$ 353,892	\$ 1,070,545	\$ 393,620
Payroll Taxes	38,348	64,116	25,768	\$ 64,975	26,627
Benefits	115,486	168,620	53,134	\$ 162,641	47,155
Retirement Costs	108,256	164,723	56,467	\$ 171,287	63,031
<b>Total Personnel Expenses</b>	<b>\$ 939,014</b>	<b>\$ 1,428,276</b>	<b>\$ 489,262</b>	<b>\$ 1,469,448</b>	<b>\$ 530,434</b>
<b>Meeting Expenses</b>					
Meetings	\$ 223,100	\$ 223,100	\$ -	\$ 224,471	\$ 1,371
Conference Calls	-	-	-	\$ -	-
Travel	21,600	21,600	-	\$ 42,080	20,480
<b>Total Meeting Expenses</b>	<b>\$ 244,700</b>	<b>\$ 244,700</b>	<b>\$ -</b>	<b>\$ 266,551</b>	<b>\$ 21,851</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 80,000	\$ 80,000	\$ -	\$ 34,000	\$ (46,000)
Office Rent	-	-	-	\$ -	-
Office Costs	24,898	27,370	2,472	\$ 61,085	36,187
Professional Services	-	-	-	\$ -	-
Miscellaneous	500	500	-	\$ 500	-
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 105,398</b>	<b>\$ 107,870</b>	<b>\$ 2,472</b>	<b>\$ 95,585</b>	<b>\$ (9,813)</b>
<b>Total Direct Expenses</b>	<b>\$ 1,289,112</b>	<b>\$ 1,780,846</b>	<b>\$ 491,734</b>	<b>\$ 1,831,583</b>	<b>\$ 542,472</b>
<b>Indirect Expenses</b>	<b>\$ 373,880</b>	<b>\$ 545,416</b>	<b>\$ 171,536</b>	<b>\$ 570,700</b>	<b>\$ 196,820</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 1,662,992</b>	<b>\$ 2,326,262</b>	<b>\$ 663,270</b>	<b>\$ 2,402,283</b>	<b>\$ 739,292</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 4,809</b>	<b>\$ (628,272)</b>	<b>\$ (633,081)</b>	<b>\$ 9,828</b>	<b>\$ 5,019</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
Allocation of Fixed Assets	4,810	6,567	1,757	\$ 9,828	\$ 5,018
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ 4,810</b>	<b>\$ 6,567</b>	<b>\$ 1,757</b>	<b>\$ 9,828</b>	<b>\$ 5,018</b>
<b>Total Budget (= B + C)</b>	<b>\$ 1,667,802</b>	<b>\$ 2,332,829</b>	<b>\$ 665,027</b>	<b>\$ 2,412,111</b>	<b>\$ 744,309</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ (1)</b>	<b>\$ (634,839)</b>	<b>\$ (634,838)</b>	<b>\$ -</b>	<b>\$ 1</b>
FTEs	3.00	4.00	1.00	4.00	1.00

\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

## Situational Awareness Program

<b>Situation Awareness and Infrastructure Security Program</b>			
(in whole dollars)			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	5.00	5.00	0.00
Direct Expenses	\$ 1,517,891	\$ 1,419,573	\$ (98,318)
Indirect Expenses	\$ 623,133	\$ 713,375	\$ 90,242
Inc(Dec) in Fixed Assets	\$ 8,017	\$ 12,285	\$ 4,268
Total Funding Requirement	\$ 2,149,040	\$ 2,145,232	\$ (3,808)

### Program Scope and Functional Description

The ReliabilityFirst Operational Analysis & Awareness (OAA) department focuses on Event Analysis, Situational Awareness, Threat Intelligence, and operational ReliabilityFirst and ERO Initiatives.

In support of the ERO Enterprise, OAA staff, in coordination with members of the Engineering and System Performance (ESP) and the Reliability and Risk Analysis groups, monitors present conditions on and emerging threats to the BES. OAA staff performs the event analysis process for system disturbances and events which includes working with entities to identify and analyze the root causes of system events, complete event analysis reports, and communicate the resulting information and lessons learned to the industry.

OAA staff performs ongoing monitoring of Situational Awareness utilizing various tools. This activity continues to evolve to provide the tools and information required by the staff and stakeholders to promote infrastructure protection to ensure reliability, security, and resilience of the BES.

The Events Analysis, Situational Awareness and Threat Intelligence program activities support the ReliabilityFirst staff and Registered Entities in understanding potential threats to the electricity sector, maintaining an awareness of conditions on the BES, and identifying potential and emerging threats to the BES. OAA staff works on various internal initiatives to support and develop risk-based tools to drive tactical, strategic and risk informed decision making; and collaborates with industry, stakeholders and the ERO community through various outreach activities.

### 2024 Key Assumptions

The OAA Event Analysis, Situational Awareness, and Threat Intelligence programs support the key value drivers and strategic focus areas set forth in the ERO Enterprise Long Term Strategy. They also include the following regional assumptions:

1. National level security exercises will be conducted to examine industry's cyber security and physical security preparedness and response capabilities through simulation of coordinated cyber and physical attacks on industrial control systems, System Control and Data Acquisition, and information technology assets. OAA staff will participate in these exercises as appropriate.



2. OAA staff supports the ERO Enterprise through actively participating (and in some cases serving in leadership roles) in various NERC committees, subcommittees, working groups, task forces, and other technical groups, as mentioned below.
3. OAA staff will continue to support innovative and continuous improvement initiatives to drive efficiencies, effectiveness and risk informed decision making.
4. OAA staff will continue to support external collaboration with industry, other stakeholders, and the ERO Enterprise community.

### 2023 Key Deliverables

- Provide Information on Cyber & Physical Security, and Operational - Related Issues
  - OAA staff, in collaboration with the ReliabilityFirst CSO, support this activity which involves dissemination of information to entities from agencies such as the E-ISAC, the U.S. Department of Homeland Security, and others containing information on events or suspected events representing potential threats to the electricity sector.
  - OAA staff, as part of Situational Awareness activities, will work with members of the E-ISAC and NERC staff to use existing and further develop a robust messaging system for dissemination of Operational and CIP-related messages to the appropriate target audience and will promote the use of the messaging system for exchange of security-related information.
- Monitor the Health of the BES
  - The use of Situational Awareness tools by OAA staff has been evolving over the last few years. The ReliabilityFirst OAA staff continues to participate in the Situational Awareness for FERC, NERC, and the Regional Entities (SAFNR) project and uses the SAFNR displays developed through this project. ReliabilityFirst is a signatory to the NERC Operating Reliability Data Confidentiality Agreement and the SAFNR Subscriber Agreement and as such, uses tools such as the Reliability Coordinator Information System (RCIS), MISO Reliability Coordinator System (MCS), The Event Analysis Management System (TEAMS), System Data eXchange (SDX), Area Control Error (ACE), and Abnormal Frequency System Monitoring, in addition to current SAFNR Version to monitor the health of the BES within the ReliabilityFirst geographical area. In addition to the tools just mentioned, OAA staff continues to investigate other tools for monitoring the grid.
- Evolve and facilitate the ReliabilityFirst Threat Intelligence Program
  - OAA staff is evolving, leading, and facilitating activities to monitor, quantify, and assess new and emerging threats to the BES. This includes assessing and exploring tools and techniques used to perform this activity in support of the Reliability and Risk Analysis program. The OAA staff will continue to enhance its ability to collect and analyze data, leveraging the Analytic Services program to better identify and quantify emerging threats to the BES and to provide additional input to ReliabilityFirst staff, stakeholders and internally for various initiatives and projects.
- Engage in and contribute to ERO biennial GridEx and annual GridSecCon activities.
- Collect, validate, review, and analyze data for system events and disturbances as described in the ERO Event Analysis Process and the ReliabilityFirst Event Analysis Procedure.

