



MIDWEST
RELIABILITY
ORGANIZATION

MRO 2025 Business Plan and Budget Overview

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CLARITY

ASSURANCE

RESULTS

MRO Budget Process Summary

1

Staff Develops a Preliminary Budget

- “Bottoms-up/Zero-based” budget developed with program managers and executives
- “Tops-down” expectations from president and chief executive officer
- Reconcile “bottoms-up” to “tops-down”

2

Present Budget to MRO FAC

- Detailed review and justification of all line items, contracts, etc.
- MRO FAC hosts board conference call to review budget, recommends approval

3

Comment Period and Board Approval

- Budget is circulated for comment to all stakeholders
- Budget is considered for approval during board meeting

4

Final Approval and Filing

- NERC Board approves (or may have questions, concerns to address)
- Final approval of NERC and RE BP&Bs are filed with FERC



Budget Considerations

- **Ensure adequate resources to fulfill delegated functions**
- **Risks to reliability and security of BPS in light of rapid grid transformation**
 - ITCS and transition to energy assessments
 - Energy policy
- **Support and compliment NERC's strategic pillars of Energy, Security, Agility and Sustainability**
- **Inflation and market pressures on competition for talent**



Budget Highlights

- **Budget – \$26.7 million (\$1.9 million or 7.5 percent increase from 2024)**
 - 4% of increase is year-over-year general operations
 - 3.5% of increase driven by FTE additions and full implementation of 2024 compensation study results
- **Assessments – \$25.2 million (\$1.6 million or 7.0 percent increase from 2024)**
 - Assessment stabilization adjustment of \$1.5 million
 - includes penalties assessed prior to June 30, 2024
- **FTEs – 83 (increase of 3 from 2024)**



2025 Budget Impacts

Budget Investments

- **Personnel (+12.8%)**
 - Reflects the addition of 3 FTEs
 - Includes merit increase of 3%, promotions and market adjustments of 2%, benefit cost increase of 9%
 - Results from salary adjustments made to compensation in 2024 based on 2024 market study
- **Meetings & Travel (- 5.0%)**
 - Leverage hybrid meeting attendance
 - Combined offsite workshops planned
- **Operating Costs (-5.5%)**
 - Decrease in rent because of decreasing balance on lease asset
 - Decrease in other office costs
- **Fixed Assets (-51.6%)**
 - Fewer replacements of end-of-life assets as compared with previous year
 - Extended end-of-life on computer assets reducing frequency of replacement



2025 Budget by Category

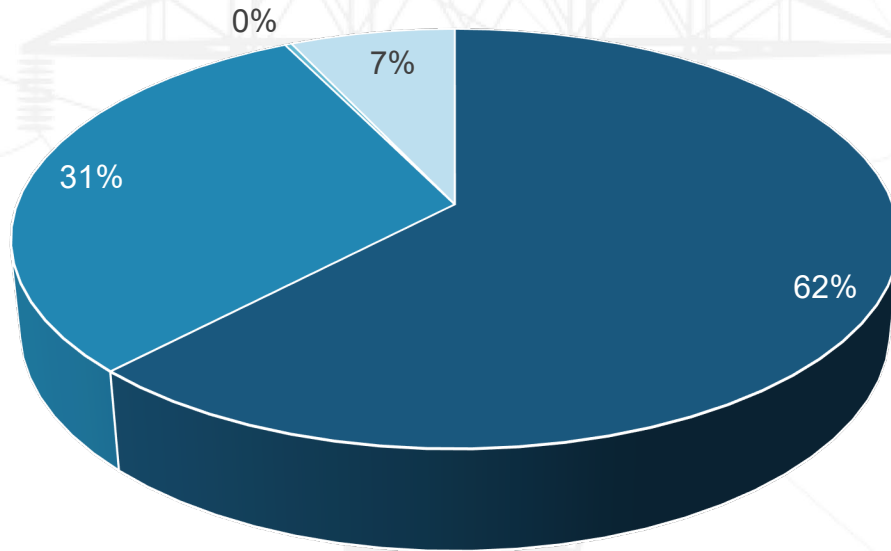
Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 and 2025 Budget

STATUTORY

	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance	% variance Total Budget
Expenses					
Total Personnel Expenses	\$ 19,355,876	\$ 21,830,163	\$ 2,474,287	12.8%	9.2%
Total Meeting Expenses	\$ 712,925	\$ 676,986	\$ (35,939)	-5.0%	-0.1%
Total Operating Expenses	\$ 4,147,644	\$ 3,921,185	\$ (226,460)	-5.5%	-0.8%
Total Expenses (B)	\$ 24,216,445	\$ 26,428,333	\$ 2,211,888	9.1%	
Fixed Asset Additions, excluding Right of Use Assets (C)	668,000	323,000	(345,000)	-52%	-1.3%
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 24,884,445	\$ 26,751,333	\$ 1,866,888	7.5%	
FTEs	80.00	83.00	3.00		



Budget by Program Area



- Compliance Monitoring and Enforcement
- Reliability Analysis, ORC, & SAIS
- Reliability Standards
- Training and Education



Projected Reserves Balances

- **Projected reserves balance at end of 2024 is \$7.1 million**
 - \$1.9M in working capital and operating reserve
 - \$5.2M in Assessment stabilization and penalty reserves
- **Projected reserves balance at end of 2025 is \$5.6 million**
 - \$1.9M in working capital and operating reserve
 - \$3.7M in assessment stabilization and penalty reserve
- **2026-2027 Projections include use of \$3.6 million of total reserves available**



Projections

2026 and 2027 Projections

- **2026**
 - Total budget increase of \$2.2M or 8.3 percent
 - Headcount increase of 4
 - Assessment increase of 8 percent
- **2027**
 - Total budget increase of \$2.0M or 6.9 percent
 - Headcount increase of 2
 - Assessment increase of 7 percent



QUESTIONS?



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