2024 Business Plan and Budget

FINAL
June 21, 2023

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Introduction

The following table summarizes the 2024 SERC Reliability Corporation (SERC) budget.

	TOTAL RESOURCES (in whole dollars)			
	2024 Budget	**U.S.**	**Canada**	**Mexico**
Statutory FTEs	111.0			
Non-statutory FTEs	-			
Total FTEs	111.0			
Statutory Expenses	$ 31,309,954			
Non-Statutory Expenses	$ -			
Total Expenses	$ 31,309,954			
Statutory Incr(Decr) in Fixed Assets	$ 690,000			
Non-Statutory Incr(Decr) in Fixed Assets	$ -			
Total Inc(Dec) in Fixed Assets	$ 690,000			
Statutory Working Capital Requirement	$ (82,318)			
Non-Statutory Working Capital Requirement	$ -			
Total Working Capital Requirement	$ (82,318)			
Total Statutory Funding Requirement	$ 31,917,636			
Total Non-Statutory Funding Requirement	$ -			
Total Funding Requirement	$ 31,917,636			
Statutory Assessments	$ 28,737,687	$ 28,737,687	n/a	n/a
Non-Statutory Fees	$ -	n/a	n/a	n/a
NEL	1,348,729,586	1,348,729,586	n/a	n/a
NEL%	100%	100%	n/a	n/a

Table 1.   SERC Budget for 2024

Organizational Overview

SERC is a nonprofit corporation whose mission is to assure effective and efficient reduction of risks to the reliability and security of the bulk power system (BPS) in all or portions of 16 central and southeastern states. The SERC Region presently covers an area of approximately 650,000 square miles, and a growing population in excess of 91 million. Electric systems in the SERC Region currently serve approximately 29% of the net energy for load (NEL) in North America, approximately 33% of the NEL in the United States, and 40% of the NEL in the Eastern Interconnection.

SERC's mission is rooted in a risk-based approach that aligns with and supports the mission of the North American Electric Reliability Corporation (NERC) and the broader Electric Reliability

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Organization (ERO) Enterprise. To achieve its mission, SERC maintains a diverse team of experts across numerous disciplines to address the complex, evolving, and dynamic challenges facing the grid. The SERC team also partners with the best and brightest individuals from both the power industry and the federal government to understand and address the challenges facing the grid. These key partnerships make our work more informed, pragmatic, responsive, and impactful.

SERC has developed four cultural attributes that help guide its conduct and three key strategic focus areas to help ensure it is best positioned to achieve its mission and further support the ERO Enterprise Long-Term Strategy Focus Areas and the ERO Enterprise Operating Plan.

- ❖ At SERC, every individual is a **LEADER** across every level of our organization. We are trustworthy, principled, inclusive, and respectful. We strive to create value that reduces risk to reliability and security. Leading means having a positive vision and actively building support for executing it.
- ❖ At SERC, we are **COLLABORATIVE** both internally and externally. We partner and engage in focused communication within and across our organization, with our stakeholders, the ERO Enterprise, and the Federal Energy Regulatory Commission (FERC) to drive meaningful action. We leverage our diverse experiences, skills, knowledge, and tools to ensure the effective reductions of risk to reliability and security.
- ❖ At SERC, we strive to be **EXPERTS** that are sought after for our credibility, objectivity, and discipline. We understand our strengths and opportunities and pursue continuous learning and improvement. We value intellectual curiosity, innovation, and creativity.
- ❖ At SERC, we take action to execute our risk-based mission by demonstrating **PURPOSEFUL** proactive initiative, intentionality, and resourcefulness in anticipation of current and future challenges and opportunities. We strategically plan and pursue activities that deliver value with intended results.

VISION

A highly reliable and secure bulk power system

MISSION

To assure effective and efficient reduction of risks to the reliability and security of the bulk power system

CULTURAL ATTRIBUTES

- ❖ Leader
- ❖ Collaborative
- ❖ Expert
- ❖ Purposeful

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2024 Strategic Focus Areas

SERC's Strategic Planning Process considers common themes throughout the industry, evaluates SERC's strengths and areas for improvement, and identifies risk priorities to develop SERC's Strategic Focus Areas.

SERC's strategic focus is centered on three principles:

- SERC must be a **Credible and Trusted Expert** organization for its stakeholders, one that is truly risk-based. SERC strives for excellence in risk awareness and reduction and providing policymakers and regulators with unbiased expert information to inform their decision making.

- SERC must be a respected **Leader in Reliability and Security** across the industry. This is accomplished through innovation, collaboration, and meaningful relationships.

- SERC must be a **Highly Desirable Place to Work** through our Culture and Purpose. SERC fosters a culture of trust, teamwork, diversity and inclusion, and continuous improvement; and our work at every level is deeply tied to furthering our essential mission.

SERC's Operating Plan articulates key deliverables that ensure the day-to-day operations match the objectives laid out in the Strategic Plan:

Credible and Trusted Expert
- Continue strengthening SERC's security posture by enhancing existing controls.
- Refine the Data Management Program to demonstrate data is treated at the organizational level as critical for successful performance of SERC's mission.
- Provide credentialed training opportunities to industry stakeholders.
- Review effectiveness of the Align Tool and related controls and processes.

Leader in Reliability and Security
- Evaluate the effectiveness of state and regulatory agency outreach program strategies.
- Strengthen partnerships with other critical infrastructure industries and other industry experts to solve emerging challenges impacting the electric grid.
- Identify efficiencies and effectiveness enhancement opportunities within SERC and within the ERO Enterprise.

Highly Desirable Place to Work
- Foster engagement among employees in a collaborative and respectful environment by embodying our cultural attributes.
- Continue implementation and refinement of the Environmental, Social, Governance (ESG) Framework to highlight SERC's environmental and social responsibilities.

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ERO Enterprise Model and Transformation

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

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

As the ERO Enterprise continues to mature, the organization is working on a transformation initiative to further leverage resources, enhance communication and collaboration, and ensure grid reliability. A set of declarations was established in 2019, committing the ERO Enterprise to:

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

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

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ERO Enterprise Strategic and Operational Planning

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

In 2019, ERO Enterprise leadership came together to revise the *ERO Enterprise Long-Term Strategy* as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC RISC's currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, includes the following strategic focus areas:

- Expand risk-based focus in all standards, compliance monitoring, and enforcement programs;

- Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the Reliability Issues Steering Committee (RISC)'s biennial ERO Reliability Risk Priorities Report;

- Build a strong, Electricity Information Sharing and Analysis Center (E-ISAC)-based security capability;

- Strengthen engagement across the reliability and security ecosystem in North America; and

- Capture effectiveness, efficiency, and continuous improvement opportunities.

Since that time, the ERO Enterprise has refined specific Work Plan Priorities, notably in the areas of Energy, Security, Agility, and Sustainability; and is finalizing its response to four critical challenges to overcome in order to position the ERO Enterprise for continued success in the implementation of its brilliant model for the foreseeable future.

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

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

Membership and Governance

Membership in SERC is voluntary and free of charge. SERC member companies (Members) meet at least annually to elect Independent Directors and Sector Directors and conduct other such business as may come before the meeting. Additionally, Members approve amendments to Bylaws as recommended by the SERC Board of Directors (Board) and advise the Board with respect to the development of annual budgets, business plans, and other matters pertinent to the purpose and operations of the organization.

SERC's governance structure allows for participation from a diverse mix of stakeholders while also ensuring   independent decision-making. SERC is governed by a balanced, hybrid Board consisting of 18 Directors comprised of a combination of stakeholder representatives from SERC member companies (i.e., Sector Directors) and independent representatives (i.e., Independent Directors) that add independent balance, perspective, and expertise. This combination of stakeholder and Independent Directors allows the Board to focus on the most important and significant risks to reliability in the SERC footprint.

The Board currently has the following committees, which report directly to the Board:

- **Risk Committee:** Provides oversight on behalf of the Board over several risk-based activities undertaken by SERC, including the identification and management of Regional risks, especially by SERC's Technical Committees; the organization's Enterprise Risk Management framework; and other critical organization and Regional risk-based activities. The committee also periodically reports these risk oversight findings to the Board.

- **Human Resources and Compensation Committee (HRCC):** Provides oversight on behalf of the Board over SERC's organization and staffing needs, employee compensation, and other matters related to human resources.

- **Finance and Audit Committee (FAC):** Provides oversight on behalf of the Board to SERC on the organization's finances and internal controls.

- **Nominating and Governance Committee:** Identifies, vets, and recommends candidates for Board Officer and committee positions for approval by the Board. This committee is also responsible for providing oversight to SERC on the organization's Bylaws and other governing policies and procedures.

Statutory Functional Scope

SERC performs the following statutory functions in furtherance of its mission and in accordance with its FERC approved Delegation Agreement with NERC:

- Analyzes events to identify lessons learned that will improve reliability;

- Proposes and helps develop NERC Reliability Standards and Regional Reliability Standards;

- Monitors compliance with and enforces approved mandatory Reliability Standards;

- Registers and certifies responsible entities under the reliability compliance program;

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- Assesses the past, present, and future risk profile of the BPS to ensure grid reliability, adequacy, and security; and

- Provides training and education to registered entities, as it deems necessary, in support of its performance of delegated functions.

2024 Overview of Budget

SERC proposes to increase its operating budget in 2024 from $28,215,895 to $32,999,954, an increase of $3,784,059 or 13.40%.

SERC's proposed 2024 assessment of $28,737,687 represents an increase of 9.7%, or $2,544,811 from the 2023 assessment.