- For system events and disturbances, cooperate with NERC and FERC staff and other Regional staff to ensure root causes, corrective actions, lessons learned, and recommendations are identified and shared across the ERO Enterprise and the industry.
- Collect and review disturbance reports as required in NERC Standard EOP-004 and as required by the Department of Energy in form OE-417.
- Author, publish and share lessons learned documents designed to convey lessons learned from NERC’s various activities such as the ERO Event Analysis Process and NERC/FERC supported initiatives (i.e., joint inquiries, commissioning practices, data verification and validation, real-time assessments, etc.)
- Support ERO Enterprise-wide data collection and analysis efforts.
- Support and leverage cross-functional collaboration to use analytics within ReliabilityFirst and across the ERO Enterprise.
  - Collaborate with ESP in the verification and validation of data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS), Demand Response Availability Data System (DADS), and the Misoperation Information Data Analysis System (MIDAS).
  - Collaborate with Analytic Services, Risk Analysis and Mitigation, Monitoring, Enforcement, and Legal, to explore and develop analytical solutions, where applicable.
  - Collaborate with NERC and other Regional Entities on Analytics related initiatives and efforts via the ERO Analytics Community of Excellence (ACE).
- Engage and participate in the Event Analysis Subcommittee (EAS), ERO Event Analysis (EA), Energy Management System Working Group (EMSWG), System Protection & Control Working Group (SPCWG), and other ERO committees, working groups, task forces, as deemed necessary. Where possible, support industry conferences that address Monitoring and Situational Awareness, Energy Management Systems, Human Performance, Grid Security.
- Provide technical subject matter expertise and support for regional outreach activities, and other initiatives as identified within ReliabilityFirst and/or the ERO.

## Resource Requirements

- **Personnel**

There are no additional FTEs budgeted for 2024.

## Situational Awareness Program Budget Detail

The following table shows funding sources and related expenses for the Situational Awareness section of the *2024 Business Plan and Budget*. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

<b>2023 Budget and Projection, and 2024 Budget</b>					
<b>Situation Awareness and Infrastructure Security</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ReliabilityFirstFunding</b>					
ERO Assessments	\$ 1,842,305	\$ 1,842,305	\$ -	\$ 2,039,444	\$ 197,139
Penalties Released	299,447	262,321	(37,126)	\$ 102,316	(197,131)
<b>Total ReliabilityFirst Funding</b>	<b>\$ 2,141,753</b>	<b>\$ 2,104,626</b>	<b>\$ (37,126)</b>	<b>\$ 2,141,760</b>	<b>\$ 8</b>
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	7,289	\$ 7,289	-	3,472	(3,819)
Miscellaneous Income		-	-	-	-
<b>Total Funding (A)</b>	<b>2,149,041</b>	<b>2,111,915</b>	<b>(37,126)</b>	<b>2,145,232</b>	<b>(3,811)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 925,927	\$ 906,053	\$ (19,874)	\$ 909,818	\$ (16,109)
Payroll Taxes	58,395	64,179	5,784	\$ 62,447	4,052
Benefits	176,783	167,873	(8,910)	\$ 168,763	(8,020)
Retirement Costs	146,309	144,344	(1,965)	\$ 145,123	(1,187)
<b>Total Personnel Expenses</b>	<b>\$ 1,307,415</b>	<b>\$ 1,282,449</b>	<b>\$ (24,966)</b>	<b>\$ 1,286,151</b>	<b>\$ (21,264)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 3,500	\$ 3,500	\$ -	\$ 3,211	\$ (289)
Conference Calls	-	-	-	-	-
Travel	50,000	50,000	-	\$ 44,671	(5,329)
<b>Total Meeting Expenses</b>	<b>\$ 53,500</b>	<b>\$ 53,500</b>	<b>\$ -</b>	<b>\$ 47,882</b>	<b>\$ (5,618)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	156,976	156,616	(360)	\$ 85,540	(71,436)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 156,976</b>	<b>\$ 156,616</b>	<b>\$ (360)</b>	<b>\$ 85,540</b>	<b>\$ (71,436)</b>
<b>Total Direct Expenses</b>	<b>\$ 1,517,891</b>	<b>\$ 1,492,565</b>	<b>\$ (25,326)</b>	<b>\$ 1,419,573</b>	<b>\$ (98,318)</b>
<b>Indirect Expenses</b>	<b>\$ 623,133</b>	<b>\$ 681,770</b>	<b>\$ 58,637</b>	<b>\$ 713,375</b>	<b>\$ 90,242</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 2,141,024</b>	<b>\$ 2,174,335</b>	<b>\$ 33,311</b>	<b>\$ 2,132,948</b>	<b>\$ (8,076)</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 8,017</b>	<b>\$ (62,420)</b>	<b>\$ (70,437)</b>	<b>\$ 12,285</b>	<b>\$ 4,266</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
Allocation of Fixed Assets	8,017	8,209	192	\$ 12,285	\$ 4,268
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ 8,017</b>	<b>\$ 8,209</b>	<b>\$ 192</b>	<b>\$ 12,285</b>	<b>\$ 4,268</b>
<b>Total Budget (= B + C)</b>	<b>\$ 2,149,041</b>	<b>\$ 2,182,544</b>	<b>\$ 33,503</b>	<b>\$ 2,145,232</b>	<b>\$ (3,808)</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ 0</b>	<b>\$ (70,629)</b>	<b>\$ (70,629)</b>	<b>\$ -</b>	<b>\$ (1)</b>
<b>FTEs</b>	5.00	5.00	-	5.00	-

\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

## Administrative Services

Administrative Services (in whole dollars)						
	Direct Expenses and Fixed Assets			FTEs		
	2023	2024	Increase (Decrease)	2023	2024	Increase (Decrease)
General and Administrative*	\$ 3,425,730	\$ 3,979,158	\$ 553,428	5.00	6.00	1.00
Legal and Regulatory	\$ 772,209	\$ 1,389,298	\$ 617,089	2.00	4.00	2.00
Information Technology	\$ 2,397,743	\$ 2,748,829	\$ 351,086	8.00	9.00	1.00
Human Resources	\$ 1,147,115	\$ 1,341,294	\$ 194,179	4.00	4.00	0.00
Finance and Accounting	\$ 916,583	\$ 990,920	\$ 74,337	3.00	3.00	0.00
Total Administrative Services	\$ 8,659,381	\$ 10,449,499	\$ 1,790,118	22.00	26.00	4.00

\*General and Administrative includes the CEO, Executive Assistant, Chief Security Officer, and RF's Security staff members.

### Program Scope and Functional Description

Administrative Services is comprised of the following programs: General and Administrative, Legal and Regulatory Affairs, Information Technology, Organizational Development and Human Resources, and Finance and Accounting.

### Methodology for Allocation of Administrative Services Expenses to Programs

The majority of the Operating Expenses are accounted for within the related department's budget. If an expense cannot be specifically associated to a department, it is included in one of the Administrative Services programs. All expenses for the Administrative Services Programs, referred to as indirect expenses, are allocated proportionately based on FTE count to the direct programs. This allocation provides improved financial perspective for the direct program areas.

Section A – Statutory Programs

Administrative Services

**Administrative Services Budget Detail**

The following table shows funding sources and related expenses for the Administrative Services section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

