

Midwest Reliability Organization

2026 Draft Business Plan and Budget

Approved by MRO Board of Directors:



**MIDWEST
RELIABILITY
ORGANIZATION**

Public

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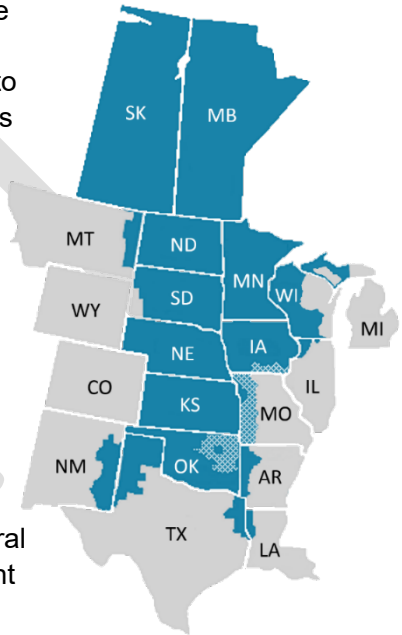
PREFACE

Midwest Reliability Organization (MRO) is dedicated to its vision of **a highly reliable and secure North American bulk power system**. To ensure reliability of the bulk power system in the United States, Congress passed the Energy Policy Act of 2005, creating a new regulatory organization called the Electric Reliability Organization (ERO) to establish mandatory Reliability Standards and monitor and enforce compliance with those standards on those who own, operate or use the interconnected power grid.

In 2006, the Federal Energy Regulatory Commission (FERC) approved¹ the North American Electric Reliability Corporation (NERC) as the ERO under section 215(e)(4) of the Federal Power Act. NERC delegates² its authority to monitor and enforce compliance to six Regional Entities³ established across North America, including MRO. Recognizing the international nature of the grid, NERC as the ERO, along with MRO, established similar arrangements with provincial authorities in Canada. Together, NERC and the Regional Entities are known as the ERO Enterprise.

The MRO region spans the provinces of Saskatchewan and Manitoba, and all or parts of sixteen states, including: Arkansas, Illinois, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin.

The region includes approximately 250 organizations that participate in the production and delivery of electric power, including municipal utilities, cooperatives, investor-owned utilities, transmission system operators, federal power marketing agencies, Canadian Crown Corporations, and independent power producers.



MRO's primary responsibilities include:

- Participate in and help to develop reliability standards that serve to mitigate risk to reliability and security of the North American bulk power system.
- Monitor and enforce compliance with mandatory reliability standards by entities who use, own or operate the regional grid.
- Conduct assessments of the bulk power grid's ability to meet projected electricity demand within the region.
- Assess regional system events and share lessons learned and best practices with industry participants.

Additionally, MRO creates open forums for stakeholder experts in the region to discuss important topics related to reducing both reliability and security risks and improving reliable operations of the bulk power system.

¹ 16 U.S.C. 824 o (e)(4)

² Order Conditionally Approving Revised Pro Forma Delegation Agreement and Revised Delegation Agreements with Regional Entities, 173 FERC ¶61,277 (December 2020).

³ 16 U.S.C. § 824o(a)(7)



INTRODUCTION

Overview

Midwest Reliability Organization

MRO is a Delaware nonprofit corporation that is a cross-border Regional Entity operating under a delegation agreement (Delegation Agreement) with NERC and in accordance with the MRO Bylaws. MRO's current Delegation Agreement was approved by FERC pursuant to FERC's authority under the Federal Power Act.

MRO achieves its vision of a highly reliable and secure North American bulk power system through a shared mission with the ERO Enterprise to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system. MRO is unique in that it uses the theory and principles of High Reliability Organizations⁴ as a framework for supporting reliable operations of the bulk power system within its geographic footprint. MRO promotes Highly Effective Reliability Organizations® (or HEROs) that implement high standards of operational excellence to avoid catastrophic events where accidents are expected due to complexity and risk. Working closely with registered entities (those companies that own, operate or use the interconnected power grid) and subject matter experts in the region, MRO continually identifies and assesses risks to reliability and security of the regional bulk power system.

This business plan and budget (BPB) supports the ERO Enterprise Long-Term Strategy, which was developed collaboratively by leadership teams across the ERO Enterprise. Region-specific activities to support the direction of the ERO Enterprise to address risk are reflected in MRO's 2025-2028 Strategic Plan.

Membership and Governance

MRO membership consists of members and adjunct members. Membership is free of charge and enables industry participation in organizational groups and the board of directors. As of April 2025, MRO had 106 members, thirteen of which are non-voting, adjunct members. Each voting member organization comes from one of seven industry sectors:

- Transmission System Operator
- Generator and/or Power Marketer
- Investor Owned Utility
- Cooperative
- Municipal Utility
- Federal Power Marketing Agency
- Canadian Utility

MRO's Board of Directors is a hybrid board consisting of a combination of independent and balanced stakeholder board members. There are 17 stakeholder directors elected by members from the seven industry sectors, plus four independent directors and two regional directors elected by all members.

⁴ <https://www.mro.net/wp-content/uploads/2022/07/Five-Principles-of-High-Reliability-Organizations.pdf>



Pursuant to MRO's Bylaws, no two industry sectors can control a vote. The board has adopted procedures to ensure it carries out its responsibilities free of conflicts of interest.

The board has three committees that provide functional oversight of MRO's operations:

- Finance and Audit Committee (FAC)
- Governance and Personnel Committee (GPC)
- Organizational Group Oversight Committee (OGOC)

The board has established three stakeholder-led advisory councils:

- Compliance Monitoring and Enforcement Program Advisory Council (CMEPAC)
- Reliability Advisory Council (RAC)
- Security Advisory Council (SAC)

Industry subject matter experts from member companies serve on the advisory councils and assist with identifying risks to the reliability and security of the regional bulk power system, developing mitigation strategies, and expanding outreach efforts to help registered entities become more aware of and reduce risk to their individual systems. In addition to producing educational materials for the region in the form of newsletter articles and webinars, the advisory councils support MRO's outreach events. The advisory councils also contribute to the development of MRO's annual Regional Risk Assessment (RRA).

Each advisory council may have subgroups that it oversees. All organizational group charters are published on MRO's website. Board-approved [*Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups*](#) sets out the processes for the organizational groups and MRO-sponsored NERC representatives. Three active subgroups include the NERC Standards Review Forum, which meets weekly to discuss ongoing NERC Reliability Standards projects; the Protective Relay Subgroup (PRS), which focuses on protection system misoperations and power system events in the region; and the SAC Threat Forum (SACTF), which is a weekly secured mechanism for MRO and Electricity Information Sharing and Analysis Center (E-ISAC) staff to discuss timely threat information with the electricity industry.

The advisory councils also work with staff and the board's OGOC to interface with NERC technical committees to increase awareness of NERC activities to reduce risk and avoid duplication of efforts. MRO sponsors staff from member companies to participate in NERC technical committee meetings that are focused on the risks most material to the MRO region. These representatives report back to one of the advisory councils and are assigned a staff member to assist with these efforts.

Pursuant to [*Policy and Procedure 2: Expense Reimbursement*](#), organizational group members and NERC representatives are reimbursed for travel costs associated with MRO and NERC organizational group participation.



THE ERO ENTERPRISE

Electricity is a vital component of the fabric of modern society and the FERC ERO Enterprise serves to strengthen that fabric for the benefit of nearly 400 million North Americans. The ERO Enterprise, which consists of NERC and the six Regional Entities, works with users, owners, and operators of the bulk power system (BPS), government partners, and other stakeholders and industry participants, to pursue its mission of assuring the effective and efficient reduction of risks to the reliability and security of the BPS.

NERC and the Regional Entities play different, but important and complementary, roles in delivering ERO Enterprise programs. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents, while ensuring that registered entities follow NERC and Regional Reliability Standards. The ERO Enterprise is explicitly committed to its collective success in achieving its vision of a highly reliable and secure North American BPS.



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 Regional Entities, and the different corporate and governance responsibilities of each entity.

In 2024, the ERO Enterprise revised the [ERO Enterprise Long-Term Strategy](#). This strategy includes the following focus areas for achieving success in its vision and mission:

- **Energy** – Effectively leverage a broad range of data, tools, and approaches to assist stakeholders and policymakers in addressing existing BPS risks and proactively identifying and preparing for emerging and unknown risks to the grid.



- **Security** – Maintain cyber and physical security programs (E-ISAC, Standards, Compliance Monitoring and Enforcement Program (CMEP), technical committee work,⁵ outreach and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of industry.
- **Engagement** – Ensure that the increasingly diverse spectrum of stakeholders and policymakers find value in engagements with the ERO Enterprise, seek ERO Enterprise expertise to inform their decision-making, and have confidence in the integrity and independence of ERO Enterprise programs.
- **Agility and Sustainability** – Perform as an effective and efficient team acting in coordination, ensuring its programs and efforts deliver value for stakeholders and policymakers as they manage changing reliability and security risk within the evolving industry landscape, and capturing cost efficiencies when practical.

As part of the business planning and budgeting process, NERC and the Regional Entities each have their own priorities and strategic focus areas but continually come together to ensure alignment with the long-term strategy and that business processes and operations are harmonized across the ERO Enterprise where appropriate.

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 measurements.

MRO Strategic and Operational Planning

Key Strategic Goals and Supporting Activities

MRO's board of directors approved a four-year strategic plan for MRO staff covering 2025 through 2028. The strategic priorities in the plan support MRO's vision and mission and the ERO Enterprise Long-Term Strategy. The strategic priorities are forward-looking and serve to guide the key objectives and support activities found within MRO's Strategic Plan⁶. These priorities serve as a foundation for decision-making, resource allocation, and risk management efforts.

Priority 1: People

Ensure that MRO remains an innovative, resilient, and high-performing organization with requisite expertise and leadership to navigate the challenges and opportunities of a rapidly transforming grid.

Priority 2: Processes

Implement high standards of operational excellence in everything we do, emphasizing effectiveness and efficiency to deliver utmost value to our stakeholders.

⁵ Technical committees include the NERC Standing Committees (Compliance and Certification Committee, Personnel Certification and Governance Committee, Reliability Issues Steering Committee, Reliability and Security Technical Committee, and Standards Committee) and Regional Entity organizational groups.