SERC believes that in 2024, it will continue to realize material efficiencies that will allow the organization to effectively perform its mission and deliver value by reducing risks to the reliability and security of the grid. SERC will also continue to perform its essential mission at a cost that balances the longstanding traditions of affordable and reliable electricity across SERC's footprint.

The following targeted budget changes allow SERC to accomplish the specific objectives outlined in the *2024 Business Plan and Budget* (BP&B) (dollars are stated as an increase in the 2024 budget compared to the 2023 budget). The most significant changes to the budget are in personnel, which includes the following two components:

- **Staffing changes proposed for 2024** – The targeted staffing level for 2024 is 111 Full-Time Equivalents (FTEs), which is a total increase of five FTEs compared to the 2023 budget. These additional personnel are necessary to: (1) continue to strengthen SERC's internal security posture; (2) enable SERC to perform necessary and relevant reliability studies and assessments given the evolving nature of the grid; and (3) centralize internal and external training programs to drive internal efficiencies and credentialing for stakeholders.

- **Cost increase for maintaining staff budgeted in 2024** – The net increase in Personnel Expenses of $2,583,621 compared to 2023 reflects a Board approved merit increase and an increase in employee benefit costs. A 5% vacancy rate has been applied to all Personnel Expenses.

Other notable changes in the proposed budget from year-to-year include the following:

- **Meetings and Travel** – A combined increase of $84,090 reflects efficiencies realized across SERC maintaining use of a hybrid of on-site and virtual meetings while planning for anticipated 2024 onsite audits and additional travel associated with increased volume of registration additions associated with the inclusion of non-BES Inverter Based Resources and inflation impacts on travel.

- **Consultants and Contracts** – SERC anticipates a modest increase in consultants and contracts of $61,339 as IT and Security require outside support for planned cyber security projects offset by reduced needs in RAPA support as additional FTEs will perform power system modeling and studies previously outsourced.

- **Office Costs** – An increase of $382,688 is due primarily to anticipated additional hardware and software costs associated with the support and maintenance of SERC's robust cyber security goals and additional software licenses to assist in performing increasingly complex reliability studies and assessments performed by RAPA staff.

- **Professional Services** – A net increase of $19,320 is due to an increase in Independent Director fees based on market research.

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- **Fixed Assets** – An overall increase of $648,000 is due to capitalized purchases for leasehold improvements associated with SERC's office lease and high-performance servers needed to support RAPA modeling and studies. Additionally, cyber security enhancements, including server and network storage refresh, will occur in 2024.

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Summary of Budget by Program Area

The following table and figure summarize and illustrate the funding requirements for SERC's primary statutory program areas.

Program		Budget 2023		Projection 2023		Budget 2024		Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	$	235,778	$	238,583	$	251,018	$	15,240	6.5%
Compliance Monitoring and Enforcement; Organization Registration and Certification		20,645,648		20,817,524		22,267,186		1,621,538	7.9%
Reliability Assessment and Performance Analysis		3,093,647		3,109,719		4,575,530		1,481,883	47.9%
Training, Education and Stakeholder Outreach		2,964,567		2,961,584		3,553,803		589,236	19.9%
Situation Awareness and Infrastructure Security		1,276,255		1,280,486		1,352,418		76,163	6.0%
Total	**$**	**28,215,895**	**$**	**28,407,896**	**$**	**31,999,955**	**$**	**3,784,060**	**13.4%**
Working Capital Reserve		(535,681)		(597,681)		(82,318)		453,363	
Total Funding		**27,680,214**		**27,810,215**		**31,917,637**		**4,237,423**	**15.3%**

Table 2.   Budgeted Funding by Program Area

Comparison of 2024 to 2023 Budgeted Funding Requirements ($ in millions)
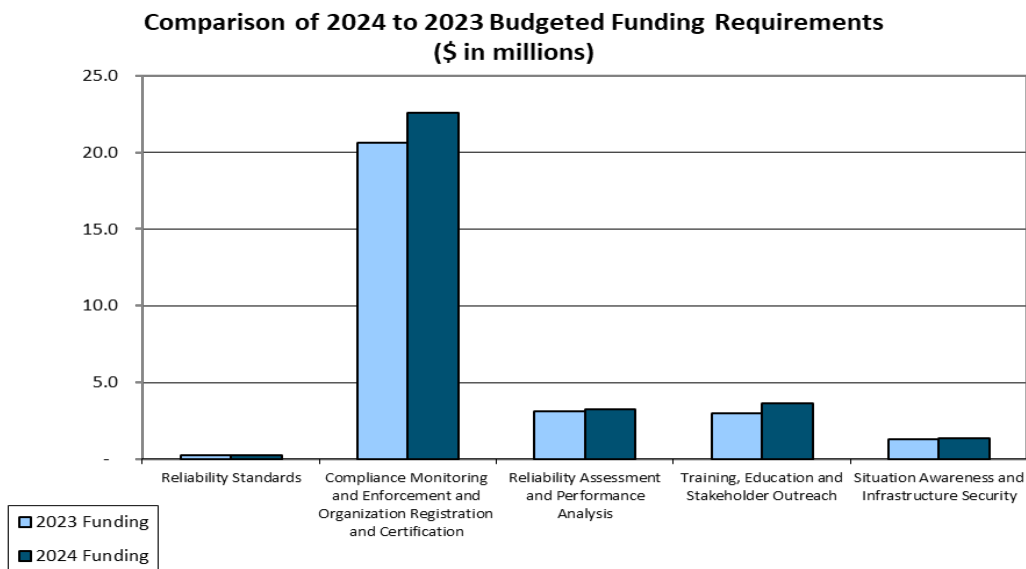
This graphical representation does not include an allocation of working capital requirements among the program areas.

Figure 1.   Budgeted Funding by Program Area Chart

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FTE by Program Area

For an explanation of the variances, refer to the Resource Requirements section in each program area in Section A.

Total FTEs by Program Area	Budget 2023	Projection 2023	Budget 2024	Increase (Decrease)
STATUTORY				
Operational Programs				
Reliability Standards	0.50	0.50	0.50	0.00
Compliance Monitoring and Enforcement; Organization Registration and Certification	50.45	50.45	50.45	0.00
Reliability Assessment and Performance Analysis	6.30	6.30	8.30	2.00
Training, Education and Stakeholder Outreach	8.00	8.00	9.00	1.00
Situation Awareness and Infrastructure Security	3.00	3.00	3.00	0.00
Total FTEs Operational Programs	**68.25**	**68.25**	**71.25**	**3.00**
Corporate Services				
Technical Committees and Member Forums	3.90	3.90	3.90	0.00
General & Administrative	8.65	8.65	8.65	0.00
Legal and Regulatory	2.90	2.90	2.90	0.00
Analytics & Information Technology	16.30	16.30	18.30	2.00
Human Resources	3.00	3.00	3.00	0.00
Finance and Accounting	3.00	3.00	3.00	0.00
Total FTEs Corporate Services	**37.75**	**37.75**	**39.75**	**2.00**
Total FTEs	**106.00**	**106.00**	**111.00**	**5.00**

Table 3.   Total FTEs by Program Area

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2023 Budget and Projection and 2024 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	$ 26,192,877	$ 26,192,877	$ -	$ 28,737,687	$ 2,544,810
Penalties Released*	1,291,337	1,291,337	-	2,896,449	1,605,112
Total Statutory Funding	**$ 27,484,214**	**$ 27,484,214**	**$ -**	**$ 31,634,136**	**$ 4,149,922**
Membership Fees	$ -	$ -	$ -	$ -	$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	166,000	166,000	-	177,500	11,500
Interest	30,000	160,000	130,000	106,000	76,000
Total Funding (A)	**$ 27,680,214**	**$ 27,810,214**	**$ 130,000**	**$ 31,917,636**	**$ 4,237,422**
Expenses					
Personnel Expenses					
Salaries	$ 17,445,770	$ 17,703,490	$ 257,720	$ 19,642,715	$ 2,196,945
Payroll Taxes	1,042,996	1,054,645	11,649	1,175,624	132,628
Benefits	2,256,982	2,119,630	(137,352)	2,236,235	(20,747)
Retirement Costs	2,221,067	2,248,170	27,103	2,495,864	274,797
Total Personnel Expenses	**$ 22,966,815**	**$ 23,125,935**	**$ 159,120**	**$ 25,550,438**	**$ 2,583,623**
Meeting Expenses					
Meetings & Conference Calls	$ 448,836	$ 408,368	$ (40,468)	$ 462,883	$ 14,047
Travel	877,727	854,067	(23,660)	947,770	70,043
Total Meeting Expenses	**$ 1,326,563**	**$ 1,262,435**	**$ (64,128)**	**$ 1,410,653**	**$ 84,090**
Operating Expenses, excluding Depreciation					
Consultants & Contracts	$ 1,094,411	$ 1,002,104	$ (92,307)	$ 1,155,750	$ 61,339
Office Rent	850,067	850,067	-	855,067	5,000
Office Costs	1,407,889	1,404,602	(3,287)	1,790,576	382,687
Professional Services	528,150	529,000	850	547,470	19,320
Miscellaneous	-	-	-	-	-
Total Operating Expenses	**$ 3,880,517**	**$ 3,785,773**	**$ (94,744)**	**$ 4,348,863**	**$ 468,346**
Total Direct Expenses	**$ 28,173,895**	**$ 28,174,143**	**$ 248**	**$ 31,309,954**	**$ 3,136,059**
Indirect Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenses (B)	**$ 28,173,895**	**$ 28,174,143**	**$ 248**	**$ 31,309,954**	**$ 3,136,059**
Change in Assets	**$ (493,681)**	**$ (363,929)**	**$ 129,752**	**$ 607,682**	**$ 1,101,363**
Fixed Asset Additions, excluding Right of Use Assets (C	$ 42,000	$ 233,752	$ 191,752	$ 690,000	$ 648,000
TOTAL BUDGET (B+C)	**$ 28,215,895**	**$ 28,407,895**	**$ 192,000**	**$ 31,999,954**	**$ 3,784,059**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (535,681)**	**$ (597,681)**	**$ (62,000)**	**$ (82,318)**	**$ 453,363**
FTEs	106.0	106.0	-	111.0	5.0