<b>2023 Budget and Projection, and 2024 Budget</b>					
<b>Administrative Services</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ReliabilityFirst Funding</b>					
ERO Assessments	\$ 853,339	\$ 853,339	\$ -	\$ (2,841,915)	\$ (3,695,254)
Penalties Released		-	-	-	-
<b>Total ReliabilityFirst Funding</b>	<b>\$ 853,339</b>	<b>\$ 853,339</b>	<b>\$ -</b>	<b>\$ (2,841,915)</b>	<b>\$ (3,695,254)</b>
Membership Dues		-	-	-	-
Interest & Investment Income		-	-	-	-
Miscellaneous Income		-	-	-	-
<b>Total Funding (A)</b>	<b>853,339</b>	<b>853,339</b>	<b>-</b>	<b>(2,841,915)</b>	<b>(3,695,254)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 4,050,687	\$ 4,547,753	\$ 497,066	\$ 5,286,124	\$ 1,235,437
Payroll Taxes	242,655	274,687	32,031	\$ 315,774	73,119
Benefits	816,516	766,700	(49,815)	\$ 898,964	82,449
Retirement Costs	708,278	810,824	102,547	\$ 911,870	203,592
<b>Total Personnel Expenses</b>	<b>\$ 5,818,136</b>	<b>\$ 6,399,964</b>	<b>\$ 581,829</b>	<b>\$ 7,412,732</b>	<b>\$ 1,594,596</b>
<b>Meeting Expenses</b>					
Meetings	\$ 172,400	\$ 172,400	\$ -	\$ 175,591	\$ 3,191
Conference Calls	15,000	15,000	-	-	(15,000)
Travel	75,000	75,000	-	\$ 121,342	46,342
<b>Total Meeting Expenses</b>	<b>\$ 262,400</b>	<b>\$ 262,400</b>	<b>\$ -</b>	<b>\$ 296,933</b>	<b>\$ 34,533</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 449,604	\$ 449,604	\$ -	\$ 345,638	\$ (103,966)
Office Rent	682,584	682,584	-	\$ 852,751	170,167
Office Costs	612,083	616,588	4,505	\$ 584,926	(27,158)
Professional Services	685,915	685,915	-	\$ 741,816	55,901
Miscellaneous	38,659	38,659	(1)	\$ 37,804	(85)
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 2,468,845</b>	<b>\$ 2,473,350</b>	<b>\$ 4,504</b>	<b>\$ 2,562,934</b>	<b>\$ 94,089</b>
<b>Total Direct Expenses</b>	<b>\$ 8,549,381</b>	<b>\$ 9,135,714</b>	<b>\$ 586,332</b>	<b>\$ 10,272,599</b>	<b>\$ 1,723,218</b>
<b>Indirect Expenses</b>	<b>\$ (8,549,381)</b>	<b>\$ (9,135,714)</b>	<b>\$ (586,332)</b>	<b>\$ (10,272,599)</b>	<b>\$ (1,723,218)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ (0)</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 853,339</b>	<b>\$ 853,339</b>	<b>\$ (0)</b>	<b>\$ (2,841,915)</b>	<b>\$ (3,695,253)</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
	110,000	\$ 110,000	-	176,900	66,900
Allocation of Fixed Assets	(110,000)	(110,000)	-	\$ (176,900)	(66,900)
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Budget (= B + C)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (0)</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ 853,339</b>	<b>\$ 853,339</b>	<b>\$ (0)</b>	<b>\$ (2,841,915)</b>	<b>\$ (3,695,253)</b>
<b>FTEs</b>	22.00	24.00	2.00	26.00	4.00

\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

## General and Administrative

### Program Scope and Functional Description

The General and Administrative Department consists of the President and CEO, Chief Security Officer (CSO), a Senior Executive Assistant, and two security personnel. Responsibilities include leadership, oversight, and management of all of ReliabilityFirst Corporation's activities, interacting with the Board of Directors and other Regional Entity Management Groups, and managing relationships with governmental agencies, regulators, members, stakeholders, and other industry organizations.

### 2023 Key Assumptions

The General and Administrative Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. This program area also supports the oversight of the security posture, both cyber and physical, of the ReliabilityFirst personnel, assets, and information.

The office of the CSO is responsible for the overall security governance of the organization. The CSO and his team (Security Governance) meets this duty by performing:

- Creation and maintenance of all security policies
- Risk Assessments
- Supply Chain Risk Management
- Security and Awareness Training
- Incident Response Planning
- Disaster Recovery Planning
- Threat Intelligence

Additionally, Security Governance will maintain recurring third-party security assessment activities in order to uncover undetected vulnerabilities, measure security control effectiveness, gauge security maturity, and ultimately reduce risk to the enterprise. Security governance will continue to support the security outreach efforts to the members in our region. We will look for opportunities to enhance those relationships and outreach efforts with tabletop exercises and simulation activities.

### 2023 Key Deliverables

- Conduct annual active cyber vulnerability assessment.
- Maintain and Test Incident Response Plan.
- Coordinate with the Information Technology department on the monitoring of and alerting on security events occurring on ReliabilityFirst networks and devices.
- Oversee the maintenance of the ReliabilityFirst Business Continuity Plan.
- Coordinate with the ReliabilityFirst President & CEO and the Board of Directors on the maturity of the ReliabilityFirst security program.

**Resource Requirements**

- **Personnel**

ReliabilityFirst is budgeting an increase of one Security FTE for 2024 to be added to the General and Administrative group who will be dedicated to corporate security initiatives and assist with the growing workload described on page 46.

- **Contractors and Consultants**

Contractor and consultant support is budgeted for Third Party Security Assessments in 2024.

## Legal and Regulatory Affairs

### Program Scope and Functional Description

The Legal and Regulatory Affairs program is responsible for four key areas: (1) all legal issues germane to the corporation; (2) regulatory affairs (communication and outreach to FERC, NERC, and various State regulatory bodies); (3) external affairs (communication and outreach to ReliabilityFirst stakeholders and the public); and (4) corporate governance of the ReliabilityFirst Board of Directors and its committees.

First, the program is responsible for all legal issues germane to the corporation. This includes ensuring legal and regulatory compliance with all applicable laws, orders, rules, and regulations; serving as advisor to the President and CEO and the Board of Directors; providing legal support to all other departments of the corporation; and drafting, reviewing, and maintaining the corporation's contracts, policies and procedures, and governance documents.

Second, the program is responsible for ReliabilityFirst's regulatory affairs. This includes communication and outreach to FERC, NERC, and State regulatory agencies on issues relating to ReliabilityFirst and/or the performance of its delegated functions; advising senior executives on strategic and tactical initiatives in light of the regulatory landscape; and advancing ReliabilityFirst's mission and strategic initiatives in a clear and articulate manner. This function also includes internal compliance efforts, supporting internal and external audits of the corporation and overseeing all regulatory filings and interactions.

Third, the program plays a key role in ReliabilityFirst's external affairs. This includes legal review of communication and outreach to ReliabilityFirst's stakeholders, the general public, and media.

Finally, the program is responsible for the corporate governance of the ReliabilityFirst Board of Directors and its Committees. This includes the completion of all activities associated with the Corporate Secretary function (the General Counsel serves as the corporation's Corporate Secretary), such as preparing Board materials and minutes, facilitating and conducting Board training, and ensuring that Director elections, Board of Directors and Committee meetings, and Meetings of Members adhere to the ReliabilityFirst Bylaws and other relevant governing documents.

### 2024 Key Assumptions

The Legal and Regulatory Affairs Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. There are no additional assumptions or deliverables unique to the Legal and Regulatory Affairs Program.

### 2024 Key Deliverables

- Support all legal and regulatory needs of the corporation.
- Provide legal support to all other departments of the corporation to ensure that those departments and their activities are consistent with NERC directives, FERC orders, rules, and regulations, and other applicable law.



- Provide legal support to make all necessary regulatory filings with FERC, NERC, and any other applicable regulatory body or agency, as well as support NERC in its efforts to do the same.
- Support internal and external audits of the corporation.
- Draft, review, and maintain the corporation's contracts, policies and procedures, and governance documents.
- Lead interactions with the FERC, NERC, the States, and other governmental agencies regarding ReliabilityFirst and its mission.
- Provide legal support and perform the Corporate Secretary function for the Board of Directors and support the corporate governance needs of the organization.

**Resource Requirements**

- **Personnel**

There are no planned additions to FTE's budgeted for in 2024.

Other changes to the FTE count for this Program Area in the above table reflect reallocations to repurpose existing staff and reduce the need for additional staff as described on p. 12.

- **Contractors and Consultants**

No contractor or consultant support is budgeted for in 2024.

## Information Technology

### Program Scope and Functional Description

The Information Technology (IT) department provides users with cost-effective information technology tools and proactively delivers enabling technologies to assist the departments in meeting their goals, objectives, and deliverables. The IT department continues a hybrid approach of on-premises and cloud infrastructure services and as such must implement and manage controls to maintain a robust security posture that minimizes ReliabilityFirst's risks. The department provides the necessary technical services in the following categories to ensure efficient and effective performance of all corporate functions:

- Infrastructure Maintenance (Data Center Management - Local/Remote)
- Hosting of Public and Multiple Secure Portal Websites
- Voice, Web, and Video Conferencing
- Vulnerability Management
- Mobile Device Management
- Wireless Network Management
- Audio/Video Management
- Document Management
- Email Management
- Help Desk Support
- Telecommuter Support
- Application Support and Development
- Data Warehousing Management
- Database Administration
- Business Analysis
- Information Security Protection and Monitoring
- Business Continuity and Disaster Recovery
- Secure ERO Collaborative Information Sharing
- Secure External Information Sharing
- Log Management with MSSP oversight
- Cloud Tenant Management

ReliabilityFirst supports the ERO Enterprise's efforts to implement, operate, and maintain software tools supporting common enterprise-wide IT operations. ReliabilityFirst is committed to working collaboratively with NERC and the other Regions to minimize duplication of effort and investments and improve operational efficiency. This collaboration continues to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting combined NERC and Regional Entity operations.