⁶ <https://www.mro.net/document/mro-2025-28-strategic-plan/>



Priority 3: Partnerships

Foster an agile, adaptive, and collaborative relationship with internal and external stakeholders to effectively coordinate efforts to reduce risk and enhance reliability and security of the North American bulk power system.

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2026 BUSINESS PLAN AND BUDGET OVERVIEW

Budget and Funding Requirements

To ensure adequate funding for delegated functions, NERC provides MRO with the monies necessary to carry out activities in the Delegation Agreement. Charges are allocated among the load-serving entities within the boundaries served by MRO, based on net energy for load (NEL). MRO's total NEL for 2024 was 510,331,218 MWH: US NEL 458,685,490 MWH; Canada NEL 51,645,728 MWH.⁷ [2024 TBD]

MRO provides NERC with a board-approved annual operating budget on or before June 30 of each year. MRO used shared ERO Enterprise-wide assumptions, internal strategic assumptions, and corporate risk assumptions in developing this 2026 BPB. Prior to obtaining final approval from its board of directors, MRO seeks NERC and stakeholder input and review of the annual BPB, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

MRO's 2026 total budget (\$27.8M) increased by 3.9 percent from the 2025 total budget (\$26.7M). The 2026 statutory assessment (\$26.2M) represents a 3.9 percent increase from the 2025 assessment. MRO proposes to use \$1.6M of its assessment stabilization reserves to manage the variance between the budgeted expenditures and assessments in 2026. See the [Reserve Analysis Table](#) for details.

The following are major drivers of budget expense changes in the 2026 BPB compared to the 2025 budget.

Personnel – 6.4% increase

Full-Time Equivalents (FTEs) are increased by four in the 2026 BPB to eighty-seven. An evaluation of MRO's personnel resources identified the need for additional staff in the Power System Risk Management Department to support the priorities related to developing data analytics capabilities to maintain and enhance reliability and security of the bulk power system; the Enforcement Department to manage enforcement caseload and support regulatory evaluations of compliance and mitigation findings; and Regulatory Affairs to support expansion in outreach to policymakers and local regulators within our region. The allocation of FTEs is in table 4. An explanation of the FTE variances is in the Personnel Analysis and Expenses section.

The 2026 BPB salary percentage changes reflect the combination of new salary bases with a salary increase of 3 percent and an additional 2 percent allotted for promotions and market adjustments. A decrease of 1 percent was applied to account for vacancies projected during the year.

The average health care premium cost per employee in the 2026 BPB was calculated based on assumptions provided by MRO's benefit provider, which reflected an increase over what was budgeted in 2025 because of an aging workforce along with overall premium increases. The proposed increase in FTEs also impacts 2026 benefit premium costs. The per employee cost applied to each department is based on the number of FTEs.

⁷ NEL totals were reported in June 2024 for the 2025 BPB. NEL totals for the purpose of the 2026 BPB will be available June 2025.



Meetings and Travel – 7.8% increase

Enhancements to MRO's stakeholder outreach in 2026 include expanding its activities within regulatory affairs. Also, enhancements to MRO's off-site summit include additional staff support. This provides efficiencies for the three separate events, Reliability, Security, and Compliance Monitoring and Enforcement (CMEP). It also offers an opportunity for attendees to engage and network with a broader audience of peers.

Operating Expenses – 6.2% decrease

2026 BPB operating expenses are decreasing as a result of fewer consulting costs and reduced facility maintenance and office supply costs due to MRO's continued hybrid work setting.

Fixed Assets – 49.5% decrease

Asset replacements were advanced in 2024 which reduced the asset replacements scheduled for 2025 and ultimately results in a decrease in Capital Asset Expenditures in the 2026 BPB.

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Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2025 Budget and 2026 Budget

STATUTORY

				Variance	
		2025	2026	2026 Budget	2026 Budget
		Budget	Budget	v 2025 Budget	Variance
				Over(Under)	
Funding					
	ERO Funding				
	NERC Assessments	\$ 25,234,204	\$ 26,218,337	\$ 984,133	
	Penalties Released	621,250	24,298	(596,952)	
	Interest & Investment Income	15,600	17,690	2,090	
Total Funding (A)		\$ 25,871,054	\$ 26,260,325	\$ 389,271	1.5%
Expenses					
	Personnel Expenses				
	Salaries	\$ 16,663,420	\$ 17,436,192	\$ 772,772	
	Payroll Taxes	1,057,570	1,177,524	119,954	
	Benefits	1,744,112	2,032,063	287,951	
	Retirement Costs	2,365,061	2,579,664	214,603	
Total Personnel Expenses		\$ 21,830,163	\$ 23,225,444	\$ 1,395,281	6.4%
	Meeting Expenses				
	Meetings & Conference Calls	\$ 182,275	\$ 203,650	\$ 21,375	
	Travel	494,711	526,150	31,439	
Total Meeting Expenses		\$ 676,986	\$ 729,800	\$ 52,814	7.8%
	Operating Expenses, excluding Depreciation				
	Consultants & Contracts	\$ 1,196,853	\$ 1,025,621	\$ (171,232)	
	Office Rent	1,136,000	1,103,000	(33,000)	
	Office Costs	1,043,032	996,718	(46,314)	
	Professional Services	545,300	554,000	8,700	
	Miscellaneous	-	-	-	
Total Operating Expenses		\$ 3,921,185	\$ 3,679,339	\$ (241,846)	-6.2%
Total Expenses (B)		\$ 26,428,334	\$ 27,634,583	\$ 1,206,249	4.6%
Fixed Asset Additions, excluding Right of Use Assets (C)		323,000	163,000	(160,000)	-49.5%
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)		\$ 26,751,334	\$ 27,797,583	\$ 1,046,249	3.9%
TOTAL CHANGE IN RESERVES (=A-B-C)		\$ (880,280)	\$ (1,537,258)	\$ (656,978)	
FTEs		83.00	87.00	4.00	-

Table 1: Statement of Activities



2026 Program Area Budgets

The following table shows 2026 versus 2025 budget comparison by program area. The amounts reflect all direct departmental costs, including fixed asset expenditures, as well as indirect costs incurred for Administrative Services (formerly called Administrative Programs), which are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. [See the Administrative Services section](#) for discussion on this allocation method.

2026 versus 2025 Total Budget by Program

Base Operating Budget	Budget		Variance	
	2025	2026	2026 Budget v 2025 Budget	Variance %
Reliability Standards	\$ 77,433	\$ -	\$ (77,433)	-100.0%
Compliance Enforcement	16,633,515	16,782,403	148,887	0.9%
Organization Registration and Certification		871,949	871,949	-
Reliability Analysis and Power System Risk	6,911,276	7,136,180	224,904	3.3%
Training, Education and Regulatory Affairs	1,885,437	2,179,230	293,792	15.6%
Situation Awareness and Infrastructure Security	1,243,672	827,821	(415,851)	-33.4%
Total	\$ 26,751,334	\$ 27,797,583	\$ 1,046,249	3.9%

Table 2: Budget by Program

Major Budget Drivers by Program Area

The 2026 budget for each program area is increasing over 2025, except in Reliability Standards and Situation Awareness and Infrastructure Security. The increases are primarily due to a combination of the following: (1) assumptions related to personnel, particularly increases in FTEs (see personnel analysis table below), which may also result in higher allocations of indirect and fixed asset costs from the Administrative Services departments; and (2) costs related to capital expenditures, which are allocated to the statutory program departments. In many departments, these increases are offset by decreases in spending in other areas. The decreases are primarily due to the following: (1) reallocation of FTEs; and (2) recognition of reduced activity in the two program areas noted above with lower budgets. Details on the statutory program and Administrative Services budgets are available in the 2026 Program Area and Department Detail section. The following is a summary of major budget drivers by statutory program.

Compliance Monitoring and Enforcement Program (CMEP)

- **Personnel** – Assumptions related to the personnel major budget drivers are explained under [budget and funding requirements](#).
- **Contractors and Consultants** – Decrease in costs related to external support of systems and processes.
- **Office costs** – Reclassification of employee-related expenditures to personnel costs.



- **Indirect Expenses** – Increase in expenses for Administrative Services allocated to each statutory program based on number of FTEs.
- **Fixed Assets** – Decreased allocation due to reduction in overall capital expenditures.

Organization Registration and Certification (ORC)

- **Personnel** – Assumptions related to the personnel major budget driver are explained under [budget and funding requirements](#), including an increase of FTEs (see personnel analysis table).
- **Meeting Expenses** – This program area is newly organized as a separate statutory function.
- **Consultants and Software Contracts** – This program area is newly organized as a separate statutory function.
- **Indirect Expenses** – This program area is newly organized as a separate function. Expenses for Administrative Services are allocated to each statutory program based on number of FTEs.
- **Fixed Assets** – Capital expenditures are allocated to each statutory program based on number of FTEs.

Reliability Analysis and Power System Risk Management

- **Personnel** – Assumptions related to the personnel major budget driver are explained under [budget and funding requirements](#), including an increase of FTEs (see personnel analysis table).
- **Meeting Expenses** – An increase in meetings and both staff and member travel is expected because of new activities in data analytics.
- **Consultants and Software Contracts** – Increase in work related to data analytics.
- **Indirect Expenses** – The increase in FTEs in this area resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.
- **Fixed Assets** – Decreased allocation due to reduction in overall capital expenditures.

Situation Awareness and Infrastructure Security

- **Personnel** – Assumptions related to the personnel major budget driver are explained under [budget and funding requirements](#).
- **Indirect Expenses** – The increase in inter-departmental allocation of FTEs in this area has resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.



Training, Education, and Regulatory Affairs

- **Personnel** – Assumptions related to the personnel major budget driver are explained under [budget and funding requirements](#).
- **Meeting Expenses** – Increased activity of Regulatory Affairs and enhancements to the off-site summit.
- **Indirect Expenses** – The increase in inter-departmental allocation of FTEs in this area has resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.