* Penalties Released in the current year reflects the designated amount of funds released from the Assessment Stabilization Reserve (ASR) to offset U.S. assessments as approved by the SERC Board of Directors and FERC. Actual penalties invoiced in the current reporting year are shown as an increase in the ASR on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Table 4.   Budget and Projection Comparison, 2023 to 2024

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Section A – Statutory Programs

2024 Business Plan and Budget

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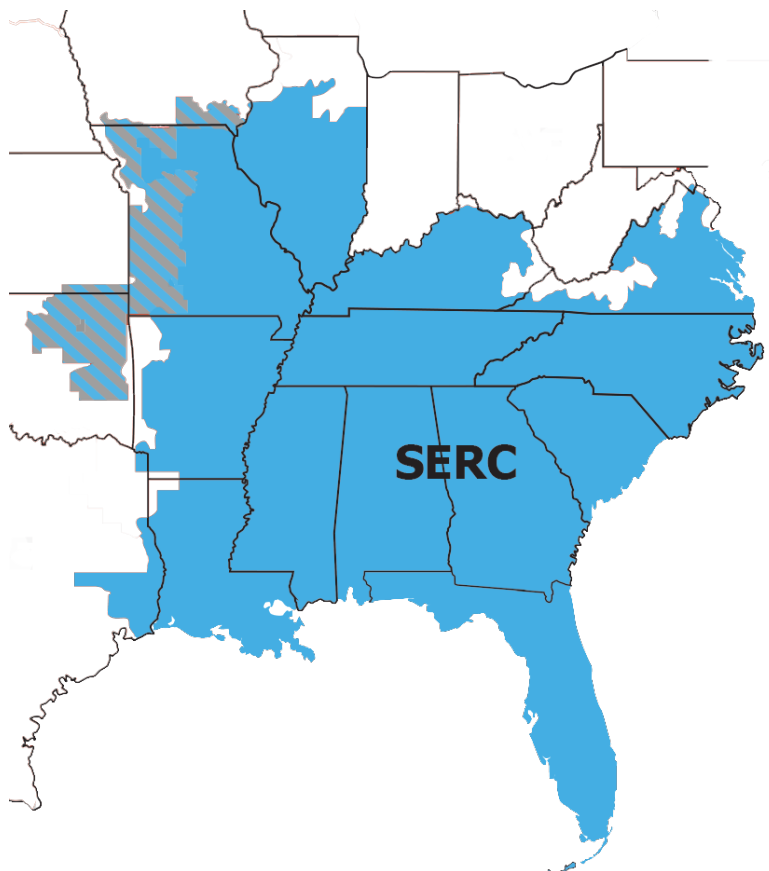
Section A – Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	0.50	0.50	-
Direct Expenses	$ 138,644	$ 146,679	$ 8,035
Indirect Expenses	$ 96,826	$ 101,637	$ 4,811
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 308	$ 2,702	$ 2,394
Total Funding Requirement	$ 235,778	$ 251,018	$ 15,240

Table A-1.   Reliability Standards Budget

Program Scope and Functional Description

SERC may develop Regional Reliability Standards to establish threshold requirements for assuring the planning and operation of the Bulk Electric System (BES). In accordance with the SERC Reliability Standards Development Procedure, SERC develops and maintains its Regional Reliability Standards to minimize the risks of cascading failures and avoid damage to major equipment. These Standards must be more stringent than a NERC Reliability Standard or address a Regional difference or a physical difference in the BES.

SERC may also develop Regional criteria and guidelines. Regional criteria and guidelines are clear, timely, and effective in mitigating risks to the reliability and security of the Bulk Power System in the SERC footprint and support the use of good utility practice to enhance reliability, consider cost-effectiveness/impact, and may augment Reliability Standards. Regional criteria and guidelines are not Reliability Standards, and therefore are not enforceable. SERC develops its Regional criteria and guidelines in accordance with the Organization and Procedures Manual for SERC Technical Committees.

2024 Key Assumptions

The 2024 key assumptions for the Reliability Standards program are as follows:

- SERC expects the overall volume of NERC Reliability Standard changes to increase with the anticipated changes in the area of inverter-based resources, as several new standards are in the process of being developed and existing standards are being modified.

- SERC resources will support any SERC Regional Standards development and will maintain visibility into the activities of the NERC Reliability Standards.

- SERC anticipates that Regional criteria and guideline development will continue as needed to support reliability and security.

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2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Reliability Standards program are as follows:

- Manage the SERC Technical Committee documents per the approved 2024 Review Work Plan;

- Support the ERO Enterprise as needed to develop, modify, and conduct periodic reviews of Reliability Standards to ensure Standards are written clearly and properly structured for existing and emerging risks; and

- Provide information to SERC staff and stakeholders on upcoming Standards changes or implementation dates to ensure awareness and preparedness.

Resource Requirements

Personnel

The number of FTEs assigned to the Reliability Standards program is consistent with 2023.

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Reliability Standards Budget Detail

	Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
	RELIABILITY STANDARDS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)	
Funding						
Statutory Funding						
SERC Assessments	$ 221,439	$ 221,439	$ -	$ 229,081	$ 7,642	
Penalties Released	9,460	9,460	-	20,326	10,866	
Total Statutory Funding	**$ 230,899**	**$ 230,899**	**$ -**	**$ 249,407**	**$ 18,508**	
Membership Fees	$ -	$ -	$ -	$ -	$ -	
Services & Software	-	-	-	-	-	
Workshops & Miscellaneous	183	-	(183)	221	38	
Interest	220	1,172	952	744	524	
Total Funding (A)	**$ 231,302**	**$ 232,071**	**$ 769**	**$ 250,372**	**$ 19,070**	
Expenses						
Personnel Expenses						
Salaries	$ 106,056	$ 108,491	$ 2,435	$ 112,831	$ 6,775	
Payroll Taxes	6,363	6,509	146	6,770	407	
Benefits	10,378	10,378	-	10,378	-	
Retirement Costs	13,347	13,654	307	14,200	853	
Total Personnel Expenses	**$ 136,144**	**$ 139,032**	**$ 2,888**	**$ 144,179**	**$ 8,035**	
Meeting Expenses						
Meetings & Conference Calls	$ -	$ -	$ -	$ -	$ -	
Travel	2,500	2,500	-	2,500	-	
Total Meeting Expenses	**$ 2,500**	**$ 2,500**	**$ -**	**$ 2,500**	**$ -**	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -	
Office Rent	-	-	-	-	-	
Office Costs	-	-	-	-	-	
Professional Services	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	
Total Direct Expenses	**$ 138,644**	**$ 141,532**	**$ 2,888**	**$ 146,679**	**$ 8,035**	
Indirect Expenses	**$ 96,826**	**$ 97,051**	**$ 225**	**$ 101,637**	**$ 4,811**	
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	
Total Expenses (B)	**$ 235,470**	**$ 238,583**	**$ 3,113**	**$ 248,316**	**$ 12,846**	
Change in Assets	**$ (4,168)**	**$ (6,512)**	**$ (2,344)**	**$ 2,056**	**$ 6,224**	
Fixed Assets, excluding Right of Use Assets (C)	**$ 308**	**$ -**	**$ (308)**	**$ 2,702**	**$ 2,394**	
TOTAL BUDGET (B+C)	**$ 235,778**	**$ 238,583**	**$ 2,805**	**$ 251,018**	**$ 15,240**	
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	**$ (4,476)**	**$ (6,512)**	**$ (2,036)**	**$ (646)**	**$ 3,830**	
FTEs	0.50	0.50	-	0.50	-	

Table A-2.   Reliability Standards Budget Detail

Compliance Monitoring and Enforcement; Organization Registration and Certification Program

Compliance Monitoring and Enforcement; Organization Registration and Certification Program (in whole dollars)			
	2023 Budget	**2024 Budget**	**Increase (Decrease)**
Total FTEs	50.45	50.45	-
Direct Expenses	$ 10,844,861	$ 11,739,379	$ 894,518
Indirect Expenses	$ 9,769,741	$ 10,255,200	$ 485,459
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 31,046	$ 272,607	$ 241,561
Total Funding Requirement	$ 20,645,648	$ 22,267,186	$ 1,621,538

Table A-3.   Compliance Monitoring and Enforcement; Organization Registration and Certification Program Budget

Program Scope and Functional Description

The purpose of the Compliance Monitoring and Enforcement program is to ensure that all compliance monitoring, risk assessment, mitigation, and enforcement activities are risk-based, reliability-focused, and adhere to the requirements of the SERC Delegation Agreement and the ERO Enterprise Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan. To accomplish this objective, SERC has divided its Compliance Monitoring and Enforcement program into five areas: Organization Registration and Certification, Compliance Monitoring, Risk Assessment and Mitigation, Risk Awareness and Oversight, and Enforcement.