NERC's business plan and budget will include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity approved enterprise-wide applications. Funding for these applications will be subject to the budget and funding limits set forth in NERC's approved business plan and budget. If implementation of these applications is delayed or otherwise not available as planned, ReliabilityFirst could incur additional costs to conduct operations pending the availability of these applications. ReliabilityFirst assumes agreed upon

ERO Enterprise applications will be available and has only included appropriate funding for applications and supporting systems necessary to satisfy its business needs that are not within the mutually agreed upon scope of the ERO Enterprise wide applications funded by NERC.

The offsite Data Management Center will be in its ninth year of operation. Operational experience to date has been excellent and ReliabilityFirst believes it to be very effective in IT resource utilization. Performance to date has provided savings in the operation of equipment, while affording the organization many benefits in security, utilities, and back-up capability.

### **2024 Key Assumptions**

The IT Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy and the recently developed ERO 3 Year Cybersecurity Strategy 2021 – 2023. The objectives include the support for building and implementing centralized enterprise applications for the ERO and implementation of controls and processes to provide like protections to the identified ERO security risks, respectively. The IT Program includes the following regional assumptions:

- Utilize Continuous improvement to maintain and advance the security posture across the corporation-wide data infrastructure and remediate any vulnerability to protect sensitive data.
- Maintain lower fixed asset costs (infrastructure servers) by continuing operations of virtualization technologies and/or cloud solutions, therefore minimizing operating and replacement costs.
- Maintain a stringent level of control of the Access Management Process that governs physical and electronic access to resources that contain sensitive corporate data.
- Departmental processes and efficiencies must be continuously improved, including training exercises for implemented technologies in order to maintain proficiency.
- Maintain a multi-layered security protection and monitoring environment governed by established controls, processes, and security awareness activities.
- Continue close collaboration with Corporate Security to ensure that planned objectives are prioritized and desired results are purposely implemented.

### **2024 Key Deliverables**

- Identify and implement process improvement for manual tasks associated with the IT core work.
- Continue assessment of system(s) and/or services that could potentially be outsourced or moved into a secure cloud hosted environment. The ERO Enterprise recognizes that this alternative must be considered for projected collaboration solutions across the ERO.
- Perform necessary software and hardware upgrades including, but not limited to, the upgrade of various workstation and server applications, targeted server operating systems, and infrastructure equipment that has reached its end-of-life.
- Continue the enhancements in the development, integration, and expansion of databases and applications into a unified corporation-wide Information Management System.

- Continue enhancements of the internal websites and related applications to further improve employee efficiency and customer experience. Transitioning to cloud tenant solution for corporate intranet will provide greater flexibility in content management and usability.
- Continue supporting Data Warehousing and Analytics efforts that will support improved risk analysis and decision making for customers.
- Continue the advancement of data security and defense technologies to provide layered prevention/detection of the latest advanced cyber security threats. Efforts to advance the implementations of Identity Access Management, Data Loss Prevention, Vulnerability Scanning, Log 24x7 Security Monitoring, and Disaster Recovery exercises will continue within ReliabilityFirst environment.
- Continue refinement of security awareness program by providing training documents, questionnaires, simulated exercises, assessment campaigns, and/or seminars on existing workplace vulnerabilities.
- Continue participation in CHIRP (Cyber Hygiene and Internet Risk Program), CRISP (Cybersecurity Risk Information Sharing Program), Northeast Ohio Cyber Consortium (NEOCC) and E-ISAC initiatives to obtain additional external vulnerability assessment and threat information.
- Continue supporting ERO initiatives of developing, testing, and deploying ERO Enterprise solutions. Continue to look for opportunities to implement the common processes and/or solutions across the ERO Enterprise to achieve shared cost savings and efficiencies.

### Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting an increase in one FTE for 2024 to be added to the Information Technology Program area to be a dedicated resource to help continued efforts on streamlining repetitive tasks and processes, allowing more dedicated time for continuous Improvement and anticipated Operations/Security project work.

- **Contractors and Consultants**

Contractor and consultant support is budgeted for 2024 for network maintenance projects, cloud initiatives, MSSP 24X7 Security Monitoring and enhancing data management systems.

## Organization Development & Human Resources

### Program Scope and Functional Description

ReliabilityFirst realizes that talented, engaged employees are its greatest assets, and that recruiting, nurturing, developing, and retaining that talent is one of its most important tasks. In addition, creating an environment where all employees feel valued, appreciated, and free to be their authentic selves is equally important. The Human Resources (HR) program centers on ReliabilityFirst's greatest resources, the staff and the organization's culture. The HR department is responsible for the attraction and retention of a diverse and talented workforce, employee engagement, creating a work environment of inclusion, employee development through performance management and individual, departmental, and organizational training, corporate policy and procedure development and adherence measures, as well as compensation and benefits administration. The department is also responsible for strategic alignment of the organization's mission, values, strategic plan and organizational design, organizational analysis and succession planning, coaching and leadership development, and driving change management practices for improving organizational performance. The HR department oversees the organization's corporate goals, corporate strategic plan, succession planning and drives ReliabilityFirst's diversity, equity and inclusion priorities. The HR staff must be vigilant in understanding and complying with federal and state employment laws covering thirteen states and the respective reporting requirements for each.

ReliabilityFirst will increase its staff to 98 individuals, equivalent to 98 FTEs. The staff is comprised of qualified management, professional, and technical employees with the expertise necessary to serve its stakeholders and to support the ERO by properly carrying out the organization's delegated functions.

### 2024 Key Assumptions

The Human Resources Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

HR will prioritize our company culture, recruiting efforts, benefits program and training offerings to ensure that we continue to have the talent and skills to succeed.

### 2023 Key Deliverables

- Recruit, retain and train the right people for the right roles, now and in the future.
- Expand recruiting strategies to identify diverse candidates and increase brand awareness.
- Prioritize our positive workplace culture.
- Assess workforce model against organizational needs and changing competitive market
- Sustain competitiveness in our benefit offerings, explore alternatives and evaluate new offerings for staff.
- Provide staff training and education:
  - Train and educate staff on relevant technical topics, including emerging issues and technologies (e.g., virtualization, smart grid technologies).
  - Train and educate staff on the existing and new competencies required to perform their roles and responsibilities.

- Deepen knowledge of Diversity, Equity and Inclusion topics.
- Leverage competency assessments to identify training needs and update individual development plans more accurately.
- Explore, develop, and provide training on tools to further enhance staff efficiency and effectiveness.
- Review succession plans and forecast for future talent needs.
- Apply organization development principles, methods and tools to formulate customized business solutions and frameworks which enhance organizational effectiveness.
- Provide continuous improvement in organizational design and alignment to corporate vision and strategic plan.
- Lead the development, communication and tracking of corporate goals and strategic plan.
- Cultivate a culture of innovation, collaboration, and high performance.
- Drive employee engagement and inclusion.

**Resource Requirements**

- **Personnel**

There are no additional FTEs budgeted for 2024.

- **Contractors and Consultants**

Contractor and consultant support is budgeted in 2024 for third party recruiting and consultants for training and leadership development.

## Finance and Accounting

### Program Scope and Functional Description

The Finance and Accounting department is responsible for linking the strategy of ReliabilityFirst and its major departments to their annual operating budgets, managing accounting practices to ensure the accuracy of reported results, making meaningful financial information available to decision makers, and participating in various risk initiatives. The Finance and Accounting department is responsible for directing the complete cycle of the financial management activities of ReliabilityFirst and other initiatives, including:

- Processing the day-to-day activities such as travel and expense reporting, monthly financial reporting, accounts payables and receivables, and cash flow management;
- Leading the creation of the annual business plan and budget that adequately supports its delegated functions;
- Establishing and maintaining accounting policies, procedures, and internal controls, including anti-fraud initiatives, to guide the preparation of ReliabilityFirst's internal and external financial statements in accordance with Generally Accepted Accounting Principles;
- Overseeing the annual external audit of ReliabilityFirst's financials and all required filings;
- Supporting the ERO's funding/collection mechanism, annually collecting and supplying the ERO with a list of LSEs within the ReliabilityFirst footprint and their associated Net Energy for Load (NEL) data as mandated by FERC;
- Working with the ERO to develop common accounting practices throughout NERC and the Regions;
- Managing the retirement and corporate investment activities;
- Developing and implementing the necessary internal audit functions;
- Supporting ReliabilityFirst in risk assessment activities from a financial perspective;
- Supporting the Enterprise Risk Management function; and
- Performing the Corporate Treasury function.