Administrative Services

Administrative Services (in whole dollars)			
	Direct Expenses and Fixed Assets		Increase (Decrease)
	2025 Budget	2026 Budget	
General and Administrative	\$3,549,836	\$3,524,332	-\$25,504
Legal	\$676,865	\$725,867	\$49,002
Communications	\$0	\$316,981	\$316,981
Information Technology	\$2,951,235	\$2,921,980	-\$29,255
Human Resources	\$820,203	\$820,053	-\$150
Finance and Accounting	\$1,479,606	\$1,671,283	\$191,677
Total Administrative Services	\$9,477,744	\$9,980,496	\$502,752

Table 3: Budget by Administrative Service Area

- **Personnel** – Assumptions related to the personnel major budget driver are explained under [budget and funding requirements](#), including the net result of allocating existing staff time to the work of corporate administration (see personnel analysis table).
- **Contractors and Consultants** – The increase reflects a consolidation of consulting or contractual needs from other program areas and is anticipated ad hoc support needs that benefit the entire MRO organization.
- **Office Costs** – An increase in staff training, ongoing staff certifications, and other professional development is expected in 2026.
- **Fixed Assets** – Decrease in replacement cost of end-of-life technology assets as they were completed in prior years.
- **Professional Services** – Includes increase in independent board director fees.



2026 Personnel Analysis and Expenses

The following table presents a 2026 versus 2025 comparison of budgeted FTEs by department. Also see the [MRO Staff Organization Chart](#).

FTEs	Budget 2025	Budget 2026	Variance from 2025 Budget
Reliability Standards	0.18	-	(0.18)
Compliance Monitoring	19.00	19.03	0.03
Compliance Risk Assessment and Mitigation	16.28	15.50	(0.78)
Compliance Enforcement	3.50	4.50	1.00
Training, Education, and Regulatory Affairs	5.00	6.16	1.16
Organization Registration and Certification	-	2.00	2.00
Reliability Analysis and Power System Risk	15.51	16.65	1.14
Situation Awareness and Infrastructure Security	2.92	1.95	(0.97)
Administrative Services	20.61	21.21	0.60
Total FTEs	83.00	87.00	4.00

Table 4: Personnel Analysis

MRO is adding four new positions in 2026 to support strategic areas of focus, resulting in a total of 87 FTEs in 2026. The FTE table above reflects the additions as well as the following department FTE reallocations:

- Compliance Risk Assessment and Mitigation – One FTE is reallocated to Reliability Analysis for the work of data analysis
- Training, Education, and Regulatory Affairs – One FTE is being added and existing staff time is being allocated to the work of outreach and regulatory affairs
- Organization Registration and Certification (ORC) – Two FTEs are allocated from existing staff as dedicated FTEs to this work



Personnel Expenses	Budget 2025	Budget 2026	Variance 2026 Budget v 2025 Budget	Variance %
Total Salaries	\$ 16,663,420	\$ 17,436,192	\$ 772,772	4.6%
Total Payroll Taxes	1,057,570	1,177,524	119,954	11.3%
Total Benefits	1,744,112	2,032,063	287,951	16.5%
Total Retirement	2,365,061	2,579,664	214,603	9.1%
Total Personnel Costs	<u>\$ 21,830,163</u>	<u>\$ 23,225,444</u>	<u>\$ 1,395,281</u>	<u>6.4%</u>
FTEs	83.00	87.00	4.00	4.8%
Cost per FTE				
Salaries	200,764	\$ 200,416	(348)	-0.2%
Payroll Taxes	12,742	13,535	793	6.2%
Benefits	21,013	23,357	2,344	11.2%
Retirement	28,495	29,651	1,157	4.1%
Total Cost per FTE	\$ 263,014	\$ 266,959	\$ 3,945	1.5%

Table 5: Personnel Expenses

The increase in overall personnel costs is primarily related to the addition of 4 FTEs, as well as the salary and benefit increase assumptions for existing staff discussed in the Personnel section under [budget and funding requirements](#).

Consultants and Contracts

Consultants	Budget 2025	Budget 2026	Variance 2026 Budget v 2025 Budget	Variance %
Consultants				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	50,000	-	(50,000)	-100%
Organization Registration and Certification	-	-	-	
Reliability Analysis and Power System Risk	60,000	-	(60,000)	-100%
Training and Education and Regulatory Affairs	7,500	-	(7,500)	-100%
Situation Awareness and Infrastructure Security	10,000	-	(10,000)	-100%
Administrative Services	192,200	183,200	(9,000)	-5%
Consultants Total	\$ 319,700	\$ 183,200	\$ (136,500)	-43%

Contracts	Budget 2025	Budget 2026	Variance 2026 Budget v 2025 Budget	Variance %
Contracts				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	-	-	-	
Organization Registration and Certification	-	-	-	
Reliability Analysis and Power System Risk	58,800	58,000	(800)	-1%
Training and Education and Regulatory Affairs	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Administrative Services	818,353	784,421	(33,932)	
Contracts Total	\$ 877,153	\$ 842,421	\$ (34,732)	-4%

Table 6: Consultants and Contracts by Program Area



Significant variances to Consultants and Contracts expenses include:

- **Compliance Monitoring and Enforcement Program** – No consulting need projected for the year
- **Reliability Analysis and Organization Registration and Certification** – No consulting need projected for the year
- **General and Administrative** – Consolidated consulting needs across the organization
- **Information Technology** – Reduction in consulting and software contracts for existing technology tools

Fixed Assets

Fixed Assets	Budget 2025	Budget 2026	Variance 2026 Budget v 2025 Budget	Variance %
Computer Equipment	283,000	163,000	(120,000)	-42.4%
Capitalized Software	-	-	-	
Furniture and Equipment	-	-	-	
Leasehold Improvements	40,000	-	(40,000)	-100.0%
Total Change in Fixed Assets	\$ 323,000	\$ 163,000	\$ (160,000)	-49.5%

Table 7: Fixed Assets

Significant variances in Fixed Assets include:

- **Computer and Software CapEx** – Decreasing due to (1) the one-time purchase of end-of-life assets in 2024, and (2) extending the life of computer assets
- **Leasehold Improvements** – No leasehold improvements projected for the year



Outside Funding

Outside Funding Breakdown By Program (Excluding Penalty Sanction)		Budget 2025	Budget 2026	Variance 2026 Budget v 2025 Budget
Reliability Standards				
Interest Income		\$ 45	\$ -	\$ (45)
Other		-	-	-
Total		\$ 45	\$ -	\$ (45)
Compliance Monitoring, Enforcement				
Interest Income		\$ 9,698	\$ 10,495	\$ 796
Other		-	-	-
Total		\$ 9,698	\$ 10,495	\$ 796
Organization Registration and Certification				
Interest Income		\$ -	\$ 538	\$ 538
Other		-	-	-
Total		\$ -	\$ 538	\$ 538
Reliability Analysis and Power System Risk				
Interest Income		\$ 3,877	\$ 4,477	\$ 600
Other		-	-	-
Total		\$ 3,877	\$ 4,477	\$ 600
Training and Education				
Interest Income		\$ 1,250	\$ 1,656	\$ 407
Other		-	-	-
Total		\$ 1,250	\$ 1,656	\$ 407
Situation Awareness and Infrastructure Security				
Interest Income		\$ 730	\$ 524	\$ (206)
Other		-	-	-
Total		\$ 730	\$ 524	\$ (206)
General and Administrative				
Interest Income		\$ -	\$ -	\$ -
Other		-	-	-
Total		\$ -	\$ -	\$ -
Total Outside Funding		\$ 15,600	\$ 17,690	\$ 2,090

Table 8: Outside Funding

Significant increases in Outside Funding include:

- **Interest and Investment Income** – Recognition of interest earned on penalty funds held in an interest-bearing investment account over 12 months.



Reserve Analysis

Reserve Analysis 2024-2026				
	Total Reserves	Working Capital Reserves	Operating Reserves	Assessment Stabilization Reserves (ASR)
Beginning January 1, 2024	7,478,219	7,742	1,923,539	5,546,938
Plus: Penalty Sanctions	395,049			395,049
Plus: Release from ASR	-	-		
Plus: 2024 Assessments	23,583,367	23,583,367		
Adjustment for targeted reserves up to \$1M	-	923,539	(923,539)	
Adjustment for interest on reserves	574,594	292,978		281,616
Less: 2024 Actual Expenditures	(22,754,529)	(22,754,529)		
Final Reserves December 31, 2024	9,276,700	2,053,097	1,000,000	6,223,603
Beginning January 1, 2025	9,276,700	2,053,097	1,000,000	6,223,603
Plus: Penalty Sanctions	24,299	636,850		(612,551)
Plus: Release from ASR	-	880,280		(880,280)
Plus: 2025 Assessments	25,234,203	25,234,203		
Adjustment for targeted reserves up to \$1M	-			
Adjustment for interest on reserves	388,259	200,000		188,259
Less: 2025 Projected Expenditures	(26,751,333)	(26,751,333)		
Projected Reserves December 31, 2025	8,172,128	2,253,097	1,000,000	4,919,031
Beginning January 1, 2026	8,172,128	2,253,097	1,000,000	4,919,031
Plus: Penalty Sanctions	-	41,988		(41,988)
Plus: Release from ASR	-	1,537,258		(1,537,258)
Plus: 2026 Assessments	26,218,337	26,218,337		
Adjustment for targeted reserves up to \$1M	-			
Adjustment for interest on reserves	232,619	100,000		132,619
Less: 2026 Projected Expenditures	(27,797,583)	(27,797,583)		
Projected Reserves December 31, 2026	6,825,501	2,353,097	1,000,000	3,472,404

Table 9: Reserve Analysis

MRO projects a total reserve budget of \$8.2M across all categories of reserves at the end of 2025. This is an increase of \$2.5M (27%) from the total reserve amounts budgeted for the end of 2025 in the 2025 BPB. The Working Capital Reserves, Operating Reserves and ASR include interest earned on funds in the Reserves. The reserve categories are as follows:

- **Working Capital** – The balance of assessments less expenditures.
- **Operating Reserves** – Additional funds for unanticipated contingencies. MRO's policy requires a target operating reserve of the company's total expense and fixed asset budget, except as otherwise approved by the board, not to exceed \$1M. Adjustments are made to Operating Reserves to maintain the balance at no more than \$1 M.
- **Assessment Stabilization Reserve (ASR)** – This fund was established with surplus assessment dollars collected by SPP RE and then transferred to MRO following SPP RE's dissolution. Today, this reserve retains the balance of said surplus, excess working capital, and penalties received from U.S. entities. A portion of this reserve is released to offset assessments. In the 12 months



ending June 30, 2025, MRO has collected and is proposing⁸ to deposit \$24K of penalty funds into the ASR. MRO recommends the release of \$1.6M from the ASR to offset 2026 assessments, leaving the ASR with a projected balance of \$3.5M at the end of 2026. Pursuant to §1107.4 of the NERC Rules of Procedure, MRO requests that NERC and the Commission approve an exception to requirement §1107.2 that penalties collected during the 12 months ended June 30 be used to reduce assessments in the following year, to allow MRO to implement the proposed ASR transactions.