Organization Registration and Certification

- Registers owners, operators, and users of the Bulk Power System (BPS) for compliance with Reliability Standards; and
- Certifies applicable entities.

Compliance Monitoring

- Uses a risk-based monitoring approach to conduct SERC compliance monitoring activities (e.g., compliance audits, spot checks, self-certifications, compliance investigations);
- Reviews entity internal controls during monitoring engagements;
- Implements the process for Periodic Data Submittals (PDS); and
- Implements the Critical Infrastructure Protection (CIP) Standards Technical Feasibility Exceptions (TFEs) process.

Risk Assessment and Mitigation (RAM)

- Serves as the technical point of contact for all noncompliance issues identified through one of the discovery methods (e.g., self-report, self-log, compliance audit, self-certification, spot check);

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- Performs risk-harm assessments on noncompliance issues, which include determining the scope and root cause of the noncompliance, and the potential and actual risk or harm to BPS reliability;

- Reviews and approves the registered entity's mitigating activities to ensure the registered entity performs the actions necessary to correct the noncompliance and prevent recurrence to protect BPS reliability;

- Administers the SERC Regional self-logging program; and

- Performs Compliance Evaluations, when required, on events reported by registered entities.

Risk Awareness and Oversight (RAO)

- Conducts registered entity Inherent Risk Assessments;

- Develops and implements registered entity Compliance Oversight Plans (COPs);

- Provides registered entities an outreach opportunity to better understand the risk information in their COP Report; and

- Maintains an awareness of existing and emerging risks, which may affect entities or groups of entities in the aggregate and incorporates mitigation strategies into various other SERC programs such as training, outreach, communication, and Technical Committee engagements.

Enforcement

SERC Enforcement staff are responsible for resolving all noncompliances of NERC Reliability Standards and/or SERC Regional Reliability Standards, and imposing monetary and/or non-monetary penalties, as appropriate. SERC Enforcement staff follows these steps:

- Notifies the registered entity of the findings and filing disposition associated with the noncompliance and any applicable monetary and/or non-monetary penalties;

- For a settlement disposition, negotiates the settlement with the registered entity or issues a Notice of Alleged Violation and Proposed Penalty or Sanction, if Enforcement and the registered entity cannot reach a settlement agreement;

- For all disposition methods, submits the proposed disposition, along with any proposed monetary and/or non-monetary penalties if the disposition is a settlement, to NERC for review, approval, and subsequent submittal to FERC for review and approval; and

- Prosecutes the case before a Hearing Body if a registered entity contests the settlement noncompliance findings and/or the penalty (monetary or non-monetary).

2024 Key Assumptions

Compliance Monitoring, RAM, and RAO

The 2024 key assumptions for Compliance Monitoring, RAM, and RAO are as follows:

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- The Compliance Monitoring team incorporates a purposeful risk-based approach into audit planning and execution. This risk-based approach generally results in more frequent engagements with entities that pose a higher risk to the grid.

- The Compliance Monitoring team incorporates lessons learned during the COVID-19 pandemic to perform hybrid audits (i.e., combination of virtual and onsite).

- Compliance Monitoring plans to continue the use of self-certifications for monitoring engagements for lower risk entities and have risk-focused audit engagements with the highest risk entities.

- The number of incoming issues, whether through audit findings or self-reports, will remain relatively consistent with trends over the past 12 to 24 months.

- RAM will prioritize and process Potential non-Compliances based on risk posed to the BPS.

- RAM will experience no significant increase in travel for processing Potential non-Compliances.

- As subject matter experts, the Compliance Monitoring, RAM, and RAO staff will continue to receive training on Reliability Standards, risk principles, internal controls, and enhanced audit practices. Additionally, staff will pursue and maintain professional credentials to further enhance their knowledge of risk-based CMEP principles.

Organization Registration and Certification

The 2024 key assumptions for the Organization Registration and Certification program area are as follows:

- Due to changes to the NERC Registry, the volume of registration additions is expected to increase as a result of the inclusion of non-BES Inverter Based Resources.

- SERC Registration and Certification staff will continue to collaborate with NERC and implement the NERC Rules of Procedure (ROP) certification process to assess a registered entity's capability for performing its registered function(s). SERC expects the volume of certification engagements to increase.

- The number of Joint Registration Organization (JRO), Coordinated Functional Registration (CFR), and the Multi-Regional Registered Entity (MRRE) may increase as registered entities better delineate shared responsibilities and promote efficiency and effectiveness in compliance.

Enforcement

The 2024 key assumptions for the SERC Enforcement program area are as follows:

- The number of incoming noncompliances, whether through audit findings or self-reports, will remain relatively consistent with trends over the past 12 to 24 months.

- Enforcement processes noncompliances in a timely and fair manner;

- Enforcement resolves noncompliances with appropriate dispositions based on risk, compliance history, and other factors;

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- Enforcement ensures consistent application of its processes and procedures and conducts periodic training to Enforcement staff; and

- There will be no significant increase in travel for Enforcement staff to process noncompliances.

2024 Goals and Key Deliverables

Compliance Monitoring, Risk Awareness & Oversight, and Risk Assessment and Mitigation

The 2024 goals and key deliverables for Compliance Monitoring, RAO, and RAM are as follows:

- Plan, prepare, and conduct scheduled risk-based Compliance Monitoring engagements pursuant to the 2024 Implementation Plan. Compliance Monitoring engagements for 2024 will consist of audits, spot checks, and self-certifications. As the RAO team completes or refreshes registered entities' Inherent Risk Assessments (IRAs) and Compliance Oversight Plans (COPs), the 2024 Compliance Monitoring schedule may change, with additional engagements added;

- Continue to process and reduce backlog inventory, achieving an average age of open inventory that does not exceed 12 months;

- Develop a strategy to follow up on and utilize Audit identified Areas-of-Concern (and Recommendations) for opportunities to reduce risk;

- Facilitate efficient and collaborative transitions to new and revised Standards through continued ERO Enterprise-wide collaboration;

- Work with the ERO Enterprise and industry on development and deployment of effective internal controls and internal controls programs to monitor, detect, correct, and report to prevent deficiencies in compliance, reliability, and security;

- Evaluate the compliance monitoring, violation/noncompliance processing, risk assessment, and registration and certification activities for sufficiency and effectiveness, and modify the activities, as needed;

- Collaborate with the ERO Enterprise to develop common and consistent CMEP processes, information systems, and methods among Regions;

- Refine and implement risk-based compliance monitoring and enforcement by focusing on serious risk violations to improve the effectiveness of SERC operations, and reducing unnecessary costs of compliance on registered entities while ensuring the achievement of reliability objectives;

- Ensure timely mitigation of all violations/noncompliance to restore compliance and prevent recurrence, thereby maintaining the reliability of the BPS;

- Continue collaboration between RAM, Compliance Monitoring, Enforcement, RAO, Advanced Analytics, and IT departments to develop effective tools to quickly identify and share with stakeholders themes, trends, and emerging risks associated with their noncompliance;

- Work strategically to enhance and improve tools and techniques to identify, understand, and quantify risk to the BPS sooner in the processing timeline, and use that information to craft more robust and comprehensive Mitigation strategies;

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- Develop mature violation/noncompliance processing management tools and training based on risk-based techniques to improve the efficiency, transparency, consistency, quality, and timeliness of violation/noncompliance processing;

- Apply a consistent ERO-wide approach in the process of completing registered entity Inherent Risk Assessments (IRA) and Compliance Oversight Plans (COP), while continuing to provide entities with an outreach opportunity to better understand their risk category from the COP Report;

- As a risk-based organization contributing to the SERC department operationalization of risks, RAO will continue to ensure each appropriate department has a plan to identify or mitigate risks, providing more effective Regional risk mitigation and more efficient use of internal resources;

- Continue an active role in ERO Enterprise-wide Align and Secure Evidence Locker (SEL) development and implementation; and

- Continue to support the training requirements necessary to meet the criteria set forth by the ERO Auditor Manual and Handbook and the Compliance Auditor Capabilities and Competency Guide. SERC will ensure that:

    o Compliance Monitoring staff and other personnel, as necessary, understand Compliance implementation guidance documents and risk-based principles;

    o A process exists to evaluate audit team performance; and

    o Training exists that addresses initial and continuing training for capability and development.

Organization Registration and Certification

The 2024 goals and key deliverables for Organization Registration and Certification are as follows:

- Ensure that SERC provides NERC timely and accurate information about changes in registrations;

- Perform certification reviews, or if a new certification is required, accommodate a change in a registered entity's status; and

- Make recommendations to NERC regarding certifications.

Enforcement

The 2024 goals and key deliverables for the Enforcement program area are as follows:

- Continue managing Enforcement activities in an unbiased, fair, and consistent manner to ensure due process for all registered entities;

- Continue collaborating with the RAM team in achieving an average age of open inventory that does not exceed 12 months;

- Continue ensuring consistent application of enforcement processing and conduct periodic training to Enforcement staff;

- Continue looking for processing improvements to increase the effectiveness and efficiency of enforcement processing and update processes, procedures, and guides as needed;

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- Continue holding registered entities accountable for higher risk violations with monetary and/or non-monetary penalties commensurate with the risk posed to the security and reliability of the BPS;

- Continue messaging to registered entities, via monetary and/or non-monetary penalties, or otherwise, desired behavior that SERC and the ERO Enterprise value, including self-reporting, continued engagement and cooperation during enforcement processing, maintaining a strong Internal Compliance Program, voluntary and prompt mitigation to reduce risk, taking ownership of undesired behavior by admitting to violations, and resolving violations through a settlement agreement;

- Continue collaborating with the RAM, Advanced Analytics, and IT departments to develop effective tools to quickly identify themes, trends, emerging risks, and best practices associated with their noncompliance;

- Continue collaborating internally with the RAM team to identify themes, trends, emerging risks, and best practices associated with processing and share them with stakeholders to help ensure the reduction of risk to BPS reliability;

- Continue collaborating and strategizing with the ERO Enterprise on enforcement policy initiatives and guidance that increases efficiency and consistency in processing noncompliances; and

- Continue an active role in the identification of enhancements to the ERO Enterprise-wide Align and SEL to increase the value and usability of Align and SEL.