### 2024 Key Assumptions

The Finance and Accounting Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

There are no additional assumptions unique to the Finance and Accounting Program.

### 2024 Key Deliverables

- Work with all Regional Entities through the Electric Reliability Organization Finance Group (EROFG) to provide consistency in budget submittals to the ERO and to FERC.
- Provide all ReliabilityFirst program areas, the Board of Directors, the ERO, and stakeholders with financial clarity and understanding of ReliabilityFirst's financial position.

- Direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget, payroll, tax, audit activities, and financial and accounting internal controls and standards.
- Prepare and provide NERC the annual Regional Entity true-up filing, and the quarterly statements of activity.
- Implement actions to monitor operating expenses at a more granular level with the management staff.
- Provide advice from the financial perspective on contracts into which the organization may enter.
- Support risk assessment activities.
- Perform financial related internal control reviews and internal audit reviews.

**Resource Requirements**

- **Personnel**

There are no additional FTEs budgeted for 2024.

- **Contractors and Consultants**

Contractor or consultant support is budgeted in 2024 for internal control efforts and system enhancements.



## **Section B: Supplemental Financial Information**

**Table B-1: Working Capital and Operating Reserve Analysis**

Working Capital and Operating Reserve Analysis 2023 - 2024				
STATUTORY				
	Total	Working Capital and Working Capital Reserve	Unreleased Penalties	Operating Reserve
Beginning Working Capital Per Audit, December 31, 2022	\$ 12,611,662			
Less: Adjustment for Future Long-Term Liabilities	\$ -			
<b>Beginning Reserve Balances, January 1, 2023</b>	<b>\$ 12,611,662</b>	<b>\$ 7,322,714</b>	<b>\$ 4,288,948</b>	<b>\$ 1,000,000</b>
Plus: Penalty Funds Released from Restriction January 1, 2023	\$ -	\$ 3,515,100	\$ (3,515,100)	
Plus: Penalty Sanctions Received January 1 - June 30, 2023	\$ 699,500		\$ 699,500	
Plus: 2023 ReliabilityFirst Funding (from LSEs or designees)	\$ 24,620,340	\$ 24,620,340		
Plus: 2023 Other funding sources	\$ 100,000	\$ 100,000		
Less: 2023 Projected expenses & capital expenditures	\$ (28,983,853)	\$ (28,983,853)		
Other Adjustments to Reserves <sup>1</sup>	\$ (736,938)	\$ (736,938)		
<b>Projected Working Capital and Operating Reserves, December 31, 2023</b>	<b>\$ 8,310,711</b>	<b>\$ 5,837,363</b>	<b>\$ 1,473,348</b>	<b>\$ 1,000,000</b>
Targeted Working Capital and Operating Reserves, December 31, 2024 <sup>3</sup>	\$ 3,851,829	\$ 2,851,829		\$ 1,000,000
Less: Projected Working Capital and Operating Reserves, December 31, 2023	\$ (8,310,711)	\$ (5,837,363)	\$ (1,473,348)	\$ (1,000,000)
<b>Total Adjustments to Reserves</b>	<b>\$ (4,458,883)</b>	<b>\$ (2,985,535)</b>	<b>\$ (1,473,348)</b>	<b>\$ -</b>
2024 Expenses and Capital Expenditures	\$ 31,324,535			
Less: Penalty Sanctions <sup>2</sup>	\$ (1,473,348)			
Less: Other Funding Sources	\$ (50,000)			
Adjustment to Achieve Reserve Balances	\$ (2,985,535)			
Other Adjustments to Reserve <sup>1</sup>	\$ 143,620			
<b>2024 ReliabilityFirst Assessment</b>	<b>\$ 26,959,272</b>			

<sup>1</sup> Represents transactions recorded only on the Statement of Financial Position (balance sheet) that do not impact the Statement of Activities (income statement), including a \$143,620 true-up of current versus non-current lease obligations and a penalty deduction not reflected in the 2023 Business Plan and Budget (see adjustment on the Variance 2023 Projection vs. 2023 Budget, Penalties Released line, on page 18).

<sup>2</sup> Represents penalty sanctions collected from July 1, 2022 to June 30, 2023.

<sup>3</sup> The Operating and Working Capital Reserves were approved by the ReliabilityFirst Board of Directors on April 27, 2023.

### Explanation of the Working Capital Reserve

Historically, the working capital reserve has consisted of the amount necessary to satisfy projected cash flow needs for daily operations. In an effort to manage assessments more effectively over a three-to-five-year period, the working capital reserve was initially increased in amount such that additional funds were available to achieve stabilization of future assessments. For 2024, the working capital reserve is being decreased by \$3.0M to meet the Board-approved target reserve of approximately \$2.9M at December 31, 2024. The Targeted Working Capital balance of \$2.9M will be used to stabilize assessments in future years.

### Explanation of the Operating Reserve

The amount of the operating reserve is determined and recommended for approval by the Board of Directors during the annual budget process. On March 10, 2023, the ReliabilityFirst Board approved a \$1,000,000 operating reserve, which is consistent with ReliabilityFirst policy, is the same amount budgeted in the 2023 Business Plan and Working Budget and is believed to be appropriate for any unbudgeted and unexpected expenditures of the organization.

### Table B-2: Penalty Sanctions Received

<b>Penalty Sanctions Received Between July 1 2022 and June 30, 2023</b>	
<b>Dates Received</b>	<b>Amount Received</b>
Collected July 1, 2022 to December 31, 2022	773,848
Collected January 1, 2023 to June 30, 2023	699,500
<b>Total</b>	<b>1,473,348</b>

### **Allocation Method**

Penalty monies received have been allocated based upon the number of FTEs to the following direct programs to reduce assessments:

- Reliability and Risk Analysis;
- Compliance Monitoring and Enforcement;
- Reliability Assessments and Performance Analysis;
- Training, Education, and Outreach; and
- Situational Awareness.

**Table B-3: Supplemental Funding**

Outside Funding Breakdown By Program (excluding ReliabilityFirst Assessments & Penalty Sanctions)	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget
Interest Income	\$ 100,000	\$ 100,000	\$ 50,000	\$ (50,000)
<b>Total Outside Funding</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 50,000</b>	<b>\$ (50,000)</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- ReliabilityFirst expects lower interest rates on our investments.

**Table B-4: Personnel Expenses**

Personnel Expenses	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
<b>Salaries</b>					
Salaries	\$ 16,849,344	\$ 17,611,828	\$ 19,409,680	\$ 2,560,337	15.2%
Vacation Expense	64,400	64,400	85,700	21,300	33.1%
<b>Total Salaries</b>	<b>\$ 16,913,744</b>	<b>\$ 17,676,228</b>	<b>\$ 19,495,380</b>	<b>\$ 2,581,637</b>	<b>15.3%</b>
<b>Total Payroll Taxes</b>	<b>\$ 1,052,888</b>	<b>\$ 1,148,271</b>	<b>\$ 1,232,095</b>	<b>\$ 179,207</b>	<b>17.0%</b>
<b>Benefits</b>					
Workers Compensation	\$ 17,000	\$ 17,000	\$ 17,000	\$ -	0.0%
Medical Insurance	2,225,045	2,187,876	2,364,606	139,561	6.3%
Life-LTD Insurance	149,446	141,812	162,894	13,447	9.0%
Training & Education	382,427	382,427	420,970	38,543	10.1%
Relocation	-	-	20,000	20,000	-
<b>Total Benefits</b>	<b>\$ 2,773,918</b>	<b>\$ 2,729,114</b>	<b>\$ 2,985,469</b>	<b>\$ 211,551</b>	<b>7.6%</b>
<b>Retirement</b>					
Discretionary 401k Contribution	1,639,274	\$ 1,748,183	\$ 1,923,948	\$ 284,674	17.4%
Savings Plan	953,937	1,024,042	1,122,282	168,345	17.6%
Pension & Savings Admin	113,350	113,350	99,400	(13,950)	-12.3%
<b>Total Retirement</b>	<b>\$ 2,706,561</b>	<b>\$ 2,885,574</b>	<b>\$ 3,145,630</b>	<b>\$ 439,070</b>	<b>16.2%</b>
<b>Total Personnel Costs</b>	<b>\$ 23,447,110</b>	<b>\$ 24,439,188</b>	<b>\$ 26,858,575</b>	<b>\$ 3,411,465</b>	<b>14.5%</b>
<b>FTEs</b>	91.00	91.00	98.00	7.00	7.7%
<b>Cost per FTE</b>					
Salaries	\$ 185,865	\$ 194,244	\$ 198,932	13,067	7.0%
Payroll Taxes	11,570	12,618	12,572	1,002	8.7%
Benefits	30,483	29,990	30,464	(19)	-0.1%
Retirement	29,742	31,710	32,098	2,356	7.9%
<b>Total Cost per FTE</b>	<b>\$ 257,661</b>	<b>\$ 268,563</b>	<b>\$ 274,067</b>	<b>\$ 16,407</b>	<b>6.4%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- The overall increase in **Personnel Expenses** is mainly due to the addition of 7 new FTEs and a 4% general wage increase.
- The increase in **Medical Insurance** is due to an anticipated 10% increase in health insurance rates.

