

2025 BUSINESS PLAN & BUDGET

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AGENDA

BUDGETING PROCESS

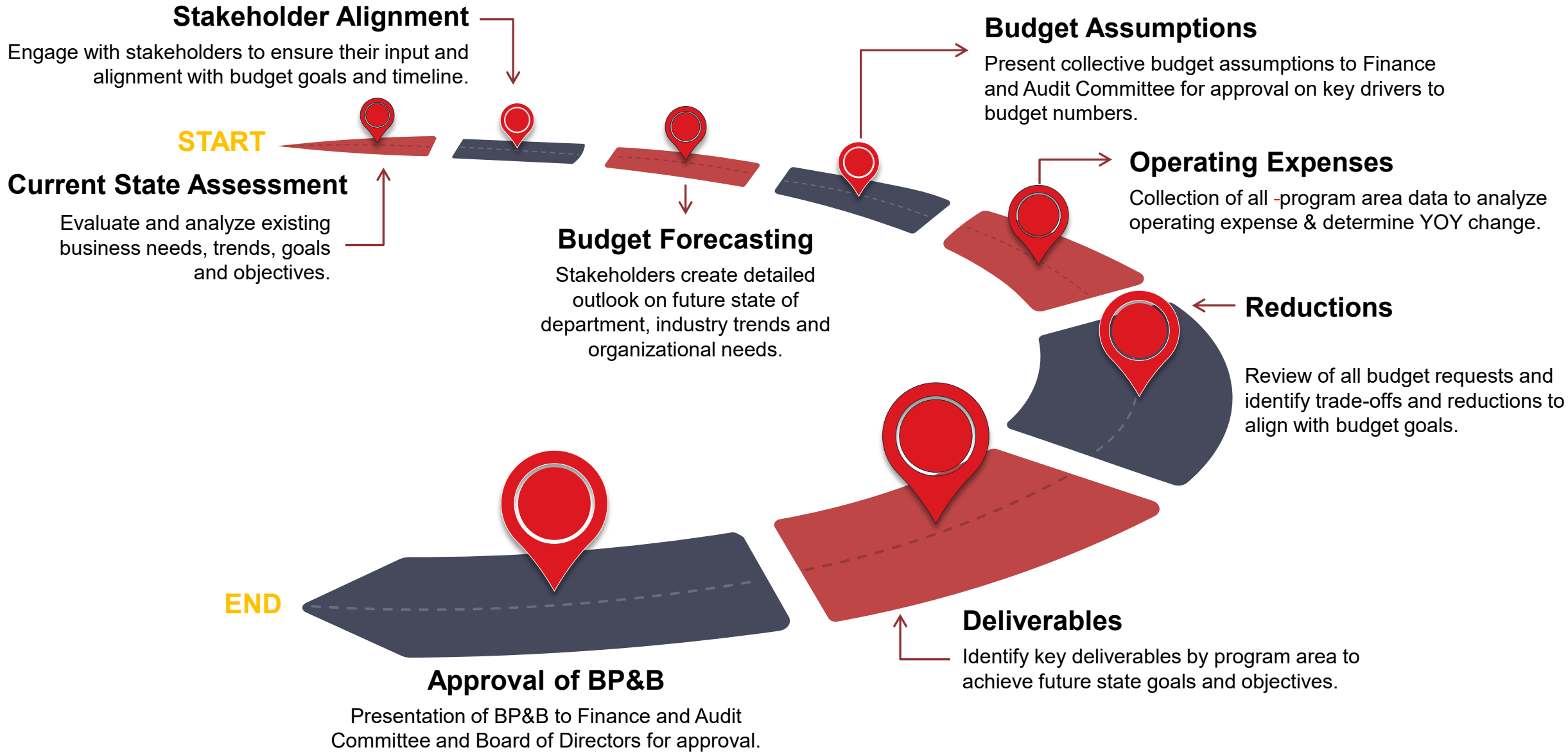
KEY CONSIDERATIONS

BUDGET DRIVERS

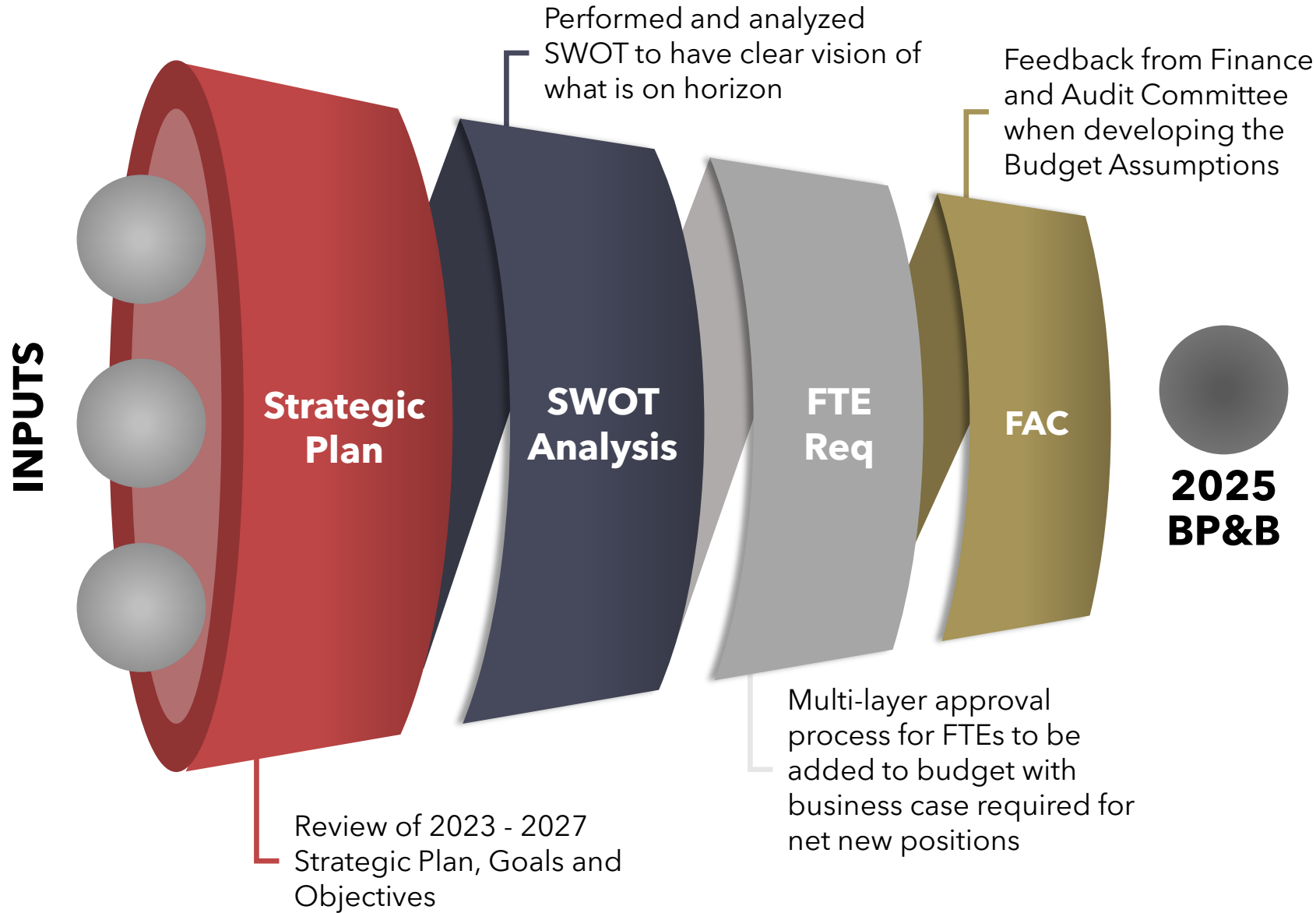
BUDGET BREAKDOWN



BUDGET PROCESS ROADMAP



KEY CONSIDERATIONS



S**STRENGTHS**

- High employee engagement
- Deep knowledge of our entities and use of it to serve our footprint
- Good mix of industry and non-industry experience on staff
- Data and analysis to identify trends, risks, and opportunities