Resource Requirements

Personnel

The number of FTEs assigned to the Compliance Monitoring and Enforcement; Organization Registration and Certification program is consistent with 2023.

Meeting & Travel

Increased travel expenses reflect anticipated onsite audit schedule, additional travel associated with increased volume of registration additions because of the inclusion of non-BES Inverter Based Resources and inflation impacts on travel.

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Compliance Monitoring, Enforcement, and Organization Registration and Certification Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital									
2023 Budget & Projection, and 2024 Budget									
COMPLIANCE MONITORING AND ENFORCEMENT; ORGANIZATION REGISTRATION AND CERTIFICATION									
	2023 Budget		2023 Projection		Variance 2023 Budget v 2023 Projection Over(Under)		2024 Budget		Variance 2024 Budget v 2023 Budget Inc(Dec)
Funding									
Statutory Funding									
SERC Assessments	$	19,247,483	$	19,247,483	$	-	$	20,050,654	$ 803,171
Penalties Released		954,549		954,549		-		2,050,889	1,096,340
Total Statutory Funding	$	20,202,032	$	20,202,032	$	-	$	22,101,543	$ 1,899,511
Membership Fees	$	-	$	-	$	-	$	-	$ -
Services & Software		-		-		-		-	-
Workshops & Miscellaneous		29,480		11,000		(18,480)		33,304	3,824
Interest		22,176		118,271		96,095		75,056	52,880
Total Funding (A)	$	20,253,688	$	20,331,303	$	77,615	$	22,209,903	$ 1,956,215
Expenses									
Personnel Expenses									
Salaries	$	7,991,710	$	8,201,124	$	209,414	$	8,658,245	$ 666,535
Payroll Taxes		479,503		490,653		11,150		519,495	39,992
Benefits		889,013		805,440		(83,573)		865,658	(23,355)
Retirement Costs		1,007,692		1,035,184		27,492		1,091,616	83,924
Total Personnel Expenses	$	10,367,918	$	10,532,401	$	164,483	$	11,135,014	$ 767,096
Meeting Expenses									
Meetings & Conference Calls	$	13,090	$	12,690	$	(400)	$	15,790	$ 2,700
Travel		426,487		442,611		16,124		530,075	103,588
Total Meeting Expenses	$	439,577	$	455,301	$	15,724	$	545,865	$ 106,288
Operating Expenses, excluding Depreciation									
Consultants & Contracts	$	-	$	-	$	-	$	-	$ -
Office Rent		-		-		-		-	-
Office Costs		37,366		37,366		-		58,500	21,134
Professional Services		-		-		-		-	-
Miscellaneous		-		-		-		-	-
Total Operating Expenses	$	37,366	$	37,366	$	-	$	58,500	$ 21,134
Total Direct Expenses	$	10,844,861	$	11,025,068	$	180,207	$	11,739,379	$ 894,518
Indirect Expenses	$	9,769,741	$	9,792,456	$	22,715	$	10,255,200	$ 485,459
Other Non-Operating Expenses	$	-	$	-	$	-	$	-	$ -
Total Expenses (B)	$	20,614,602	$	20,817,524	$	202,922	$	21,994,579	$ 1,379,977
Change in Assets	$	(360,914)	$	(486,221)	$	(125,307)	$	215,324	$ 576,238
Fixed Assets, excluding Right of Use Assets (C)	$	31,046	$	-	$	(31,046)	$	272,607	$ 241,561
TOTAL BUDGET (B+C)	$	20,645,648	$	20,817,524	$	171,876	$	22,267,186	$ 1,621,538
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$	(391,960)	$	(486,221)	$	(94,261)	$	(57,283)	$ 334,677
FTEs		50.45		50.45		-		50.45	-

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Table A-4.   Compliance Monitoring and Enforcement and Organization Registration and Certification Budget Detail

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	6.30	8.30	2.00
Direct Expenses	$ 1,869,763	$ 2,538,502	$ 668,739
Indirect Expenses	$ 1,220,007	$ 1,687,179	$ 467,172
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 3,877	$ 349,849	$ 345,972
Total Funding Requirement	$ 3,093,647	$ 4,575,530	$ 1,481,883

Table A-5.   Reliability Assessments and Performance Analysis Budget

Program Scope and Functional Description

SERC's Reliability Assessments and Performance Analysis (RAPA) program provides the overall assessment of reliability and security of the BPS for the SERC Region for the seasonal and long-term time frames. The RAPA function identifies reliability risks to the BPS in the SERC footprint for the purpose of integrated risk analysis. The program supports SERC's mission by identifying and prioritizing risks to reliability and security, analyzing performance, and maintaining a focus on activities to mitigate risk. This is a delegated function that SERC performs.

SERC conducts independent reliability assessments of the BPS within the SERC Region supported by model building, engineering studies, and analysis of the results. The assessment program uses data collected from SERC registered entities along with other external data sources, such as NERC Transmission Availability Data System (TADS), Generating Availability Data Systems (GADS), Demand Response Availability Data System (DADS), and the Mis-operations Information Data Analysis System (MIDAS) to perform both future reliability assessments and historic performance analyses.

SERC evaluates the overall reliability, performance, and adequacy of the SERC Region and reports its results to NERC and in some cases to the public. SERC's work supports NERC's obligation to perform continent-wide analysis of the interconnected North American BPS.

2024 Key Assumptions

The 2024 key assumptions for the SERC RAPA program are as follows:

- SERC will continue to support NERC's RAPA program to collect and analyze reliability data, perform studies, develop assessments, and report on the reliability of the BPS.

- SERC will support the ERO Enterprise in the identification and mitigation of significant current reliability risks, as well as the identification and assessment of emerging risks.

- SERC will continue to support its role per the Eastern Interconnection Regional Entity Assessments and Model Building Agreement, developed within the Eastern Interconnection Reliability Assessment Group (ERAG).

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- SERC will continue to support its integrated risk management initiatives to promote awareness and discuss strategies for risk mitigation.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the RAPA program will support the following goals:

- Support NERC Reliability Assessments, Performance Analysis, and System Analysis programs;

- Support Regional analysis that contributes to NERC reliability analysis efforts, SERC reliability risk discussions, and performance analysis efforts;

- Submit timely and quality probabilistic, seasonal, long-term data, assessments, and studies to support SERC and NERC reliability assessments;

- Continue to support ongoing improvements to SERC and ERAG Eastern Interconnection planning model development, to produce assessments, and analyses that shine the light on significant risks to the BPS;

- Provide support to the SERC and NERC committees and initiatives related to reliability assessments, and performance analysis;

- Continue to support entity outreach efforts to promote reliability risk-related discussions;

- Utilize advanced probabilistic tools to perform resource adequacy studies and sensitivities to support assessment of resource adequacy for the SERC Region. Continue Regional model improvements, and focus on scenarios to study based on inputs from the Engineering Committee and subgroups, SERC's Board of Directors, and applicable government authorities;

- Complete interregional transfer capability studies for the SERC Region, including recommendations that would strengthen reliability of the rapidly evolving BPS;

- Complete annual FERC Form 715 and Energy Information Administration (EIA) submittals on behalf of SERC registered entities within specified periods; and

- Continue NERC and Regional coordination to improve processes, and information sharing.

Resource Requirements

Personnel

The number of FTEs assigned to RAPA is increasing from 2023. The two additional FTEs will enable SERC to perform necessary and relevant reliability studies and assessments given the evolving nature of the grid.

Meeting & Travel Expenses

Travel expenses in 2024 are significantly reduced from 2023 levels due to a continued focus on controlling cost increases, so the RAPA team will travel to fewer face-to-face meetings.

Contractors and Consultants

The 2024 budget includes contractor support for studies such as energy assessments, dynamic model reduction, and seasonal probabilistic assessment support. The levels of contract support needed in 2024 are reduced from 2023 levels as SERC gains proficiency with the new study tools acquired in recent years.

Office Costs

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Additional software licenses to assist in performing increasingly complex reliability studies and assessments performed by RAPA staff.

Fixed Assets

An increase in fixed assets is due to high-performance servers needed to support RAPA modeling studies.