**Table B-5: Meeting Expenses**

Meeting Expenses	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Reliability and Risk	\$ 180,180	\$ 180,180	\$ 139,689	(40,491)	-22.5%
Compliance Monitoring and Enforcement	\$ 249,625	\$ 249,625	\$ 237,870	(11,755)	-4.7%
Reliability Assessment and Performance Analysis	\$ 105,550	\$ 105,550	\$ 92,030	(13,520)	-12.8%
Training and Education	\$ 244,700	\$ 244,700	\$ 266,551	21,851	8.9%
Situation Awareness and Infrastructure Security	\$ 53,500	\$ 53,500	\$ 47,882	(5,618)	-10.5%
Administrative Services	\$ 262,400	\$ 262,400	\$ 296,933	34,533	13.2%
<b>Total Meeting Expenses</b>	<b>\$ 1,095,955</b>	<b>\$ 1,095,955</b>	<b>\$ 1,080,955</b>	<b>\$ (15,000)</b>	<b>-1.4%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- The overall decrease in **Meeting Expenses** are due to an increase in virtual meeting options and a reduction in conference call fees.

**Table B-6: Consultants and Contractors**

Contractors and Consultants	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Reliability and Risk	\$ 186,667	\$ 186,667	\$ 24,000	(162,667)	-87.1%
Compliance Monitoring and Enforcement	\$ 10,000	\$ 10,000	\$ -	(10,000)	-100.0%
Reliability Assessment and Performance Analysis	\$ 111,278	\$ 111,278	\$ 150,062	38,784	34.9%
Training and Education	\$ 80,000	\$ 80,000	\$ 34,000	(46,000)	-57.5%
Situation Awareness and Infrastructure Security	\$ -	\$ -	\$ -	-	-
Administrative Services	\$ 449,604	\$ 449,604	\$ 345,638	(103,966)	-23.1%
<b>Consultants &amp; Contracts Total</b>	<b>\$ 837,549</b>	<b>\$ 837,549</b>	<b>\$ 553,700</b>	<b>\$ (283,849)</b>	<b>-33.9%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- The decrease in **Reliability and Risk and CMEP** is due to the reduction in the need for additional support due to FTE requirements being fulfilled.
- The increase in **RAPA** is mainly due to an increase in various project work.
- The decrease in **Training and Education** is mainly due to a decrease in various project work.
- The decrease in **Administrative Services** is due to the reduction in the need for additional contractor support due to FTE requirements being fulfilled and a reduced need for project support.

**Table B-7: Office Rent**

Office Rent	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Office Rent	\$ 552,024	\$ 552,024	\$ 722,191	\$ 170,167	30.8%
Data Center Rent	\$ 70,560	\$ 70,560	\$ 70,560	-	0.0%
Utilities	\$ 60,000	\$ 60,000	\$ 60,000	-	0.0%
<b>Total Office Rent</b>	<b>\$ 682,584</b>	<b>\$ 682,584</b>	<b>\$ 852,751</b>	<b>\$ 170,167</b>	<b>24.9%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- The increase in **Office Rent** is due to a lease incentive adjustment and a yearly annual rate increase.

**Table B-8: Office Costs**

Office Costs	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Telephone	\$ 105,106	\$ 98,087	\$ 94,264	\$ (10,842)	-10.3%
Internet	\$ 29,988	\$ 53,363	\$ 22,020	(7,968)	-26.6%
Office Supplies	\$ 20,050	\$ 20,050	\$ 17,100	(2,950)	-14.7%
Computer Supplies and Maintenance	\$ 830,165	\$ 830,165	\$ 769,744	(60,422)	-7.3%
Publications & Subscriptions	\$ 29,159	\$ 29,159	\$ 54,391	25,232	86.5%
Dues	\$ 37,749	\$ 37,749	\$ 40,066	2,317	6.1%
Postage	\$ 1,300	\$ 1,300	\$ 300	(1,000)	-76.9%
Express Shipping	\$ 500	\$ 500	\$ 1,500	1,000	200.0%
Copying	\$ 3,000	\$ 3,000	\$ 4,620	1,620	54.0%
Stationary Forms	\$ 900	\$ 900	\$ 300	(600)	-66.7%
Equipment Repair/Service Contracts	\$ 8,830	\$ 8,830	\$ 6,830	(2,000)	-22.7%
<b>Total Office Costs</b>	<b>\$ 1,066,747</b>	<b>\$ 1,083,103</b>	<b>\$ 1,011,134</b>	<b>\$ (55,613)</b>	<b>-5.2%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- The decrease in **Computer Supplies and Maintenance** is primarily due lower computer hardware and computer service and maintenance expenses.

**Table B-9: Professional Services**

Professional Services	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Independent Trustee Fees	\$ 447,000	\$ 447,000	\$ 474,570	\$ 27,570	6.2%
Accounting & Auditing Fees	\$ 75,815	\$ 75,815	\$ 95,246	19,431	25.6%
Outside Legal	\$ 15,000	\$ 15,000	\$ 15,000	-	0.0%
Insurance Commercial	\$ 148,100	\$ 148,100	\$ 157,000	8,900	6.0%
<b>Total Services</b>	<b>\$ 685,915</b>	<b>\$ 685,915</b>	<b>\$ 741,816</b>	<b>\$ 55,901</b>	<b>8.1%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- Accounting and Auditing fees increased due to higher payroll software costs.



**Table B-10: Miscellaneous**

Miscellaneous Expense	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Miscellaneous	\$ 49,559	\$ 49,559	\$ 48,704	\$ (855)	-1.7%
<b>Total Miscellaneous Expense</b>	<b>\$ 49,559</b>	<b>\$ 49,559</b>	<b>\$ 48,704</b>	<b>\$ (855)</b>	<b>-1.7%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- No significant variances requiring explanation.

**Table B-11: Non-Operating Expenses**

Other Non-Operating Expenses	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- No significant variances requiring explanation.

**Table B-12: Fixed Assets**

Fixed Assets	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Computer Hardware	\$ 70,000	\$ 70,000	\$ 110,000	\$ 40,000	57.1%
Computer Software	\$ 40,000	\$ 40,000	\$ 63,000	23,000	57.5%
Furniture & Fixtures	\$ -	\$ -	3,900	3,900	-
Leasehold Improvements	\$ -	\$ -	-	-	-
<b>Total Fixed Assets</b>	<b>\$ 110,000</b>	<b>\$ 110,000</b>	<b>\$ 176,900</b>	<b>\$ 66,900</b>	<b>60.8%</b>

**Explanation of Significant Variances – 2023 Budget versus 2024 Budget**

- Computer hardware and software costs increased as the result of security enhancements.

