

2025 BUSINESS PLAN AND BUDGET OVERVIEW

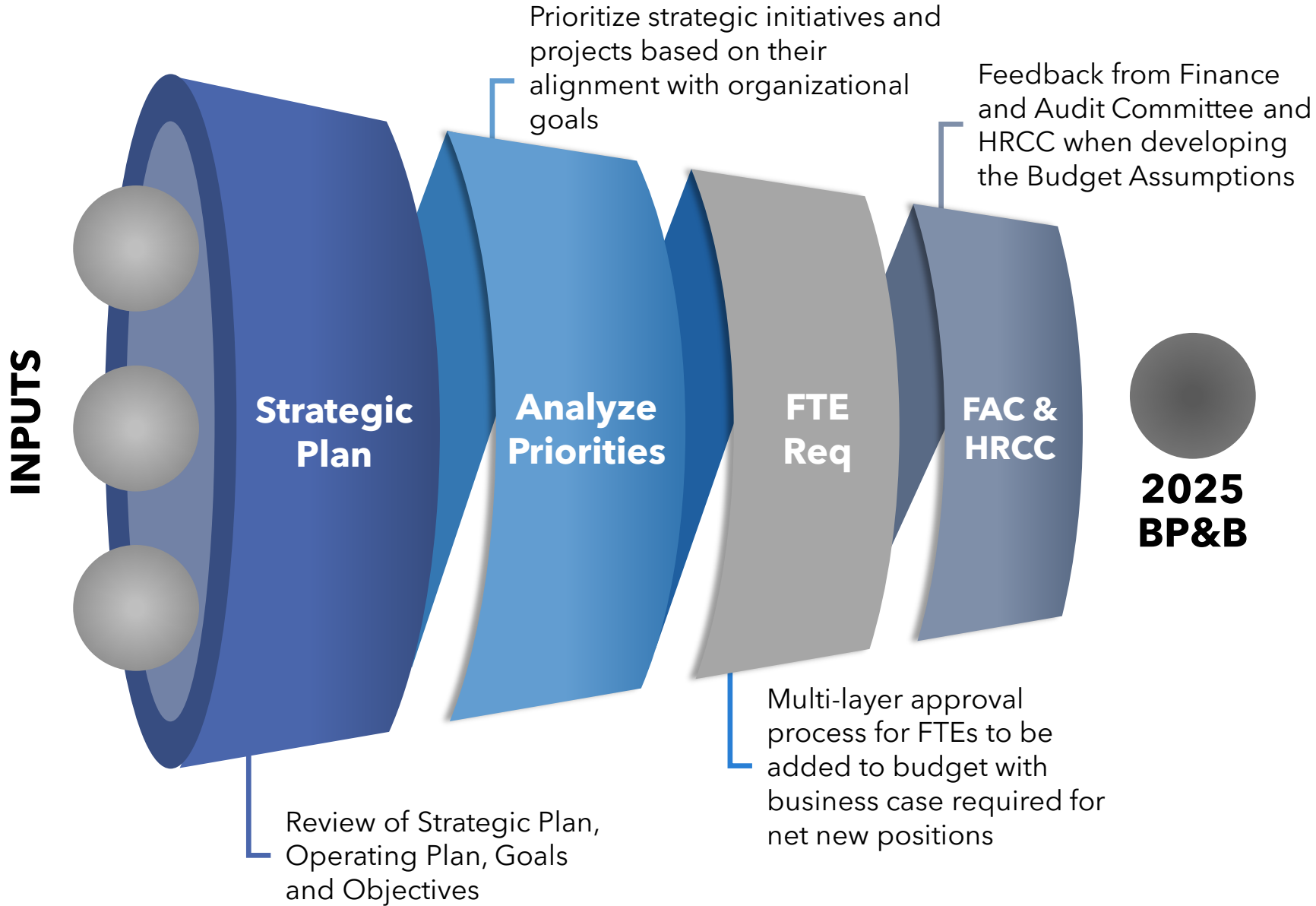
George Krogstie, CFO & Corporate Treasurer



BUDGET DEVELOPMENT

- As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate.
- SERC's Board of Directors approved draft 2025 Business Plan & Budget on March 27
 - Human Resources and Compensation Committee reviewed personnel assumptions
 - Finance and Audit Committee reviewed and endorsed Business Plan & Budget
- Business Plan & Budget posted for 30-day stakeholder comment period on April 1
 - No comments received
- Final approval by Board of Directors on June 12

KEY CONSIDERATIONS



KEY BUDGET DRIVERS

Resource/Process Drivers

- New IBR registrations
- Strategic Engagement with State Policymakers and Regulators
- Reliability Studies and Assessments

Cost Drivers

- IBRs - addition of 4 FTEs
- Staff merit increases 4%
- Reduced staff vacancy rate from 5% to 2%
- New office lease

BY THE NUMBERS

2025 Total Budget: \$35,351,088

- 10.5% increase over 2024 (\$3,351,134)
 - Personnel Expense – 12.0% increase (\$3,061,150)
 - Meetings & Travel – 10.9% increase (\$153,942)
 - Operating Expense – 10.7% increase (\$466,042)
 - Fixed Assets – 47.8% decrease (\$330,000)

Assessment: \$31,547,615

- 9.8% increase over 2024 (\$2,809,928)