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Reliability Assessment and Performance Analysis Budget Detail

		Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital				
		2023 Budget & Projection, and 2024 Budget				
		RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS				
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	$ 2,910,637	$ 2,910,637	$ -	$ 4,210,332	$ 1,299,695
Penalties Released	119,200	119,200	-	337,411	218,211
Total Statutory Funding	$ 3,029,837	$ 3,029,837	$ -	$ 4,547,743	$ 1,517,906
Membership Fees	$ -	$ -	$ -	$ -	$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	2,308	130,000	127,692	3,669	1,361
Interest	2,769	14,769	12,000	12,348	9,579
Total Funding (A)	$ 3,034,914	$ 3,174,606	$ 139,692	$ 4,563,760	$ 1,528,846
Expenses					
Personnel Expenses					
Salaries	$ 1,002,102	$ 1,053,641	$ 51,539	$ 1,452,228	$ 450,126
Payroll Taxes	60,126	63,219	3,093	87,134	27,008
Benefits	110,965	110,964	(1)	140,478	29,513
Retirement Costs	126,308	132,787	6,479	183,098	56,790
Total Personnel Expenses	$ 1,299,501	$ 1,360,611	$ 61,110	$ 1,862,938	$ 563,437
Meeting Expenses					
Meetings & Conference Calls	$ 165,000	$ 165,000	$ -	$ 170,000	$ 5,000
Travel	97,500	97,500	-	69,680	(27,820)
Total Meeting Expenses	$ 262,500	$ 262,500	$ -	$ 239,680	$ (22,820)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	$ 282,482	$ 238,484	$ (43,998)	$ 258,000	$ (24,482)
Office Rent	-	-	-	-	-
Office Costs	25,280	25,280	-	177,884	152,604
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	$ 307,762	$ 263,764	$ (43,998)	$ 435,884	$ 128,122
Total Direct Expenses	$ 1,869,763	$ 1,886,875	$ 17,112	$ 2,538,502	$ 668,739
Indirect Expenses	$ 1,220,007	$ 1,222,844	$ 2,837	$ 1,687,179	$ 467,172
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ 3,089,770	$ 3,109,719	$ 19,949	$ 4,225,681	$ 1,135,911
Change in Assets	$ (54,856)	$ 64,887	$ 119,743	$ 338,079	$ 392,935
Fixed Assets, excluding Right of Use Assets (C)	$ 3,877	$ -	$ (3,877)	$ 349,849	$ 345,972
TOTAL BUDGET (B+C)	$ 3,093,647	$ 3,109,719	$ 16,072	$ 4,575,530	$ 1,481,883
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$ (58,733)	$ 64,887	$ 123,620	$ (11,770)	$ 46,963
FTEs	6.30	6.30	-	8.30	2.00

Table A-6.   **Reliability Assessment and Performance Analysis Budget Detail**

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Training, Education, and Stakeholder Outreach

Training, Education and Stakeholder Outreach (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	8.00	9.00	1.00
Direct Expenses	$ 1,410,428	$ 1,675,700	$ 265,272
Indirect Expenses	$ 1,549,216	$ 1,829,471	$ 280,255
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 4,923	$ 48,632	$ 43,709
Total Funding Requirement	$ 2,964,567	$ 3,553,803	$ 589,236

Table A-7.   Training, Education, and Stakeholder Outreach Budget

Program Scope and Functional Description

The SERC Training, Education, and Stakeholder Outreach programs provide education and training necessary to obtain essential knowledge of BPS operations, reliability, and security. These programs collectively provide many risk-based outreach options to stakeholders to increase engagement, knowledge, and understanding in the SERC Region and beyond. These options offer access to coaching, training, and educational opportunities through several formats, tools, and venues.

SERC Training and Education programs have annual scheduled events and targeted efforts directed at external stakeholders. Additionally, Training and Educational programs support the continuing education of NERC Certified System Operators, security and compliance professionals, trainers, and other critical subject matter experts. Stakeholder Outreach is a voluntary program that offers targeted coaching and training to requesting registered entities, focused on best practices and risk mitigation.

2024 Key Assumptions

The 2024 key assumptions for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

- SERC will support the ERO Enterprise initiative to expand risk-based, focused programs and committees. Achieving this goal will require structured training and outreach.

- SERC will support the ERO Enterprise goal to mitigate known and emerging risks by providing timely and valuable outreach and training events to stakeholders. Additionally, the Stakeholder Outreach program provides guidance and coaching to entities on effective mitigation of identified and emerging risks.

- SERC's Training program will maintain SERC's status as a NERC certified Continuing Education Provider and provide training to operating personnel to promote effective operating, reliability, and security of the BPS.

- SERC will educate utility personnel regarding changes to NERC Reliability Standards, ERO Enterprise procedures, and programs that detect, monitor, report, correct, and prevent recurrence of issues with risk, reliability, security, and compliance.

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- SERC will increase targeted outreach and remote (e-learning) training efforts that promote BPS reliability, security, and risk mitigation across its footprint.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

- Develop, deliver, and track training on required technical knowledge, skills, and abilities for all SERC staff;

- Develop and deliver four accredited System Operator Conferences that promote BPS reliability by assuring the competence of real-time operating personnel through continuing education on power system operating topics;

- Develop and deliver risk-based security and reliability seminars or webinars to BPS system operators, operating support personnel, compliance personnel, security personnel, and training personnel to raise awareness and provide training on identified and emerging reliability, security, and compliance threats;

- Provide guidance and expectations of new or revised Reliability Standards and related procedures and programs, as well as changes in observed performance;

- Develop and deliver to internal and external stakeholders, timely and effective technical training and credential support that promotes the mission of SERC and the ERO Enterprise; and

- Provide targeted outreach that communicates, trains, and supports mitigation of current and emerging threats to the BPS.

Resource Requirements

Personnel

The number of FTEs assigned to the Training, Education, and Stakeholder Outreach programs is increasing from 2023. The additional FTE will support and grow SERC's centralized internal and external training programs, that are pursuing credentialing support and efficient tracking of hours.

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Training, Education, and Stakeholder Outreach Budget Detail

	Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
	2023 Budget & Projection, and 2024 Budget					
	TRAINING AND OUTREACH					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)	
Funding						
Statutory Funding						
SERC Assessments	$ 2,620,473	$ 2,620,473	$ -	$ 3,026,426	$ 405,953	
Penalties Released	151,366	151,366	-	365,867	214,501	
Total Statutory Funding	$ 2,771,839	$ 2,771,839	$ -	$ 3,392,293	$ 620,454	
Membership Fees	$ -	$ -	$ -	$ -	$ -	
Services & Software	-	-	-	-	-	
Workshops & Miscellaneous	132,930	-	(132,930)	138,979	6,049	
Interest	3,516	18,755	15,239	13,389	9,873	
Total Funding (A)	$ 2,908,285	$ 2,790,594	$ (117,691)	$ 3,544,661	$ 636,376	
Expenses						
Personnel Expenses						
Salaries	$ 1,021,928	$ 1,038,874	$ 16,946	$ 1,219,984	$ 198,056	
Payroll Taxes	61,316	62,332	1,016	73,199	11,883	
Benefits	117,689	104,689	(13,000)	135,046	17,357	
Retirement Costs	128,830	130,956	2,126	153,806	24,976	
Total Personnel Expenses	$ 1,329,763	$ 1,336,851	$ 7,088	$ 1,582,035	$ 252,272	
Meeting Expenses						
Meetings & Conference Calls	$ 3,483	$ 3,483	$ -	$ 8,483	$ 5,000	
Travel	74,965	66,215	(8,750)	82,965	8,000	
Total Meeting Expenses	$ 78,448	$ 69,698	$ (8,750)	$ 91,448	$ 13,000	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	$ -	$ -	$ -	$ -	$ -	
Office Rent	-	-	-	-	-	
Office Costs	2,217	2,217	-	2,217	-	
Professional Services	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Operating Expenses	$ 2,217	$ 2,217	$ -	$ 2,217	$ -	
Total Direct Expenses	$ 1,410,428	$ 1,408,766	$ (1,662)	$ 1,675,700	$ 265,272	
Indirect Expenses	$ 1,549,216	$ 1,552,818	$ 3,602	$ 1,829,471	$ 280,255	
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -	
Total Expenses (B)	$ 2,959,644	$ 2,961,584	$ 1,940	$ 3,505,171	$ 545,527	
Change in Assets	$ (51,359)	$ (170,990)	$ (119,631)	$ 39,490	$ 90,849	
Fixed Assets, excluding Right of Use Assets (C)	$ 4,923	$ -	$ (4,923)	$ 48,632	$ 43,709	
TOTAL BUDGET (B+C)	$ 2,964,567	$ 2,961,584	$ (2,983)	$ 3,553,803	$ 589,236	
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$ (56,282)	$ (170,990)	$ (114,708)	$ (9,142)	$ 47,140	
FTEs	8.00	8.00	-	9.00	1.00	

Table A-8.　　　Training, Education, and Stakeholder Outreach Budget Detail

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Situational Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2023 Budget	**2024 Budget**	**Increase (Decrease)**
Total FTEs	3.00	3.00	-
Direct Expenses	$ 693,453	$ 726,384	$ 32,931
Indirect Expenses	$ 580,956	$ 609,824	$ 28,868
Other Non-Operating Expenses	$ -	$ -	$ -
Inc(Dec) in Fixed Assets	$ 1,846	$ 16,210	$ 14,364
Total Funding Requirement	$ 1,276,255	$ 1,352,418	$ 76,163

Table A-9.   **Situational Awareness and Infrastructure Security Budget**

Program Scope and Functional Description

The SERC Situational Awareness and Infrastructure Security (SAIS) program identifies and analyzes events and conditions that present risk to the BPS. This is accomplished by monitoring sources of information and maintaining communications with stakeholders, NERC, and other organizations. SERC analyzes significant BPS events and develops lessons learned to educate stakeholders on risks and vulnerabilities that could recur elsewhere within the BPS.

2024 Key Assumptions

The 2024 key assumptions for the SERC SAIS program are as follows:

- SERC will support the ERO Enterprise in the identification and mitigation of significant reliability risks, as well as the identification and assessment of conditions that indicate emerging risks.