**Table B-13: 2025 and 2026 Projections**

<b>Statement of Activities 2024 and 2025 Projections</b>							
	2024	2025	\$ Change	% Change	2026	\$ Change	% Change
	Budget	Low Projection	23 v 24	23 v 24	Low Projection	24 v 25	24 v 25
<b>Funding</b>							
<b>ERO Funding</b>							
ERO Assessments	\$ 26,959,272	\$ 28,307,236	\$ 1,347,964	5.0%	\$ 29,722,598	\$ 1,415,362	5.0%
Penalty Sanctions	913,648	3,000,000	2,086,352	228%	3,000,000	-	0.0%
<b>Total ERO Funding</b>	<b>\$ 27,872,920</b>	<b>\$ 31,307,236</b>	<b>\$ 3,434,316</b>	<b>12.3%</b>	<b>\$ 32,722,598</b>	<b>-</b>	<b>-</b>
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Interest and Investment Income	50,000	50,000	-	0.0%	50,000	-	0.0%
Miscellaneous Income	-	-	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 27,922,920</b>	<b>\$ 31,357,236</b>	<b>\$ 3,434,316</b>	<b>12.3%</b>	<b>\$ 32,772,598</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 19,495,380	\$ 20,404,198	\$ 908,818	4.7%	\$ 21,215,396	\$ 811,198	4.0%
Payroll Taxes	1,232,095	1,273,286	41,191	3.3%	1,295,481	22,195	1.7%
Benefits	2,985,469	3,118,975	133,506	4.5%	3,274,638	155,663	5.0%
Retirement Costs	3,145,630	3,308,508	162,878	5.2%	3,437,183	128,675	3.9%
<b>Total Personnel Expenses</b>	<b>\$ 26,858,575</b>	<b>\$ 28,104,967</b>	<b>\$ 1,246,392</b>	<b>4.6%</b>	<b>\$ 29,222,698</b>	<b>\$ 1,117,731</b>	<b>4.0%</b>
<b>Meeting Expenses</b>							
Meetings	\$ 432,855	\$ 441,512	\$ 8,657	2.0%	\$ 450,342	\$ 8,830	2.0%
Conference Calls	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Travel	648,100	661,062	12,962	2.0%	674,283	13,221	2.0%
<b>Total Meeting Expenses</b>	<b>\$ 1,080,955</b>	<b>\$ 1,102,574</b>	<b>\$ 21,619</b>	<b>2.0%</b>	<b>\$ 1,124,626</b>	<b>\$ 22,051</b>	<b>2.0%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Consultants & Contracts	\$ 553,700	\$ 553,700	\$ -	0.0%	\$ 564,774	\$ 11,074	2.0%
Office Rent	852,751	869,806	17,055	2.0%	887,202	17,396	2.0%
Office Costs	1,011,134	1,031,357	20,223	2.0%	1,051,984	20,627	2.0%
Professional Services	741,816	786,325	44,509	6.0%	833,504	47,179	6.0%
Miscellaneous	48,704	48,704	-	0.0%	49,191	487	1.0%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>3,208,105</b>	<b>3,289,891</b>	<b>81,787</b>	<b>2.5%</b>	<b>3,386,655</b>	<b>96,764</b>	<b>2.9%</b>
<b>Total Direct Expenses</b>	<b>\$ 31,147,635</b>	<b>\$ 32,497,433</b>	<b>\$ 1,349,798</b>	<b>4.3%</b>	<b>\$ 33,733,979</b>	<b>\$ 1,236,546</b>	<b>3.8%</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 31,147,635</b>	<b>\$ 32,497,433</b>	<b>\$ 1,349,798</b>	<b>4.3%</b>	<b>\$ 33,733,979</b>	<b>\$ 1,236,546</b>	<b>3.8%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ (3,224,715)</b>	<b>\$ (1,140,197)</b>	<b>\$ 2,084,518</b>	<b>-65%</b>	<b>\$ (961,381)</b>	<b>\$ (1,236,546)</b>	<b>108.5%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	176,900	178,669	\$ 1,769	1.0%	\$ 180,456	\$ 1,787	1.0%
Allocation of Fixed Assets	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
<b>Inc/(Dec) in Fixed Assets</b>	<b>\$ 176,900</b>	<b>\$ 178,669</b>	<b>\$ 1,769</b>	<b>1.0%</b>	<b>\$ 180,456</b>	<b>\$ 1,787</b>	<b>1.0%</b>
<b>Total Budget (= B+ C)</b>	<b>\$ 31,324,535</b>	<b>\$ 32,676,102</b>	<b>\$ 1,351,567</b>	<b>4.3%</b>	<b>\$ 33,914,434</b>	<b>\$ 1,238,333</b>	<b>3.8%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ (3,401,615)</b>	<b>\$ (1,318,866)</b>	<b>\$ 2,082,749</b>	<b>-61.2%</b>	<b>\$ (1,141,837)</b>	<b>\$ (1,238,333)</b>	<b>93.9%</b>
<b>FTEs</b>	98.00	99.00	1	1.0%	99.00	-	0.0%

## Explanation of 2025 and 2026 Budget Projections

The following is a breakdown of the projected budget ranges for 2025<sup>1</sup>.

### **2025 Lower Range: 4.3%**

- Personnel Expense: 4.6%
  - Wages Increase: 4%
  - Medical/Dental Premiums: 6%
  - Hire 1 additional FTE<sup>2</sup>
- Meeting Expense: 2%
- Travel Expense: 2%
- Operating Expense: 2.5%
- Fixed Assets: \$178,669

### **2025 Higher Range to Address At-Risk Initiatives: 6.5%**

- Personnel Expense: 6.6%
  - Wages Increase: 4%
  - Medical/Dental Premiums: 10%
  - Hire 2 additional FTEs<sup>3</sup> (in addition to the 1 FTE from the low range)
- Meeting Expense: 7%
- Travel Expense: 7%
- Operating Expense: 5.4%
- Fixed Assets: \$187,514

Notes:

<sup>1</sup> 2025 projection % increases/(decreases) are compared to the 2024 budget.

<sup>2</sup> 1 Security Professional in General and Administrative, board approved in 2023 for 2025 Budget.

<sup>3</sup> 1 Attorney in Enforcement and 1 Engineer in RAPA.

The following is a breakdown of the projected budget range increases for 2026<sup>1</sup>.

**2026 Lower Range: 3.8%**

- Personnel Expense: 4.0%
  - Wages Increase: 4%
  - Medical/Dental/Vision Premiums: 6%
  - Includes the 1 FTE from the 2025 low projection
- Meeting Expense: 2%
- Travel Expense: 2%
- Operating Expense: 2.9%
- Fixed Assets: \$180,456

**2026 Higher Range to Address At-Risk Initiatives: 8.2%**

- Personnel Expense: 8.5%
  - Wages Increase: 4%
  - Medical/Dental Premiums: 10%
  - Includes the 3 FTEs from the 2025 high projection
  - Hire 3 additional FTEs <sup>2</sup>
- Meeting Expense: 7%
- Travel Expense: 7%
- Operating Expense: 5.4%
- Fixed Assets: \$189,389

Notes:

<sup>1</sup>2026 projections % increases/(decreases) are compared to the 2025 low projection.

<sup>2</sup>1 CIP Auditor, 1 O&P Auditor, and 1 Engineer in RAM.

## **Section C: Non-Statutory Activities**

Section C is not applicable.