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⁸ With NERC and FERC approval, penalty sanctions are added to the ASR and released to offset assessments in future years.



2027-2028 BUDGET PROJECTIONS

Projected Funding and Budget Summary

MRO projects to increase its operating budget in 2027 from \$27,797,583 to \$29,510,015 an increase of \$1,712,432 or 6.2%. The projected 2028 budget of \$31,433,499 reflects an increase of \$1,923,484 or 6.5% over the 2027 projection.

MRO's projected 2027 assessment of \$27,791,437 represents an increase of 6.0% from the 2026 assessment. The projected assessment for 2028 of \$29,458,923 represents an increase of 6.0% from the 2027 projected assessment.

Major Drivers 2027 and 2028 Budget Projections

- **Staffing changes proposed for 2027-2028** – In line with MRO's strategic objectives, 2-5 additional FTEs are planned for 2027 and 2028, with a total increase of 5 FTEs over the two years. These roles are critical for advancing three key priorities:
 - **Managing Inverter-Based Resource (IBR) Risk:** The anticipated surge in new IBR registrants requires additional staff to effectively manage registration, training, outreach, and reliability monitoring efforts. This influx will impact several MRO programs and oversight activities.
 - **Conducting Reliability Studies:** The evolving grid requires ongoing reliability studies and assessments. Increased staffing will support MRO's ability to conduct these essential functions, ensuring the continued reliability of the bulk power system.
 - **Expanding Regulatory Affairs:** Continued focus on outreach and engagement with local regulators and policy makers to raise awareness of bulk power system risks.
- **Personnel Expenses:** The projected increase in personnel expenses is due to the addition of 2-5 FTEs, board-approved merit compensation increases, and rising employee benefits costs, including higher insurance premiums. A 1% vacancy rate, consistent with the 2026 budget, is applied to reflect projected talent acquisition timelines and potential turnover.
- **Meetings and Travel:** Increased travel costs are expected because of expanded regulatory affairs activity.
- **Consultants and Contracts:** Provisions have been made for anticipated IT and security-related projects.
- **Office Costs:** Rising office costs reflect increased staff presence in the office since 2025.
- **Professional Services:** A 3% inflationary increase is projected for both 2027 and 2028.
- **Fixed Assets:** An increase in 2027-28 is expected due to timing of replacement of end-of-life assets. Projections for 2028 include anticipated server upgrades.



2027 and 2028 Projections

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2027 through 2028 Projections							
	2026 Budget	2027 Projections	\$ Change 26 v 27	% Change 26 v 27	2028 Projection	\$ Change 27 v 28	% Change 27 v 28
Funding							
ERO Funding							
NERC Assessments	\$ 26,218,337	\$ 27,791,437	\$ 1,573,100	6.00%	\$ 29,458,923	\$ 1,667,486	6.00%
Penalty Reserves	41,988		(41,988)	-100.00%	-	-	
Total Funding (A)	\$ 26,260,325	\$ 27,791,437	\$ 1,531,112	5.8%	\$ 29,458,923	\$ 1,667,486	6.0%
Expenses							
Personnel Expenses							
Salaries	\$ 17,436,192	\$ 18,520,723	\$ 1,084,531		\$ 19,774,576	\$ 1,253,853	
Payroll Taxes	1,177,524	1,257,596	80,072		1,354,808	97,212	
Benefits	2,032,063	2,170,243	138,180		2,338,003	167,760	
Retirement Costs	2,579,664	2,755,082	175,417		2,968,049	212,968	
Total Personnel Expenses	\$ 23,225,444	\$ 24,703,644	\$ 1,478,200	6.4%	\$ 26,435,436	\$ 1,731,793	7.0%
Meeting Expenses							
Meetings & Conference Calls	\$ 203,650	\$ 209,760	\$ 6,110		\$ 216,052	\$ 6,293	
Travel	526,150	541,935	15,785		558,193	16,258	
Total Meeting Expenses	\$ 729,800	\$ 751,694	\$ 21,894	3.0%	\$ 774,245	\$ 22,551	3.0%
Operating Expenses, excluding Depreciation							
Consultants & Contracts	\$ 1,025,621	\$ 1,056,390	\$ 30,769		\$ 1,088,081	\$ 31,692	
Office Rent	1,103,000	1,136,090	33,090		1,170,173	34,083	
Office Costs	996,718	1,026,620	29,902		1,057,418	30,799	
Professional Services	554,000	585,578	31,578		603,145	17,567	
Miscellaneous	-	-	-		-	-	
Total Operating Expenses	\$ 3,679,339	\$ 3,804,677	\$ 125,338	3.4%	\$ 3,918,817	\$ 114,140	3.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses (B)	\$ 27,634,583	\$ 29,260,015	\$ 1,625,432	5.9%	\$ 31,128,499	\$ 1,868,484	6.4%
Change in Net Assets (=A - B)	\$ (1,374,258)	\$ (1,468,578)	\$ (94,320)	6.9%	\$ (1,669,576)	\$ (200,998)	13.7%
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 163,000	\$ 250,000	\$ 87,000	53.4%	\$ 305,000	\$ 55,000	22.0%
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 27,797,583	\$ 29,510,015	\$ 1,712,432	6.2%	\$ 31,433,499	\$ 1,923,484	6.5%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ (1,537,258)	\$ (1,718,578)			\$ (1,974,576)	\$ -	
FTEs	87.00	89.00	2.00		92.00	3.00	

Table 10: 2027 and 2028 Budget Projections



2026 PROGRAM AREA AND DEPARTMENT DETAIL

Reliability Standards

Purpose and Scope

MRO's efforts related to NERC Reliability Standards support NERC's stakeholder-driven processes to develop and maintain risk-responsive Reliability Standards by providing feedback into the standards process, conducting outreach during standards development, and providing clarity to industry on enforceable standards and requirements. MRO's CMEP Advisory Council and its subgroups develop Standard Application Guides, comment on NERC standard projects, participate in standards development, and maintain MRO's Regional Reliability Standards Process Manual as required by the Delegation Agreement.

2026 Areas of Focus

Key areas of focus for the Reliability Standards program include:

- Developing a more agile standard setting process that honors the important role of stakeholders in Reliability Standards development.
- Addressing cyber security risks by continuing to enhance cyber security Reliability Standards.
- Integrating and updating standards to address new risks such as inverter-based resources, distributed energy resources, energy management, and fuel management.
- Addressing FERC directives, orders, or special reports.
- Revising the Standards Process Manual to allow for a more agile standards development process.

MRO reallocated the resources and expenses associated with the Reliability Standards program to the CMEP programs due to decreased regional activity in the Reliability Standards program. If any Reliability Standards or regional criteria need to be developed, resources will be temporarily redeployed from the existing CMEP areas.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital				
2025 Budget and 2026 Budget				
STANDARDS				
	2025 Budget	2026 Budget	Variance 2026 Budget v 2025 Budget Over(Under)	2026 Budget Variance
Funding				
ERO Funding				
NERC Assessments	\$ 75,595	\$ -	\$ (75,595)	
Penalties Released	1,792	-	(1,792)	
Interest	45	-	(45)	
Total Funding (A)	\$ 77,433	\$ -	\$ (77,433)	-100.0%
Expenses				
Personnel Expenses				
Salaries	\$ 37,629	\$ -	\$ (37,629)	
Payroll Taxes	2,468	-	(2,468)	
Benefits	3,794	-	(3,794)	
Retirement Costs	5,266	-	(5,266)	
Total Personnel Expenses	\$ 49,157	\$ -	\$ (49,157)	-100.0%
Meeting Expenses				
Meetings	\$ -	\$ -	\$ -	
Travel	-	-	-	
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -
Operating Expenses				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	-	
Office Costs	-	-	-	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ 27,344	\$ -	\$ (27,344)	-100.0%
Total Expenses (B)	\$ 76,501	\$ -	\$ (76,501)	-100.0%
Change in Net Assets (=A - B)	\$ 932	\$ -	\$ (932)	
Fixed Asset Additions, excluding Right of Use Assets (C)	932	-	(932)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 77,433	\$ -	\$ (77,433)	-100.0%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -		\$ -
FTEs	0.18	-	(0.18)	

Table 11: Reliability Standards Budget Detail



Compliance Monitoring and Enforcement

Purpose and Scope

MRO's CMEP work is performed by three departments: Compliance Monitoring, Risk Assessment and Mitigation (RAM), and Enforcement, creating an effective "check and balance" for making decisions about noncompliance and enforcement. MRO's RAM Department develops Inherent Risk Assessments (IRAs) for registered entities to describe the risk each entity poses to the bulk power system by the nature of the facilities the entity owns and operates. This information provides a ranking of requirements for monitoring an entity based on risk.

Compliance Monitoring

The Compliance Monitoring Department uses IRAs as input when developing Compliance Oversight Plans (COPs). COPs are registered entity-specific and inform the scope and timing of oversight activities for each registered entity based on the risk the entity poses to reliability and security of the regional bulk power system, informed by entity performance related to managing those risks. A variety of discovery and compliance monitoring methods are used, including spot checks, audits, self-certifications, Periodic Data Submittals (PDS), and self-reports.

Risk Assessment and Mitigation

Following identification of a proposed noncompliance, RAM conducts a risk assessment of the possible violation and evaluates and monitors related mitigation efforts.

Enforcement

The Enforcement Department independently reviews and processes noncompliances and violations using risk-based disposition methods, including any penalty determinations. Enforcement also analyzes the registered entity's compliance history and culture of compliance that are used as inputs to the COP completed by the Compliance Monitoring Department.

All three of the CMEP departments are responsible for supporting and facilitating the work of the CMEP Advisory Council and its subgroups. Additionally, CMEP staff support ERO collaboration group activities that align MRO's CMEP program, including associated tools, with that of the other Regional Entities and NERC.

The 2026 BPB anticipates that staff will perform CMEP activities for approximately 250 registered entities. The Compliance Monitoring Department will conduct approximately 14 audits and will also contribute to audits of registered entities that participate in coordinated oversight where MRO is an Affected Regional Entity. In addition to the activities described above, the Enforcement Department will review registered entity participation in the ERO Enterprise Self-Logging Program.