- SERC will continue to work with NERC's Electricity Information Sharing and Analysis Center (E-ISAC) and SERC registered entities to identify opportunities for improving information sharing on cyber and physical security related events, threats, and vulnerabilities to improve reliability within the BPS.

- SERC will continue to support and enhance outreach efforts that communicate risk-based insights, lessons learned, best practices, and recommendations from SAIS events.

- SERC will continue to review, track, and trend reliability events to support the ERO Enterprise's goal of fewer, less severe events in the SERC Region.

- SERC will share risk-based mitigating measures and other BPS improvements with SERC entities and the ERO Enterprise to improve reliability on the BPS.

- SERC will continue to work with other Regional SAIS groups to identify conditions or best practices that improve reliability within the BPS.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC SAIS program are as follows:

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- Continue to increase the utilization of data collection tools and data analysis to provide oversight of the BPS to gain knowledge and improve situation awareness and events analysis of the BPS in the SERC Region;

- Evaluate events information to identify risk trends and benchmarking efforts;

- Collaborate with stakeholders and NERC to develop NERC Lessons Learned publications that support outreach efforts and encourage stakeholder participation in the Events Analysis Program;

- Continue stakeholder outreach efforts that encourage stakeholder participation in the SAIS Program;

- Facilitate and support post-event analysis in collaboration and coordination with NERC and applicable governmental agencies;

- Identify and prioritize risks based on reliability impacts, assessments, projected resources, and emerging issues; and

- Monitor and evaluate cyber and physical related threats, events, and vulnerabilities for information sharing with internal and external stakeholders.

Resource Requirements

Personnel

The number of FTEs assigned to the SAIS program is consistent with 2023.

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Situational Awareness and Infrastructure Security Budget Detail

		2023 Budget		2023 Projection		Variance 2023 Budget v 2023 Projection Over(Under)		2024 Budget		Variance 2024 Budget v 2023 Budget Inc(Dec)
Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital										
2023 Budget & Projection, and 2024 Budget										
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY										
Funding										
Statutory Funding										
SERC Assessments	$	1,192,845	$	1,192,845	$	-	$	1,221,194	$	28,349
Penalties Released		56,762		56,762		-		121,956		65,194
Total Statutory Funding	$	1,249,607	$	1,249,607	$	-	$	1,343,150	$	93,543
Membership Fees	$	-	$	-	$	-	$	-	$	-
Services & Software		-		-		-		-		-
Workshops & Miscellaneous		1,099		-		(1,099)		1,326		227
Interest		1,319		7,033		5,714		4,463		3,144
Total Funding (A)	$	1,252,025	$	1,256,640	$	4,615	$	1,348,939	$	96,914
Expenses										
Personnel Expenses										
Salaries	$	524,780	$	531,302	$	6,522	$	552,554	$	27,774
Payroll Taxes		31,487		31,878		391		33,153		1,666
Benefits		49,269		47,269		(2,000)		49,269		-
Retirement Costs		66,138		66,951		813		69,629		3,491
Total Personnel Expenses	$	671,674	$	677,400	$	5,726	$	704,605	$	32,931
Meeting Expenses										
Meetings & Conference Calls	$	-	$	-	$	-	$	-	$	-
Travel		20,700		19,700		(1,000)		20,700		-
Total Meeting Expenses	$	20,700	$	19,700	$	(1,000)	$	20,700	$	-
Operating Expenses, excluding Depreciation										
Consultants & Contracts	$	-	$	-	$	-	$	-	$	-
Office Rent		-		-		-		-		-
Office Costs		1,079		1,079		-		1,079		-
Professional Services		-		-		-		-		-
Miscellaneous		-		-		-		-		-
Total Operating Expenses	$	1,079	$	1,079	$	-	$	1,079	$	-
Total Direct Expenses	$	693,453	$	698,179	$	4,726	$	726,384	$	32,931
Indirect Expenses	$	580,956	$	582,307	$	1,351	$	609,824	$	28,868
Other Non-Operating Expenses	$	-	$	-	$	-	$	-	$	-
Total Expenses (B)	$	1,274,409	$	1,280,486	$	6,077	$	1,336,208	$	61,799
Change in Assets	$	(22,384)	$	(23,846)	$	(1,462)	$	12,731	$	35,115
Fixed Assets, excluding Right of Use Assets (C)	$	1,846	$	-	$	(1,846)	$	16,210	$	14,364
TOTAL BUDGET (B+C)	$	1,276,255	$	1,280,486	$	4,231	$	1,352,418	$	76,163
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$	(24,230)	$	(23,846)	$	384	$	(3,479)	$	20,751
FTEs		3.00		3.00		-		3.00		-

Table A-10.   Situational Awareness and Infrastructure Security Budget Detail

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Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2023 Budget	2024 Budget	Increase (Decrease)	FTEs 2023 Budget	FTEs 2024 Budget	Increase (Decrease)
Technical Committees and Member Forums	$ 1,162,859	$ 1,194,019	$ 31,160	3.90	3.90	-
General and Administrative	$ 4,840,782	$ 4,895,877	$ 55,095	8.65	8.65	-
Legal and Regulatory	$ 1,499,408	$ 1,594,263	$ 94,855	2.90	2.90	-
Analytics & Information Technology	$ 4,137,943	$ 5,113,584	$ 975,641	16.30	18.30	2.00
Human Resources	$ 1,139,531	$ 1,150,158	$ 10,627	3.00	3.00	-
Accounting and Finance	$ 478,223	$ 535,409	$ 57,186	3.00	3.00	-
Total Corporate Services	$ 13,258,746	$ 14,483,310	$ 1,224,564	37.75	39.75	2.00

Table A-11.   Corporate Services Budget

Program Scope and Functional Description

SERC's Corporate Services program includes the budget for all business and administrative functions of the organization:

- Technical Committees and Member Forums

- General and Administrative

- Legal and Regulatory

- Information Technology (IT), Security and Analytics

- Human Resources

- Finance and Accounting

Methodology for Allocation of Corporate Services Expenses to Programs

Expenses related to indirect programs are allocated proportionally to the direct programs for 2024 based on the number of FTEs in those programs.

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

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Technical Committees and Member Forums

Program Scope and Functional Description

The Technical Committees and Member Forums programs engage reliability expertise within the Region through the active participation of industry volunteers to plan and operate the BPS reliably, securely, and in compliance with Reliability Standards.

The success of SERC's Technical Committees and Member Forums depends on the active and direct participation of its members to collectively solve technical challenges facing the grid. The forums are also a source of expertise in the industry to identify, prioritize and mitigate current and emerging risk to the BPS.

2024 Key Assumptions

The 2024 key assumptions for the SERC Technical Committees and Member Forums programs are as follows:

- SERC will continue its Technical Committee and subgroup structure for effective stakeholder involvement in 2024.

- SERC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability.

- SERC's Reliability Risk Working Group (RRWG) will continue to identify and educate SERC staff and Regional members about the reliability risks to the BPS in the SERC Region from engineering, operations, physical and cyber security perspectives.

- SERC will continue to partner with its members as volunteer technical resources to support the Region's mission and initiatives. As needs change, SERC will assess committee structure to continue to meet the needs of our members.

- SERC Technical Committees and Member Forums programs will manage committee work according to the *Organization and Procedures Manual for SERC Technical Committees*.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Technical Committees and Member Forums programs are as follows:

- Convene regular meetings of the standing committees and their subordinate groups, as necessary;

- Communicate to the Board and SERC staff on issues pertaining to operation, planning, and engineering of the BPS, and the advancement of the physical and cyber security of the BPS;

- Provide a forum for representatives to share experience and discuss issues of operating, planning and engineering, and physical and cyber security;

- Perform special projects at the request of the Board;

- Review the measurement of performance relative to Reliability Standards and performance measures (e.g., GADS, TADS, Mis-operations, etc.) to determine the risk level within the SERC Region;

- Review activities within the SERC Region that affect reliability and adequacy, as necessary, to meet Reliability Standards and other reliability initiatives;

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- Perform technical functions through the assignment of specific tasks to subordinate groups to address current and emerging risks;

- Coordinate the System Operator Conferences for SERC members through the SERC System Operator Working Group (SOWG);

- Provide key inputs from the SERC RRWG for the CMEP Implementation Plan; and

- Establish the Generator Working Group and engage SERC members to develop best practices for issues related to generation.

Resource Requirements

Personnel

The number of FTEs assigned to the Technical Committees and Member Forums programs is consistent with 2023.

Meetings & Travel

A redution in meeting expenses reflects a continued focus on maximizing a hybrid of on-site and virtual meetings.

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General and Administrative

Program Scope and Functional Description

The SERC General and Administrative function provides executive management and oversight of the corporation. Responsibilities include interacting with the Board, performing the Corporate Treasurer function, and fostering strong relationships through coordinated and consistent outreach with governmental agencies, regulators, stakeholders, and other industry organizations. Responsibilities also include strategic planning, project management, enterprise risk management, continuous improvement, and program readiness (an internal audit function).

The department ensures execution of the SERC strategic priorities and the day-to-day management of the corporation.

2024 Key Assumptions

The 2024 key assumptions for the SERC General and Administrative function are as follows:

- SERC will emphasize effective execution, efficiency, and transparency with a strong culture of continuous improvement and program readiness.

- SERC will facilitate reliability-enhancing activities.

- SERC will engage with its Board of Directors to solicit input for the strategic direction of the organization.