**Section D: Additional Consolidated Financial  
Statements**

Section D – Additional Consolidated Financial Statements

Consolidated Statement of Activities

**2024 Consolidated Statement of Activities by Program**

	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Reliability & Risk	Compliance Monitoring and Enforcement	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	General and Administrative - Security	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	
<b>Funding</b>																	
ReliabilityFirst Funding	26,959,272																
ReliabilityFirst Assessments	26,959,272	26,959,272	-	26,959,272	-	8,186,057	14,391,431	3,346,511	2,358,575	2,078,312	(3,401,615)	-	-	-	-	-	-
Penalty Sanctions	913,648	913,648	-	913,648	-	241,102	469,514	88,827	50,758	63,448	-	-	-	-	-	-	-
<b>Total ReliabilityFirst Funding</b>	<b>27,872,920</b>	<b>27,872,920</b>	<b>-</b>	<b>27,872,920</b>	<b>-</b>	<b>8,427,159</b>	<b>14,860,945</b>	<b>3,435,338</b>	<b>2,409,333</b>	<b>2,141,760</b>	<b>(3,401,615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	50,000	50,000	-	50,000	-	13,194	25,694	4,861	2,778	3,472	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>27,922,920</b>	<b>27,922,920</b>	<b>-</b>	<b>27,922,921</b>	<b>-</b>	<b>8,440,353</b>	<b>14,886,639</b>	<b>3,440,199</b>	<b>2,412,111</b>	<b>2,145,232</b>	<b>(3,401,615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>																	
<b>Personnel Expenses</b>																	
Salaries	19,495,380	19,495,380	-	19,495,380	-	4,015,462	6,640,158	1,573,274	1,070,545	909,818	948,652	838,621	1,006,562	1,332,423	725,254	434,612	
Payroll Taxes	1,232,095	1,232,095	-	1,232,095	-	251,941	440,928	96,030	64,975	62,447	32,832	53,203	52,538	99,237	46,091	31,874	
Benefits	2,985,469	2,985,469	-	2,985,469	-	495,208	1,058,592	201,301	162,641	168,763	69,227	123,125	105,092	263,235	255,594	82,691	
Retirement Costs	3,145,630	3,145,630	-	3,145,630	-	630,976	1,035,995	250,380	171,287	145,123	129,256	133,379	160,026	212,164	108,426	168,618	
<b>Total Personnel Expenses</b>	<b>26,858,575</b>	<b>26,858,575</b>	<b>-</b>	<b>26,858,575</b>	<b>-</b>	<b>5,393,587</b>	<b>9,175,673</b>	<b>2,120,984</b>	<b>1,469,448</b>	<b>1,286,151</b>	<b>1,179,967</b>	<b>1,148,329</b>	<b>1,324,218</b>	<b>1,907,059</b>	<b>1,135,365</b>	<b>717,794</b>	
<b>Meeting Expenses</b>																	
Meetings	432,855	432,855	-	432,855	-	10,593	11,834	7,155	224,471	3,211	46,200	73,387	1,835	3,853	48,527	1,789	
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Travel	648,100	648,100	-	648,100	-	129,097	226,036	84,875	42,080	44,671	17,700	40,205	17,868	17,872	22,336	5,361	
<b>Total Meeting Expenses</b>	<b>1,080,955</b>	<b>1,080,955</b>	<b>-</b>	<b>1,080,955</b>	<b>-</b>	<b>139,690</b>	<b>237,870</b>	<b>92,030</b>	<b>266,551</b>	<b>47,882</b>	<b>63,900</b>	<b>113,592</b>	<b>19,703</b>	<b>21,725</b>	<b>70,864</b>	<b>7,150</b>	
<b>Operating Expenses</b>																	
Consultants & Contracts	553,700	553,700	-	553,700	-	24,000	-	150,062	34,000	-	10,000	128,000	9,586	150,000	42,452	5,600	
Office Rent	852,751	852,751	-	852,751	-	-	-	-	-	-	782,191	-	-	70,560	-	-	
Office Costs	1,011,134	1,011,134	-	1,011,134	-	124,570	93,815	61,199	61,085	85,540	56,065	3,591	18,791	424,736	28,367	53,376	
Professional Services	741,816	741,816	-	741,816	-	-	-	-	-	-	474,570	-	15,000	-	45,246	207,000	
Miscellaneous	48,704	48,704	-	48,704	-	1,000	9,400	-	500	-	15,054	-	2,000	1,750	19,000	-	
<b>Total Operating Expenses</b>	<b>3,208,105</b>	<b>3,208,105</b>	<b>-</b>	<b>3,208,105</b>	<b>-</b>	<b>149,570</b>	<b>103,215</b>	<b>211,261</b>	<b>95,585</b>	<b>85,540</b>	<b>1,337,880</b>	<b>131,591</b>	<b>45,377</b>	<b>647,046</b>	<b>135,065</b>	<b>265,976</b>	
<b>Total Direct Expenses</b>	<b>31,147,635</b>	<b>31,147,635</b>	<b>-</b>	<b>31,147,635</b>	<b>-</b>	<b>5,682,846</b>	<b>9,516,758</b>	<b>2,424,276</b>	<b>1,831,583</b>	<b>1,419,573</b>	<b>2,581,747</b>	<b>1,393,511</b>	<b>1,389,298</b>	<b>2,575,829</b>	<b>1,341,294</b>	<b>990,920</b>	
<b>Indirect Expenses</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>2,710,825</b>	<b>5,278,974</b>	<b>998,725</b>	<b>570,700</b>	<b>713,375</b>	<b>(2,581,747)</b>	<b>(1,393,511)</b>	<b>(1,389,298)</b>	<b>(2,575,829)</b>	<b>(1,341,294)</b>	<b>(990,920)</b>	
<b>Other Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Expenses</b>	<b>31,147,635</b>	<b>31,147,635</b>	<b>-</b>	<b>31,147,635</b>	<b>-</b>	<b>8,393,671</b>	<b>14,795,732</b>	<b>3,423,001</b>	<b>2,402,283</b>	<b>2,132,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Assets</b>	<b>(3,224,715)</b>	<b>(3,224,715)</b>	<b>-</b>	<b>(3,224,714)</b>	<b>-</b>	<b>46,682</b>	<b>90,907</b>	<b>17,199</b>	<b>9,828</b>	<b>12,285</b>	<b>(3,401,615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fixed Assets</b>																	
Computer & Software CapEx	173,000	173,000	-	173,000	-	-	-	-	-	-	-	-	-	173,000	-	-	
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equipment CapEx	3,900	3,900	-	3,900	-	-	-	-	-	-	3,900	-	-	-	-	-	
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Fixed Assets</b>	<b>176,900</b>	<b>176,900</b>	<b>-</b>	<b>176,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,900</b>	<b>-</b>	<b>-</b>	<b>173,000</b>	<b>-</b>	<b>-</b>	
Allocation of Fixed Assets	-	-	-	-	-	46,682	90,907	17,199	9,828	12,285	(3,900)	-	-	(173,000)	-	-	
<b>Incl/Dec Fixed Assets</b>	<b>176,900</b>	<b>176,900</b>	<b>-</b>	<b>176,900</b>	<b>-</b>	<b>46,682</b>	<b>90,907</b>	<b>17,199</b>	<b>9,828</b>	<b>12,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Budget</b>	<b>31,324,535</b>	<b>31,324,535</b>	<b>-</b>	<b>31,324,535</b>	<b>-</b>	<b>8,440,353</b>	<b>14,886,639</b>	<b>3,440,199</b>	<b>2,412,111</b>	<b>2,145,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Working Capital</b>	<b>(3,401,615)</b>	<b>(3,401,615)</b>	<b>-</b>	<b>(3,401,614)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,401,615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FTEs</b>	<b>98.00</b>	<b>98.00</b>	<b>-</b>	<b>98.00</b>	<b>-</b>	<b>19.00</b>	<b>37.00</b>	<b>7.00</b>	<b>4.00</b>	<b>5.00</b>	<b>6.00</b>	<b>4.00</b>	<b>9.00</b>	<b>4.00</b>	<b>4.00</b>	<b>3.00</b>	



## Statement of Financial Position

<b>2022 Statement of Financial Position</b>	
<b>STATUTORY and NON-STATUTORY</b>	
	<b>(Per Audit)</b>
	<b>31-Dec-22</b>
<b>ASSETS</b>	
Current Assets	
Cash	1,934,546
Cash - regulatory designated	5,226,502
Investments	9,844,133
Accounts receivable, net of allowance for uncollectible accounts	15,903
Prepaid expenses	292,639
<b>Total Current Assets</b>	<b>17,313,723</b>
Noncurrent Assets	
Cash-regulatory designated (net of current portion)	774,568
Deferred compensation plan assets	329,204
Operating lease right-of-use assets	4,193,201
<b>Total Noncurrent Assets</b>	<b>5,296,973</b>
Fixed Assets	
Furniture and equipment	416,028
Leasehold Improvements	2,110,357
Computer software and hardware	3,775,791
	6,302,176
Less accumulated depreciation	5,069,041
<b>Total Fixed Assets</b>	<b>1,233,135</b>
	6,530,108
<b>Total Noncurrent Assets</b>	<b>6,530,108</b>
<b>Total Assets</b>	<b>23,843,831</b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	147,576
Accrued expenses	5,329,053
Operating lease obligations (current portion)	729,233
<b>Total Current Liabilities</b>	<b>6,205,862</b>
Long Term Liabilities	
Deferred revenue	350,000
Accrued expenses (net of current portion)	250,792
Deferred compensation	329,204
Operating lease obligations (net of current portion)	4,661,619
<b>Total Long Term Liabilities</b>	<b>5,591,615</b>
<b>Total Liabilities</b>	<b>11,797,477</b>
Net Assets	
Without Donor Restrictions	
Undesignated	4,652,966
Operating Reserve Fund	1,000,000
Working Capital Reserve Fund	2,128,720
Regulatory Designated Funds	4,264,668
<b>Total Net Asset</b>	<b>12,046,354</b>
<b>Total Liabilities and Net Assets</b>	<b>23,843,831</b>

# Appendix A: 2023 – 2024 Organization Chart