Impact on Resource Needs

In addition to regular oversight work, the CMEP departments will dedicate resources to support the continued implementation of ERO Enterprise Tools and the activities of the ERO Enterprise collaboration groups. These initiatives improve the effectiveness of MRO activities and better define the expectations of CMEP staff.



2026 Areas of Focus

Key areas of focus for the Compliance Monitoring, RAM, and Enforcement departments include:

- Continuing efforts to address facility ratings and demonstrate the importance of implementing strong internal controls.
- Continuing to evaluate supply chain effectiveness and provide and analyze quarterly metrics on compliance data to inform emerging risks and Registration activities.
- Enhancing outreach to stakeholder/policy organizations and leverage the work of others.
- Continuing efforts to align risk determinations using a risk-based approach to processing noncompliance.
- Providing and analyzing quarterly metrics on enforcement data.
- Implementing efforts to streamline minimal risk issues while identifying trends to provide outreach and feedback to registered entities.
- Working to ensure continued support for the success of Align and the ERO Secure Evidence Locker (SEL); ensuring meaningful oversight activities; and continuing efforts to streamline risk-based CMEP activities.

The Statement of Activities for this program area is shown below. See [CMEP Major Budget Drivers](#) for an explanation of significant variances.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2025 Budget and 2026 Budget

COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

	2025 Budget	2026 Budget	Variance 2026 Budget v 2025 Budget Over(Under)	2026 Budget Variance
Funding				
ERO Funding				
NERC Assessments	\$ 16,237,666	\$ 15,554,061	\$ (683,605)	
Penalties Released	386,153	14,415	(371,738)	
Interest	9,696	10,495	798	
Total Funding (A)	\$ 16,633,515	\$ 15,578,970	\$ (1,054,545)	-6.3%
Expenses				
Personnel Expenses				
Salaries	\$ 7,728,094	\$ 7,838,162	\$ 110,068	
Payroll Taxes	515,057	563,591	48,534	
Benefits	817,361	912,474	95,113	
Retirement Costs	1,103,473	1,159,584	56,111	
Total Personnel Expenses	\$ 10,163,985	\$ 10,473,811	\$ 309,826	3.0%
Meeting Expenses				
Meetings	\$ 11,250	\$ 7,250	\$ (4,000)	
Travel	174,000	142,000	(32,000)	
Total Meeting Expenses	\$ 185,250	\$ 149,250	\$ (36,000)	-19.4%
Operating Expenses				
Consultants & Contracts	\$ 50,000	\$ -	\$ (50,000)	
Office Rent	-	-	-	
Office Costs	142,393	141,700	(693)	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ 192,393	\$ 141,700	\$ (50,693)	-26.3%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ 5,891,119	\$ 5,920,942	\$ 29,823	0.5%
Total Expenses (B)	\$ 16,432,747	\$ 16,685,703	\$ 252,956	1.5%
Change in Net Assets (=A - B)	\$ 200,768	\$ (1,106,732)	\$ (1,307,501)	
Fixed Asset Additions, excluding Right of Use Assets (C)	200,768	96,700	(104,068)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 16,633,515	\$ 16,782,403	\$ 148,887	0.9%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ (1,203,432)	\$ -	\$ -
FTEs	38.78	39.03	0.25	-

Table 12: CMEP Budget Detail



Organization Registration and Certification

Purpose and Scope

Organization Registration and Certification Program (ORCP) staff register all users, owners, and operators of the bulk power system in MRO's regional footprint as required by NERC. The program consists of two separate areas: Registration and Certification. The program ensures applicable registered entities, such as Reliability Coordinators (RCs), Balancing Authorities (BAs), and Transmission Operators (TOPs), can perform associated tasks. All entities registered for any reliability function are required to comply with mandatory NERC Reliability Standards. Additionally, ORCP staff support ERO collaboration group activities that align MRO's ORCP program, including associated tools, with that of the other Regional Entities and NERC. This program was previously a subsection of the Reliability Analysis program.

Organization Registration Summary

Registration staff identify and register BPS users, owners and operators who are responsible for specific reliability functions that are subject to mandatory Reliability Standards and requirements. There are currently fourteen functions on the NERC Compliance Registry that require registration.

Organization Certification Summary

Certification staff ensure that applicants for the RC, BA, or TOP functions have the tools, processes, training, and procedures to meet the requirements of the Reliability Standards before they are certified.

2026 Areas of Focus

Key areas of focus for the Organization Registration and Certification department include:

- Continuing to support the ERO IBR Registration Initiative
- Enhancing outreach to registered entities around registration and certification activities
- Enhancing internal procedures around registration and certification activities

Increased activity and expanded work in this area has warranted its separation from Reliability Analysis as an independent program area. The Statement of Activities for this program area is new as of 2026 and shown below. See [ORC Major Budget Drivers](#) for further explanation



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2025 Budget and 2026 Budget

ORGANIZATION REGISTRATION and CERTIFICATION

	2025 Budget	2026 Budget	Variance 2026 Budget v 2025 Budget Over(Under)
Funding			
ERO Funding			
NERC Assessments		\$ 797,031	\$ 797,031
Penalties Released		739	739
Interest		538	538
Total Funding (A)		\$ 798,307	\$ 798,307
Expenses			
Personnel Expenses			
Salaries		\$ 404,980	\$ 404,980
Payroll Taxes		30,361	30,361
Benefits		46,894	46,894
Retirement Costs		59,854	59,854
Total Personnel Expenses		\$ 542,089	\$ 542,089
Meeting Expenses			
Meetings		\$ -	\$ -
Travel		16,000	16,000
Total Meeting Expenses		\$ 16,000	\$ 16,000
Operating Expenses			
Consultants & Contracts		\$ -	\$ -
Office Rent		-	-
Office Costs		5,500	5,500
Professional Services		-	-
Miscellaneous		-	-
Total Operating Expenses		\$ 5,500	\$ 5,500
Other Non-Operating Expenses		\$ -	\$ -
Indirect Expenses		\$ 303,405	\$ 303,405
Total Expenses (B)		\$ 866,994	\$ 866,994
Change in Net Assets (=A - B)		\$ (68,686)	\$ (68,686)
Fixed Asset Additions, excluding Right of Use Assets (C)		4,955	4,955
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)		\$ 871,949	\$ 871,949
TOTAL CHANGE IN RESERVES (=A-B-C)		\$ (73,641)	\$ -
FTEs		2.00	2.00

Table 13: Organization Registration and Certification Budget Detail



Reliability Analysis and Power System Risk Management

Reliability Analysis staff identify, prioritize, and support activities to reduce known and emerging risks to the BPS. Three primary groups at MRO are focused on this program: (1) Reliability Assessments; (2) Event and Performance Analysis; and (3) Power System Risk Management, a newly created focus area.

Purpose and Scope

Reliability Assessments

MRO's Reliability Analysis Department conducts assessments of the grid's ability to meet electric power demand within the region during specific time periods, which may indicate the need to develop and implement targeted interventions based on reliability risk. Reliability Analysis staff participate in the Eastern Interconnection Reliability Assessment Group, which facilitates data collection and development of power flow and dynamics simulation models for the Eastern Interconnection. Reliability Analysis also supports MRO's RAC, the PRS, and related ERO Enterprise activities including special assessments and collaboration groups. In 2026, the Reliability Assessments team will perform an Eastern Interconnection-wide analysis that includes an Energy Assessment in coordination with other Regional Entities.

Event and Performance Analysis

Reliability Analysis staff perform event analyses and performance analyses in support of related NERC program areas. This work includes:

- Analyses of large-scale BPS outages, disturbances, and near misses to determine root causes and lessons learned.
- Quarterly review of operational data submissions to assess system performance.
- The availability of electric generation and transmission equipment through various NERC reporting systems, such as Transmission Availability Data Systems, Generating Availability Data Systems, and Misoperation Information Data Analysis Systems.

Power System Risk Management

MRO's Power System Risk Management Department is responsible for leading efforts to identify, prioritize, and address reliability risks to the bulk power system within the MRO region. This work includes:

- Maintaining a power system risk framework that aligns with the ERO's Reliability Risk Framework.
- Collaborating with internal and external MRO stakeholders to identify and prioritize risk through MRO's Regional Risk Assessment process.
- Developing plans that coordinate activities, services, and products targeted to influence the reduction of bulk power system reliability risk within the MRO footprint.
- Supporting analysis of data and information sharing to monitor risk trends and success of risk-reducing actions.



Impact on Resource Needs

Two resources will be added to the Power System Risk Management Department in 2026 to support the formation of a data analytics function. These resources will support other MRO departments in completing data analyses that advance MRO's mission to effectively and efficiently mitigate risks to the reliability and security of the regional bulk power system.

2026 Areas of Focus

Key areas of focus for Reliability Analysis include:

- Assuring the reliable and secure integration of BPS-connected IBRs and Distributed Energy Resources (DERs), including the analysis of grid disturbances, development of technical guidance and educational materials, and collaboration with industry to ensure the Reliability Standards adequately address emerging risks in this area.
- Increasing understanding of changing resource mix impacts on BPS reliability by collecting plant, event, connected energy storage, and performance data for photovoltaic and wind generation, combined with enhanced design data and event reporting for conventional generation.
- Improving the ERO's analytic, independent, and objective capabilities and adapting to evolving BPS reliability challenges by:
 - Enhancing reliability assessments to include evaluations of energy availability and expanded probabilistic methods that can identify risks of energy shortfall for all assessment areas in long-duration and seasonal time horizons.
 - Further enhancing scenario development capabilities to better understand the implications of extreme weather, increased reliance on variable generation, and changing conditions.
 - Developing the capabilities to annually assess transmission adequacy and transfer capability, making recommendations that support long-term reliability needs.
 - Supporting technical studies that provide additional insight into the increasing dependency of natural gas generation, particularly during extreme winter weather and ramping periods.
- Leveraging processes, tools, and products to measure and improve bulk power system resilience for widespread, long-term extreme temperature and weather events, including the development of a systematic collection of load loss outage and recovery data.
- Assessing impacts from federal and state regulations on the reliability and resilience of the BPS.
- Improving event processing to support the creation of a clearer and more comprehensive system performance overview, aligned with the Rules of Procedure Section 800 system performance monitoring and reporting program.
- Reinforcing fundamental and enhanced reliability practices through joint reliability partnership activities with stakeholders and the ERO Enterprise.