**WEAKNESSES****W**

- Aging workforce with deep industry knowledge
- Just in time resource philosophy
- Keeping reliability standards current and relevant is an ongoing process
- Limited renewable resource expertise on staff



- Increase our risk identification and communication
- Leverage AI and other technologies for data analysis, risk prediction, communications and other areas
- Increase stakeholder awareness and understanding of key reliability and security emerging risks

O**OPPORTUNITIES**

- Rapidly changing resource mix is creating unprecedented reliability challenges
- Cyber and Physical Security Threats growing in sophistication
- Technological Disruption due to rapid industry evolution will require new tools and skillsets

THREATS**T**

KEY BUDGET DRIVERS

Cost Drivers

- Addition of 3 FTEs
- Employee merit increase 4%
- Continuing tabletop exercises
- Investment in Generative AI tools
- Software/hardware for energy assessment studies
- Retirement benefits from incentive compensation

Resource/Process Drivers

- New IBR registrations
- FERC Order 881
- New Cloud Requirements
- Energy assessments and biannual Eastern Interconnection transfer studies

BY THE NUMBERS

2025 Total Budget: \$33,373,022

- 6.5% increase over 2024 (\$2,048,487)
 - Personnel Expense - 6.6% increase (\$1,781,146)
 - Operating Expense & Fixed Assets - 6% increase (\$267,341)

Assessment: \$28,587,612

- 6% increase over 2024 (\$1,628,340)

Penalties released: \$2,707,910

- 83% increase over 2024 (\$1,473,348)