Penalties released: \$2,972,040

- 2.6% increase over 2024

FTEs Added: 4

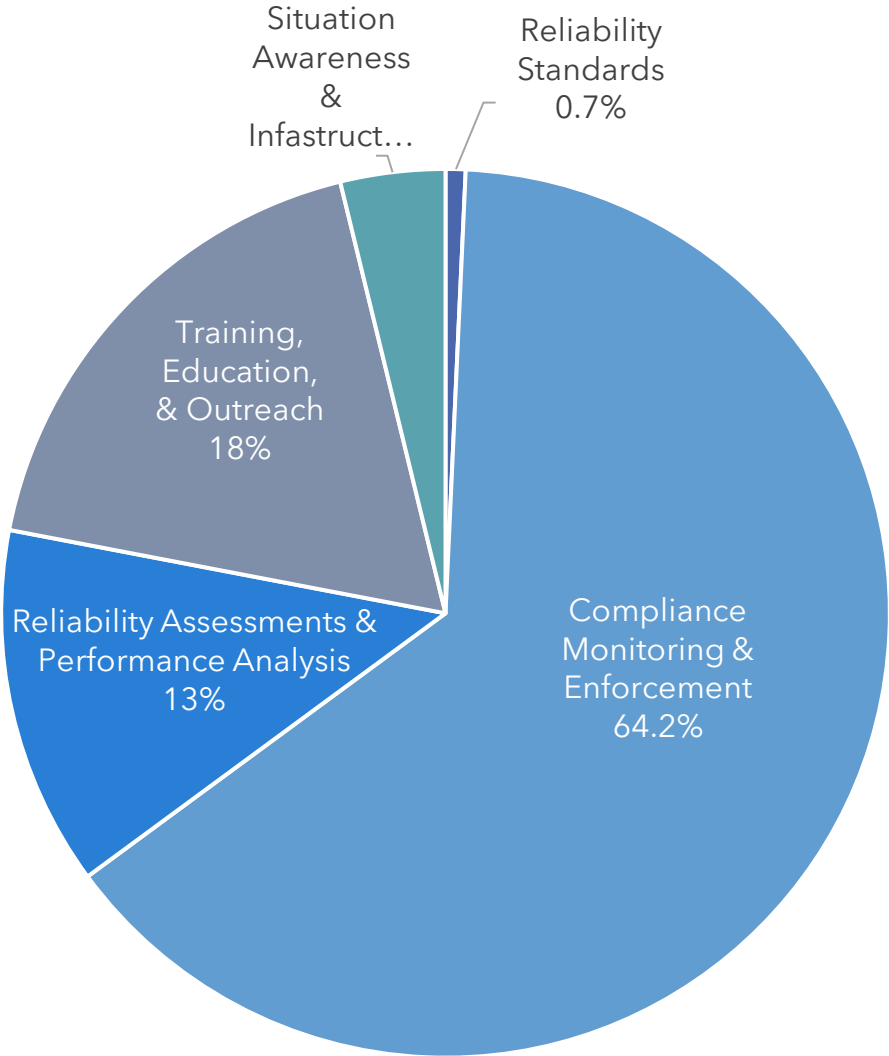
- Total FTEs 115

VARIATIONS FROM 2024

2025 Budget Increase (Decrease) from 2024			
	2025 Budget	Change from 2024	% of Total Budget Increase
Personnel			
Salaries	\$ 22,041,566	\$ 2,398,851	72%
Payroll Taxes	\$ 1,319,535	\$ 143,911	4%
Benefits	\$ 2,420,585	\$ 184,350	6%
Retirement Costs	\$ 2,829,902	\$ 334,038	10%
Total Personnel Expenses	\$ 28,611,588	\$ 3,061,150	91%
Meetings & Travel	\$ 1,564,595	\$ 153,942	5%
Operating Expenses			
Consultants/Contracts	\$ 1,170,100	\$ 14,350	0%
Office Rent	\$ 1,344,800	\$ 489,733	15%
Office Costs	\$ 1,718,480	\$ (72,096)	-2%
Professional Services	\$ 581,525	\$ 34,055	1%
Total Operating Expenses	\$ 4,814,905	\$ 466,042	14%
Fixed Assets	\$ 360,000	\$ (330,000)	-10%
Total Budget	\$ 35,351,088	\$ 3,351,134	100.0%

ALLOCATED BY PROGRAM AREA

2025 Budget



PROJECTED RESERVE

- Total Projected Reserves 12/31/2024 - \$10,854,538
 - Working Capital Reserve \$2,582,498
 - Assessment Stabilization Reserve \$8,272,040
- Total Projected Reserves 12/31/2025 - \$7,421,065
 - Working Capital Reserve \$2,121,065
 - Assessment Stabilization Reserve \$5,300,000

PRELIMINARY PROJECTIONS 2026-2027

2026

- Budget 4.3% increase over 2025
- Assessment 8.0% increase over 2025

2027

- Budget 4.3% increase over 2026
- Assessment 6.8% increase over 2026

Assumptions

- FTE addition of 0-2 in both 2026 and 2027, total increase of 1-3 over the two years
 - Projecting 50%-75% increase in registered entities
 - Evolving grid impacting RAPA, CMEP and State Outreach
- 3.5% annual merit/market adjustments
- Continued focus on strengthening security profile

QUESTIONS & ANSWERS