Key areas of focus for Power System Risk Management include:

- Developing and maintaining processes and procedures that provide data analysis support across the organization, including prioritizing requests that add value by maximizing risk mitigation.
- Identifying internal and external data sources and developing a plan to connect with those sources to support necessary analysis.
- Improving the ability to collect, organize, and leverage program data efficiently to address identified and emerging reliability and security risks.
- Optimizing cross-functional project collaboration by enhancing data analysis capabilities and improving the flexibility and agility of disturbance reporting.
- Fostering relationships with MRO staff to understand activities and workflows within and between departments to enable efficient and effective performance of data analytics functions.
- Enhancing MRO's risk framework to measure the performance of risk-reducing activities that are influenced by MRO and performed by entities.
- Maturing MRO's BPS risk register to provide structured information on the identified and prioritized risks and connecting completed or planned activities to reduce the risk.

The Statement of Activities for this program area is shown below. Power System Risk Management is a newly created focus area, and its costs were combined with Reliability Analysis. See [Reliability Analysis and Power System Risk Management Major Budget Drivers](#) for an explanation of significant variances.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital				
2025 Budget and 2026 Budget				
RELIABILITY ANALYSIS AND POWER SYSTEM RISK				
	2025 Budget	2026 Budget	Variance 2026 Budget v 2025 Budget Over(Under)	2026 Budget Variance
Funding				
ERO Funding				
NERC Assessments	\$ 6,752,957	\$ 6,635,284	\$ (117,673)	
Penalties Released	154,441	6,149	(148,292)	
Interest	3,878	4,477	599	
Total Funding (A)	\$ 6,911,276	\$ 6,645,910	\$ (265,366)	-3.8%
Expenses				
Personnel Expenses				
Salaries	\$ 3,216,649	\$ 3,207,910	\$ (8,739)	
Payroll Taxes	213,030	226,217	13,187	
Benefits	321,633	394,689	73,056	
Retirement Costs	444,874	484,389	39,515	
Total Personnel Expenses	\$ 4,196,185	\$ 4,313,205	\$ 117,019	2.8%
Meeting Expenses				
Meetings	\$ 9,000	\$ 9,500	\$ 500	
Travel	124,000	138,000	14,000	
Total Meeting Expenses	\$ 133,000	\$ 147,500	\$ 14,500	10.9%
Operating Expenses				
Consultants & Contracts	\$ 118,800	\$ 58,000	\$ (60,800)	
Office Rent	-	-	-	
Office Costs	26,850	50,380	23,530	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ 145,650	\$ 108,380	\$ (37,270)	-25.6%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ 2,356,144	\$ 2,525,844	\$ 169,700	7.2%
Total Expenses (B)	\$ 6,830,979	\$ 7,094,928	\$ 263,949	3.9%
Change in Net Assets (=A - B)	\$ 80,297	\$ (449,018)	\$ (529,315)	
Fixed Asset Additions, excluding Right of Use Assets (C)	80,297	41,252	(39,045)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 6,911,276	\$ 7,136,180	\$ 224,904	3.3%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ (490,270)	\$ -	\$ -
FTEs	15.51	16.65	1.14	

Table 14: Reliability Analysis and Power System Risk Budget Detail

Situation Awareness and Infrastructure Security

Purpose and Scope

MRO monitors present conditions and emerging threats to reliability and security of the regional bulk power system and provides leadership coordination, technical expertise, and assistance to industry and government partners as necessary. MRO's Reliability Analysis and Critical Infrastructure Security Departments support these efforts.

Situation Awareness

The Reliability Analysis Department takes the lead in determining which entities may be more susceptible to a specific risk based on responses to NERC Alerts. The focus of the NERC Alert (reliability or security) determines whether Reliability Analysis or Security will respond to the Alert. NERC Alerts are used to effectively disseminate information to the electricity industry regarding reliability or security risks, and at times require MRO staff to review the responses. The Situation Awareness team works with stakeholders to identify known and emerging risks to reliability and security, assist industry in mitigating those risks, and promote a culture of continuous improvement across MRO's region. MRO staff also receive daily reports from the E-ISAC and Reliability Coordinators in the region, and work closely with these companies during security or extreme weather events that could have significant impacts on the grid.

Infrastructure Security

The Security Department supports the efforts of the MRO SAC and its subgroup, the SACTF. These organizational groups assess and help to mitigate and reduce cyber, physical, and operational risks to the regional bulk power system through a variety of outreach mechanisms. The department also develops and maintains strong connections with other industry security groups like the E-ISAC and federal security agencies, and serves as an expert resource to MRO's IT Department.

The Security Department focuses on activities that promote the identification, assessment, mitigation, and communication of cyber, physical, and operational risks to the security of the North American bulk power system. In addition, the department leads MRO emergency exercises and administers emergency management and business continuity initiatives for MRO. The department also leads MRO's participation in ERO Enterprise and regional emergency management and security exercises.

2026 Areas of Focus

Key areas of focus for Situation Awareness and Infrastructure Security include:

- Continuing to engage with industry, the E-ISAC, government partners, and the ERO Enterprise on emerging risks to BPS reliability.
- Engaging situational awareness subject matter experts in support of the work of Reliability Standards, the E-ISAC, and the MRO RAC and SAC to advance the security posture of the industry.
- Reviewing and curating grid reliability and security intelligence information applicable to the region during weekly regional threat calls, with participation from the E-ISAC.



- Maturing capability to conduct threat hunts for malicious technology and adversaries on MRO's Information Technology (IT) and Operational Technology platforms.
- Support and participate in Cyber Risk Information Sharing Program (CRISP) activities and briefings.
- Identify and promote outreach topics and speakers to increase the security and reliability of the North American BPS.
- Plan and execute regional activities around NERC's biennial GridEx exercise and MRO reliability and security events.

MRO reallocated the resources and expenses associated with Situation Awareness to the Reliability Analysis program to streamline costs and its close alignment with similar work. If any Situation Awareness initiative becomes prominent, resources will be temporarily redeployed from the existing Reliability Analysis and other program areas.

The Statement of Activities for this program area is shown below. See [Situation Awareness and Infrastructure Security Major Budget Drivers](#) for an explanation of significant variances.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2025 Budget and 2026 Budget

SITUATION AWARENESS and INFRASTRUCTURE SECURITY

		2025	2026	Variance	
		Budget	Budget	2026 Budget v 2025 Budget Over(Under)	2026 Budget Variance
Funding					
	ERO Funding				
	NERC Assessments	\$ 1,213,866	\$ 777,105	\$ (436,761)	
	Penalties Released	29,076	720	(28,356)	
	Interest	730	524	(206)	
Total Funding (A)		\$ 1,243,672	\$ 778,350	\$ (465,323)	-37.4%
Expenses					
	Personnel Expenses				
	Salaries	\$ 548,022	\$ 379,676	\$ (168,346)	
	Payroll Taxes	34,330	23,024	(11,306)	
	Benefits	61,544	46,894	(14,651)	
	Retirement Costs	80,303	57,577	(22,726)	
	Total Personnel Expenses	\$ 724,199	\$ 507,171	\$ (217,029)	-30.0%
	Meeting Expenses				
	Meetings	\$ -	\$ -	\$ -	
	Travel	38,000	20,000	(18,000)	
	Total Meeting Expenses	\$ 38,000	\$ 20,000	\$ (18,000)	-47.4%
	Operating Expenses				
	Consultants & Contracts	\$ 10,000	\$ -	\$ (10,000)	
	Office Rent	-	-	-	
	Office Costs	12,775	-	(12,775)	
	Professional Services	-	-	-	
	Miscellaneous	-	-	-	
	Total Operating Expenses	\$ 22,775	\$ -	\$ (22,775)	-100.0%
	Other Non-Operating Expenses	\$ -	\$ -	\$ -	
	Indirect Expenses	\$ 443,581	\$ 295,820	\$ (147,761)	-33.3%
Total Expenses (B)		\$ 1,228,555	\$ 822,990	\$ (405,565)	-33.0%
Change in Net Assets (=A - B)		\$ 15,117	\$ (44,640)	\$ (59,758)	
Fixed Asset Additions, excluding Right of Use Assets (C)		15,117	4,831	(10,286)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)		\$ 1,243,672	\$ 827,821	\$ (415,851)	-33.4%
TOTAL CHANGE IN RESERVES (=A-B-C)		\$ -	\$ (49,472)	\$ -	
FTEs		2.92	1.95	(0.97)	-

Table 15: Situation Awareness and Infrastructure Security Budget Detail



Training, Education, and Regulatory Affairs

Purpose and Scope

MRO is committed to its mission “to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting HEROs®.” This is accomplished in part by providing outreach to industry on the implementation of the CMEP, the application of NERC Reliability Standards, and sharing information and best practices related to reliability and security of the bulk power system in MRO’s regional footprint. The Outreach program provides training and education to registered entities through various channels like news articles, publications, conferences, webinars, roundtable events, videos, and social media, as well as presentation opportunities at other industry events. Raising awareness of risk and providing lessons learned and best practices to mitigate or reduce risk directly supports MRO’s strategic plan and other ERO Enterprise initiatives.

Regulatory Affairs

In addition, in partnership with NERC and the other Regional Entities, MRO has expanded outreach to include engagement with state and provincial policy makers and regulators to educate and inform key decision makers of risks to reliability and security of the bulk power system within MRO’s regional footprint. There is an increased need for greater coordination with state and provincial regulatory agencies as the lines between electricity generation and distribution intersect with the addition of behind the meter, renewable resources. This coordination has increased the workload for MRO staff resources that assist with these efforts. This outreach includes virtual and in-person interactions with both Canadian and U.S. local regulatory agencies to share information about the ERO Enterprise and important work to assess and mitigate risk to the North American bulk power system.

2026 Areas of Focus

Key areas of focus for outreach include support related to:

- Supporting internal and external MRO meetings and events.
- Planning and conducting conferences, workshops, and webinars focused on the top regional risks identified in MRO’s Regional Risk Assessment, as well as other events that benefit the region and the ERO Enterprise.
- Developing and maintaining metrics that measure outreach performance.
- Continuing to enhance state outreach and engagement, including further developed outreach for ERO Enterprise assessments and reports, and expanding collaboration efforts with the National Association of Regulatory Utility Commissioners and government partners.