FTEs Added: 3

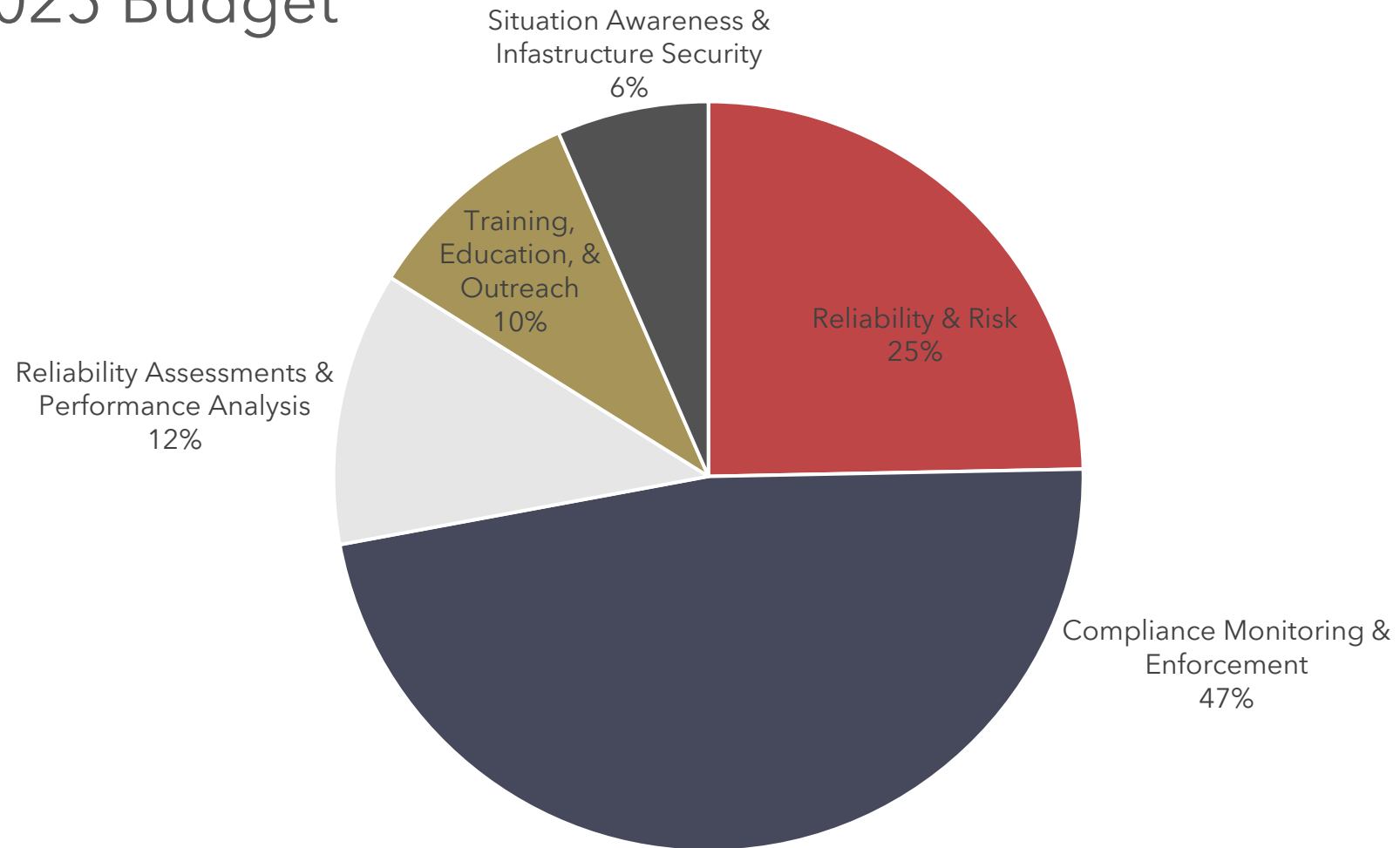
- Total FTEs 101

VARIATIONS FROM 2024

2025 Budget Increase (Decrease) from 2024			
	Total 2025 Budget	Total Change From 2024	% of Total Budget Increase
Personnel Expenses			
Salaries \$	20,909,475	\$ 1,414,094	69%
Payroll Taxes	1,345,325	113,230	6%
Benefits	3,013,614	28,145	1%
Retirement Costs	3,371,307	225,677	11%
Total Personnel Expenses \$	28,639,721	\$ 1,781,146	
Operating Expenses			
Meetings \$	427,408	\$ (5,447)	0%
Conference Calls	13,000	13,000	1%
Travel	648,107	7	0%
Consultants & Contracts	653,970	100,270	5%
Office Rent	716,000	(136,751)	-7%
Office Cost	1,357,755	346,621	17%
Professional Services	761,365	19,549	1%
Miscellaneous	65,696	16,992	1%
Fixed Asset Additions	90,000	(86,900)	-4%
Total Operating Expenses \$	4,733,301	\$ 267,341	
Totals \$	33,373,022	\$ 2,048,487	

ALLOCATED BY PROGRAM AREA

2025 Budget



PROJECTED RESERVE BALANCE

- Working Capital Reserve
 - Utilized to manage cash flow for daily operations
 - Stabilizes and minimizes large fluctuations in the annual assessments
 - Developed a multi-year plan that provides stakeholders with a pragmatic expectation of future assessments.

Projected Reserve Balances		
	12/31/2024	12/31/2025
Working Capital	\$5,193,874	\$3,216,374
Operating Reserve	\$1,000,000	\$1,000,000
Unreleased Penalties	\$2,707,910	

2026 BUDGET PROJECTIONS

Low Projection: 5.6%

- Assumptions
 - 3 FTEs
 - 4% Merit Increase
 - 6% increase in medical
 - 2% increase each in meeting and travel
 - 6% increase in office costs includes computer hardware/software

High Projection: 8.5%

- Assumptions
 - 5 FTEs total - 2 additional to low projection
 - 5% Merit Increase - 1% used for pay band adj.
 - 10% increase in medical
 - 7% increase each in meeting and travel
 - 7% increase in office costs includes computer hardware/software

2027 BUDGET PROJECTIONS

Low Projection: 3.3%

- Assumptions
 - No FTEs
 - 3% Merit Increase
 - 6% increase in medical
 - 2% increase each in meeting and travel
 - 6% increase in office costs includes computer hardware/software

High Projection: 7.7%

- Assumptions
 - 4 FTEs
 - 4% Merit Increase
 - 10% increase in medical
 - 7% increase each in meeting and travel
 - 7% increase in office costs includes computer hardware/software

QUESTIONS & ANSWERS

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