MRO continues to offer a hybrid approach to educational events that includes both in-person and virtual opportunities for participation – offering a “best of both worlds” experience for attendees. Providing this hybrid approach allows MRO to expand its audience and reach and enables industry stakeholders to participate in a way that works best for them. MRO has adapted to this hybrid outreach approach without adding any costs to outreach participants. All of MRO’s events are offered free of charge and virtual participation has the added benefit of eliminating travel costs for participants. While this hybrid format



provides significant benefit to industry, it does increase the amount of time and effort required to host outreach events. MRO continues to monitor resource needs in this area.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital				
2025 Budget and 2026 Budget				
TRAINING, EDUCATION, and REGULATORY AFFAIRS				
	2025 Budget	2026 Budget	Variance 2026 Budget v 2025 Budget Over(Under)	2026 Budget Variance
Funding				
ERO Funding				
NERC Assessments	\$ 1,834,399	\$ 2,454,856	\$ 620,456	
Penalties Released	49,788	2,275	(47,513)	
Interest	1,250	1,656	406	
Total Funding (A)	\$ 1,885,437	\$ 2,458,787	\$ 573,350	30.4%
Expenses				
Personnel Expenses				
Salaries	\$ 664,283	\$ 624,090	\$ (40,193)	
Payroll Taxes	47,672	51,493	3,821	
Benefits	105,384	115,280	9,896	
Retirement Costs	114,973	112,468	(2,505)	
Total Personnel Expenses	\$ 932,312	\$ 903,332	\$ (28,981)	-3.1%
Meeting Expenses				
Meetings	\$ 100,000	\$ 132,500	\$ 32,500	
Travel	45,250	113,750	68,500	
Total Meeting Expenses	\$ 145,250	\$ 246,250	\$ 101,000	69.5%
Operating Expenses				
Consultants & Contracts	\$ 7,500	\$ -	\$ (7,500)	
Office Rent	-	-	-	
Office Costs	14,933	79,900	64,967	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ 22,433	\$ 79,900	\$ 57,467	256%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ 759,556	\$ 934,486	\$ 174,930	23.0%
Total Expenses (B)	\$ 1,859,552	\$ 2,163,968	\$ 304,416	16.4%
Change in Net Assets (=A - B)	\$ 25,886	\$ 294,819	\$ 268,934	
Fixed Asset Additions, excluding Right of Use Assets (C)	25,886	15,262	(10,624)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 1,885,437	\$ 2,179,230	\$ 293,792	15.6%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ 279,557	\$ 279,557	
FTEs	5.00	6.16	1.16	-

Table 16: Training and Education Budget Detail



Administrative Services

Scope and Functional Description

MRO's Administrative Services area comprises the business and administrative functions of the organization, including legal and regulatory, communications, information technology, human resources, finance and accounting, and general expenses. Costs incurred for these services are allocated as an indirect expense across MRO's other program areas.

Methodology for Allocation of Administrative Services Expenses to Programs

All expenses for the Administrative Services programs, referred to as indirect expenses, are allocated to the delegated program areas based on the respective number of FTEs.

Funding Sources

The expenses related to the indirect program areas are being allocated entirely to the direct programs. Therefore, indirect program areas have no ERO assessment revenue. However, the allocation of the reserves as an offset to assessments is reflected as a reduction.

2026 Areas of Focus

Key areas of focus for Administrative Services include:

- Elevating communication efforts across the ERO Enterprise to better educate, inform, and engage current stakeholders, as well as working with subject matter experts to identify and attract new stakeholder groups.
- Developing leaders and staff, new hire onboarding, and confidential information training.
- Maturing internal assurance programs, including internal audit, risk management, and contingency planning.
- Implementing and supporting adaptable and sustainable technology and enhancing cyber security to focus on prevention, detection, and mitigation.
- Increasing automation and controls across the HR and Finance & Accounting areas.



General and Administrative

The General and Administrative Department is led by MRO's President and CEO. The department ensures that there is appropriate attention to the execution of MRO's strategic priorities and the day-to-day operations and risk management of the corporation, board governance, policies and procedures, proper record-keeping, and related responsibilities under applicable regulations, as well as MRO's Delegation Agreement with NERC.

Legal

MRO's Legal function provides advice to the board, the President and CEO, and staff on legal matters affecting MRO. This department is also responsible for supporting and facilitating the work of the board's Governance and Personnel Committee, which is responsible for governance, board, and personnel oversight. Corporate records for the board and organizational groups are maintained in this area. MRO may use external specialized legal resources on an as-needed basis.

Communications

The Communications Department promotes consistency of messaging on various MRO and ERO-wide initiatives, maintains crisis and strategic communications plans, creates and supports internal and external communications strategies, helps to raise awareness of risk through a variety of communication mediums, and provides a wide range of communications support across the organization. These efforts support MRO's vision, mission and strategic plan.

Information Technology

MRO's IT function is responsible for providing and supporting the technology tools and resources that staff use to perform delegated functions and other work.

As part of this function, the IT Department is also responsible for managing and securing the IT infrastructure and assets of the company. This includes providing ways for the company to preserve and protect the confidentiality, integrity, and availability of company data, and responding in a timely manner to the ever-evolving cyber threats faced by the organization. Using a risk-based approach, tailored to the company's unique IT environment and associated risks and threats, this includes designing, implementing, and maintaining internal controls and processes to protect the organization.

Some of the external pressures that impact this budget area include escalating cyber security threats and vulnerabilities to the corporation, increased security requirements related to the handling and storage of corporate and external data, greater coordination of emergency response and crisis communications across the ERO Enterprise, and expanded Regional Entity oversight from NERC.

As the complexity of the security risks and tools utilized to meet the organization's needs continues to evolve, this function at times also utilizes highly specialized external technical resources. Their use allows MRO to be more agile and ultimately respond timelier and at a deeper technical and security level when necessary.

Human Resources

The Human Resources function designs, plans, and implements employee-related policies and procedures in adherence with applicable federal and state laws. The Human Resource Department facilitates recruiting and retention efforts, employee benefits, payroll, employee engagement initiatives, and tasks associated



with employee life cycle activities, including recruitment, onboarding, training, and professional development. The department supports and promotes MRO's People-First Philosophy and works closely with the ERO Enterprise on similar efforts. Additionally, the department undertakes and supports important initiatives directed by the board's Governance and Personnel Committee.

MRO has established four Core Values that guide employee behavior and are key to MRO's sustainable success: connection, curiosity, commitment, and competency. Initiatives including training, one-on-one coaching, and opportunities for employee collaboration and connection are planned throughout the year to create peer-to-peer mentorship, information and knowledge sharing, theme-focused learning, and dedicated team building. MRO continues to review and enhance its employee engagement and culture enrichment activities to positively impact all stages of the employee life cycle from candidate identification, the onboarding experience of new employees, as well as the overall corporate culture to be an "employer of choice" that attracts and retains qualified staff. Results from the 2025 engagement survey will be analyzed and potential initiatives will be identified and developed.

Finance and Accounting

The Finance and Accounting function directs the overall financial planning and accounting practices of the organization, oversees treasury, budget, tax, and audit activities, as well as the financial and accounting system controls and standards. This department is responsible for supporting and facilitating the work of the MRO Finance and Audit Committee, which is responsible for oversight of MRO's financial health and monitoring the component parts of the financial audit process and the integrity of financial reporting. Also, this program manages the organization's corporate risk program, which assesses and mitigates key corporate risks. Identified corporate risks are prioritized and then incorporated into the strategic planning process as an opportunity to proactively address risks. This program reports the overall outcome of MRO's annual financial and corporate risk activities to the MRO Board of Directors. Additionally, staff within this function support ERO collaboration group activities that align MRO's Finance and Corporate Risk program, including associated tools, with that of the other Regional Entities and NERC.

Internal Oversight

The Internal Oversight team performs the coordination and facilitation of responding to external oversight and audit requests. The primary objective of internal oversight is to ensure that external data requests are organized and recorded in response to external oversight activities and audits. MRO staff have a primary point of contact and liaison with NERC/FERC staff as well as administrative support to ensure a timely response.

Corporate Risk Management

The Corporate Risk Management (CRM) area focuses on corporate financial, operational, legal, governance, and reputational risks. In coordination with Internal Oversight, CRM also conducts dynamic enterprise risk management, which is based on the Committee of Sponsoring Organization of the Treadway Commission (COSO) framework. CRM also works with the Regional Entities to enhance the ERO Enterprise-wide corporate risk identification and risk mitigation efforts, resulting in more streamlined and coordinated reports and harmonized assessment of ERO Enterprise risks and processes.

The Statement of Activities for Administrative Services is shown below. See [Administrative Service Major Budget Drivers](#) for an explanation of significant variances.



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

2025 Budget and 2026 Budget

ADMINISTRATIVE SERVICES

				Variance 2026 Budget v 2025 Budget Over(Under)	2026 Budget Variance
		2025 Budget	2026 Budget		
Funding					
	ERO Funding				
	NERC Assessments	\$ (880,280)	\$ -	\$ 880,280	
	Penalties Released	-	-	-	
Total Funding (A)		\$ (880,280)	\$ -	\$ 880,280	-100%
Expenses					
	Personnel Expenses				
	Salaries	\$ 4,468,743	\$ 4,981,374	\$ 512,631	
	Payroll Taxes	245,014	282,839	37,826	
	Benefits	434,394	515,831	81,437	
	Retirement Costs	616,172	705,792	89,620	
	Total Personnel Expenses	\$ 5,764,324	\$ 6,485,837	\$ 721,513	12.5%
	Meeting Expenses				
	Meetings	\$ 62,025	\$ 54,400	\$ (7,625)	
	Travel	113,461	96,400	(17,061)	
	Total Meeting Expenses	\$ 175,486	\$ 150,800	\$ (24,686)	-14.1%
	Operating Expenses				
	Consultants & Contracts	\$ 1,010,553	\$ 967,621	\$ (42,932)	
	Office Rent	1,136,000	1,103,000	(33,000)	
	Office Costs	846,081	719,238	(126,843)	
	Professional Services	545,300	554,000	8,700	
	Miscellaneous	-	-	-	
	Total Operating Expenses	\$ 3,537,934	\$ 3,343,859	\$ (194,075)	-5.5%
	Other Non-Operating Expenses	\$ -	\$ -	\$ -	
	Indirect Expenses	\$ (9,477,744)	\$ (9,980,496)	\$ (502,752)	5.3%
Total Expenses (B)		\$ -	\$ -	\$ (0)	-
Change in Net Assets (=A - B)		\$ (880,280)	\$ -	\$ 880,280	
Fixed Asset Additions, excluding Right of Use Assets (C)					
	Computer & Software CapEx	283,000	163,000	(120,000)	
	Furniture & Fixtures CapEx	-	-	-	
	Equipment CapEx	-	-	-	
	Leasehold Improvements	40,000	-	(40,000)	
	Allocation of Fixed Assets	(323,000)	(163,000)	160,000	
Inc(Dec) in Fixed Assets (C)		\$ -	\$ -	\$ -	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)		\$ -	\$ -	\$ (0)	-
TOTAL CHANGE IN RESERVES (=A-B-C)		\$ (880,280)	\$ -	\$ 880,280	-100%
FTEs		20.61	21.21	0.60	

Table 17: Administrative Services Budget Detail



NON-STATUTORY ACTIVITY

MRO has no non-statutory activities.

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ORGANIZATION CHART

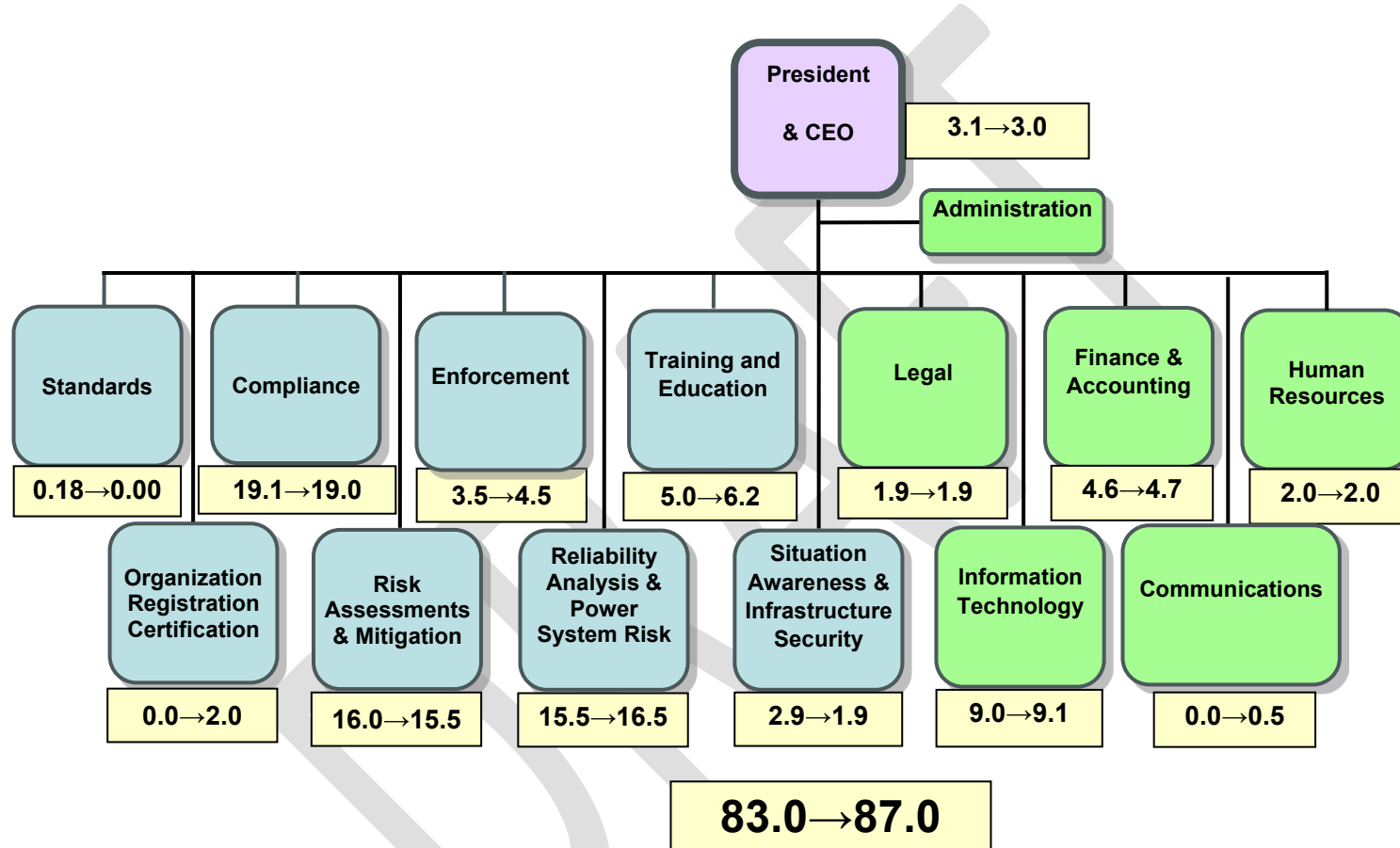


Figure 1: 2025 to 2026 FTE Comparison Organization Chart

CONSOLIDATED STATEMENT OF ACTIVITIES BY PROGRAM

	Functions in Delegation Agreement											
Statement of Activities and Capital Expenditures by Program 2026 Business Plan and Budget	Statutory Total	Compliance (Section 400)	Organization Registration and Certification (Section 500)	Reliability Analysis and Power System Risk (Section 800)	Training and Education (Section 6008.900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	Legal and Regulatory	Communications	Information Technology	Human Resources	Accounting and Finance
Funding												
ERO Funding												
NERC Assessments	26,218,337	15,554,061	797,031	6,635,284	2,454,856	777,105						
Assessment Stabilization Adjustment	24,298	14,415	739	6,149	2,275	720						
Membership Dues	-											
Testing Fees	-											
Services & Software	-											
Workshops & Miscellaneous Revenue	-											
Interest & Investment Income	17,690	10,495	538	4,477	1,656	524						
Total Funding (A)	26,260,325	15,578,970	798,307	6,645,910	2,458,787	778,350	-	-	-	-	-	-
Expenses												
Personnel Expenses												
Salaries	17,436,192	7,838,162	404,980	3,207,910	624,090	379,676	1,407,877	537,871	215,244	1,367,868	396,997	1,055,515
Payroll Taxes	1,177,524	563,591	30,361	226,217	51,493	23,024	52,117	28,185	15,365	100,276	25,576	61,321
Benefits	2,032,063	912,474	46,894	394,689	115,280	46,894	70,341	46,894	23,447	211,022	46,894	117,234
Retirement Costs	2,579,664	1,159,584	59,854	484,389	112,468	57,577	161,818	71,815	31,075	228,436	59,136	153,512
Total Personnel Expenses	23,225,444	10,473,811	542,089	4,313,205	903,332	507,171	1,692,153	684,765	285,131	1,907,602	528,603	1,387,583
Meeting Expenses												
Meetings	203,650	7,250	-	9,500	132,500	-	50,000	-	-	500	2,400	1,500
Travel	526,150	142,000	16,000	138,000	113,750	20,000	70,000	6,500	3,000	7,500	2,400	7,000
Total Meeting Expenses	729,800	149,250	16,000	147,500	246,250	20,000	120,000	6,500	3,000	8,000	4,800	8,500
Operating Expenses												
Consultants & Contracts	1,025,621	-	-	58,000	-	-	70,000	-	12,000	755,121	128,000	2,500
Office Rent	1,103,000	-	-	-	-	-	1,103,000	-	-	-	-	-
Office Costs	996,718	141,700	5,500	50,380	79,900	-	82,179	14,602	6,850	251,257	158,650	205,700
Professional Services	554,000	-	-	-	-	-	457,000	20,000	10,000	-	-	67,000
Total Operating Expenses	3,679,339	141,700	5,500	108,380	79,900	-	1,712,179	34,602	28,850	1,006,378	286,650	275,200
Total Direct Expenses	27,634,583	10,764,761	563,589	4,569,085	1,229,482	527,171	3,524,332	725,867	316,981	2,921,980	820,053	1,671,283
Indirect Expenses	-	5,920,942	303,405	2,525,844	934,486	295,820	(3,524,332)	(725,867)	(316,981)	(2,921,980)	(820,053)	(1,671,283)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	27,634,583	16,685,703	866,994	7,094,928	2,163,968	822,990	-	-	-	-	-	-
Change in Net Assets	(1,374,258)	(1,106,732)	(68,686)	(449,018)	294,819	(44,640)	-	-	-	-	-	-
Fixed Assets												
Allocation of Fixed Assets	(0)	96,700	4,955	41,252	15,262	4,831	-	-	-	(163,000)	-	-
Inc(Dec) in Fixed Assets (C)	163,000	96,700	4,955	41,252	15,262	4,831	-	-	-	-	-	-
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	27,797,583	16,782,403	871,949	7,136,180	2,179,230	827,821	-	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	(1,537,258)	(1,203,432)	(73,641)	(490,270)	279,557	(49,472)	-	-	-	-	-	-
FTEs	87.00	39.03	2.00	16.65	6.16	1.95	3.03	1.90	0.50	9.10	2.00	4.68

Table 18: Consolidated Statement of Activities by Program

ACRONYMS

This section lists acronyms in this document.

Acronym	Definition
ASR	Assessment Stabilization Reserve
BA	Balancing Authority
BPB	Business Plan and Budget
BPS	Bulk Power System
CMEP	Compliance Monitoring and Enforcement Program
COP	Compliance Oversight Plan
DER	Distributed Energy Resource
E-ISAC	Electricity Information Sharing and Analysis Center
ERO	Electric Reliability Organization
FERC	Federal Energy Regulatory Commission
FTE	Full-Time Equivalent
HERO	Highly Effective Reliability Organization
IBR	Inverter-Based Resource
IRA	Inherent Risk Assessment
IT	Information Technology
MRO	Midwest Reliability Organization
NEL	Net-Energy-for-Load
NERC	North American Electric Reliability Corporation
OGOC	Organizational Group Oversight Committee
ORCP	Organization Registration and Certification Program
PRS	Protective Relay Subgroup

RAC	Reliability Advisory Council
RAM	Risk Assessment and Mitigation
RC	Reliability Coordinator
SAC	Security Advisory Council
SACTF	Security Advisory Council Threat Forum
TOP	Transmission Operator

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