- SERC will hold itself accountable for the execution of deliverables captured through a multi-year Operating Plan and a portfolio of high-level projects managed through a Project Management Organization.

- SERC will continue its outreach and communication with stakeholders to promote effective reduction of risk to the BPS.

The General and Administrative Program incorporates the Regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy and the ERO Enterprise Operating Plan. ERO Enterprise strategic and operational objectives are considered in the development and maintenance of the SERC Strategic Plan on an annual basis.

2024 Goals and Key Deliverables

The SERC General and Administrative function will support the following goals:

- Continue high-quality performance of delegated functions while maintaining an appropriate resource requirement;

- Develop and maintain a robust set of Key Performance Indicators and department-specific operational metrics, to manage the health of SERC programs and promote continuous improvement;

- Identify Corporate Strategic Initiatives that advance the strategic focus of the SERC Organization and position the company for success through multi-dimensional and impactful projects;

- Identify value propositions for strategic activities, and communicate these to SERC Stakeholders and SERC Staff;

- Provide pertinent and timely information to stakeholders to improve efficiency of interactions with SERC staff; and

- Manage interface with NERC enterprise-wide internal audit initiatives.

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Resource Requirements

Personnel

The number of FTEs assigned to the General and Administrative function is consistent with 2023.

Contractors and Consultants

The 2024 budget includes support for corporate strategic initiatives.

Office Costs

Overall office costs reflect an anticipated premium increase for commercial and cyber security insurance policies.

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Legal and Regulatory

Program Scope and Functional Description

SERC maintains in-house legal staff and hires outside legal consultants, as needed. These legal resources provide the following services:

- Provide legal advice to the Chief Executive Office, Board, and staff on legal and regulatory matters that affect SERC and the Electric Reliability Organization;

- Reconcile and determine SERC's legal position on all legal matters;

- Draft and review items filed with governmental agencies for legal sufficiency;

- Support SERC's corporate governance function, including facilitating implementation of governance changes to transition the Board into a more strategic oversight body and providing input on matters for the Board's consideration;

- Review contracts and corporate documents;

- Ensure continuing recognition of SERC as a Regional Entity;

- Negotiate and author necessary changes to SERC's governing documents, including the SERC Bylaws and Regional Delegation Agreement with NERC;

- Provide input and obtain regulatory approvals, as needed, on governance changes and for new and revised Regional Reliability Standards;

- Review legal documents, including Notices of Penalty and settlement agreements, required to be filed with FERC. Provide legal support for contested enforcement actions and other assistance;

- Provide legal counsel during compliance and enforcement proceedings and support the approval process of enforcement filings before the NERC Board of Trustees Compliance Committee and FERC;

- Interface with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders;

- Develop SERC's strategic engagement with states by building relationships with policymakers and regulators in each of the 16 states in the SERC footprint to educate on what SERC does in the areas of reliability and security, NERC and Regional assessments, and reports.

- Assist in the development of and ensure proper administration of SERC corporate policies and procedures; and

- Manage relationships with SERC's outside counsel.

2024 Key Assumptions

The 2024 key assumptions for the SERC Legal and Regulatory function are as follows:

- SERC will continue to support SERC's governance structure by supporting the Board and Board committees, facilitating the selection of stakeholder and independent directors, and drafting and obtaining approval of any necessary modifications to Bylaws and other corresponding governance changes.

- SERC will continue to support the processing of enforcement actions through the development of settlement agreements and Notices of Penalty, leading settlement

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negotiations with the registered entities, discussing resolutions with NERC, obtaining approvals from the NERC Board of Trustees Compliance Committee, and with FERC.

- SERC will continue to enhance its strategic engagement with states by building relationships with policymakers and regulators in each of the 16 states in the SERC footprint to educate on what SERC does in the areas of reliability and security, NERC and Regional assessments, and reports.

- SERC will proactively engage with NERC and FERC to help ensure SERC's continued recognition as a Regional Entity.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Legal and Regulatory function are as follows:

- Work with Enforcement to support processing enforcement actions, including the documentation of settlement agreements and Notices of Penalty, through the filing process at FERC;

- Support SERC's corporate governance needs;

- Support SERC's corporate legal needs; and

- Work with NERC and other Regions on obtaining renewal of SERC's Regional Delegation Agreement with NERC.

Resource Requirements

Personnel

The number of FTEs assigned to the Legal and Regulatory function is consistent with 2023.

Professional Services

The increase is due to adjustments in Independent Director fees based on market research.

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Information Technology, Security, and Analytics and Data Management

Program Scope and Functional Description

SERC's Information Technology (IT), Security, and Analytics and Data Management departments are implementing and integrating maturity model frameworks to increase the effectiveness and efficiency of SERC's security, technology, and data management. Increased maturity in these areas will provide security, risk mitigation, increased technology innovation, support data collection and accuracy, and improve data-driven decisions and insights across SERC. The IT, Security, and Analytics and Data Management programs include the following functions:

- IT Operations

- Analytics and Data Management

- Security Operations

The Information Technology (IT) department provides users with cost-effective information technology tools and proactively delivers technologies that assist SERC departments in meeting their goals, objectives, and deliverables. The IT department minimizes the outsourcing of critical services including designing and maintaining SERC's network infrastructure as well as identifying risks in technical contracts by collaborating with Legal and Security. The department provides the necessary technical services in the following categories to ensure efficient and effective performance of all corporate functions:

- Infrastructure Maintenance (Data Center Management - Local/Remote)
- Hosting of Public and Multiple Secure Portal Websites
- Voice, Web, and Video Conferencing
- Vulnerability Management
- Mobile Device Management
- Wireless Network Management
- Audio/Video Management
- Document Management
- Email Management
- Help Desk Support
- Telecommuter Support
- Application Support and Development
- Data Warehousing Management
- Database Administration
- Cloud Tenant Management

The IT function offers computer and network services, including design and maintenance for the SERC computer and network infrastructure, as well as project and vendor management for all current and future technology-related contracts. The IT program executes and maintains the following functions:

- Improve Technology Service Delivery through implementing Information Technology Infrastructure Library's (ITIL) Information Technology Service Management (ITSM) Framework;

- Ensure protection, integrity, and availability of SERC systems, services, and data owned by SERC or provided by registered entities;

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- Provide onsite and remote end user support and services to conduct SERC business;

- Provide SERC users with Align and the Secure Evidence Locker support;

- Provide project management and deployment of technical solutions;

- Provide Meeting and Audio-Visual Support; and

- Partner with SERC to build trust and add value in support of the mission and vision.

The Analytics and Data Management function leverages information as a strategic asset. Data is critical to SERC's continued success, deepening relationships with stakeholders, and providing meaningful analysis of risk areas across the SERC Region. Analytics executes the following functions:

- Management of quality data that is usable, accurate, complete, and maintained throughout its lifecycle;

- Evaluation of data to determine risks;

- Analysis, visualization and reporting of data and results;

- Development, maintenance, and provision to SERC Staff data literacy, classification, and handling training; and

- Calculation of key performance indicators and operations metrics for SERC.

SERC's Security Operations will continue to implement and manage cost effective controls that enhance the company's security posture and minimize risk. The department provides the necessary services that ensure efficient and effective controls are in place to protect the confidentiality, integrity, and availability of SERC's IT infrastructure, business critical assets, and data. This is done by collaborating with IT and executing the following functions:

- Access Control and Identity Management;
- Business Impact Analysis;
- Business Continuity and Disaster Recovery;
- Information Security Protection and Monitoring;
- Supply Chain Management;
- Vulnerability Management;
- Monitoring, evaluating, and reporting control deficiencies and recommendations on a periodic basis; and
- Partnering within SERC and the ERO to provide necessary cyber security awareness training.

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

SERC supports the NERC Project Management Office (PMO) in its efforts to provide technology tools across the ERO Enterprise. SERC's budget assumes the availability of new and existing technology tools from the PMO and other sources. If the required technology tools are not

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available as planned, SERC could incur additional costs to ensure fulfillment of its core responsibilities.

NERC's BP&B will include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity-approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved BP&B.

2024 Key Assumptions

The 2024 key assumptions for the Analytics and Information Technology program are as follows:

- SERC will continue to evaluate and consider shared ERO services and partnerships.

- SERC will continue to purchase and maintain a hardware and software lifecycle necessary to conduct business.

- SERC will continue utilizing secure third-party hosting centers.

- SERC will continue to support the ERO's Cybersecurity Strategy objectives and initiatives.

- SERC will continue to assess, enhance, and strengthen SERC's security posture.

2024 Goals and Key Deliverables

The 2024 goals and deliverables for the Analytics and Information Technology program are as follows:

- Improve the capabilities of SERC's Business Intelligence Center (BIC) to include internally focused operations reporting;

- Maintain and improve the capabilities of SERC's member portal for contact/entity administration, data collection, and technical committee management.

- Support the improvement of the Align application tool and Secure Evidence Locker (SEL);

- Maintain modern Information Technology infrastructure per lifecycle management;

- Maintain and mature Information Technology and Security NIST Cybersecurity framework and strategy;

- Complete multi-year plan to integrate Data Management framework;

- Improve cyber and physical security controls to defend against emerging threats;

- Guide and implement new ERO-sponsored Security and Information Technology collaboration efforts; and

- Create secure capabilities to share data, analytical tools, and products with external audiences.

Resource Requirements

Personnel

SERC has increased staffing levels in the IT department as personnel are needed to strengthen SERC's security posture and address the expected impacts of the rapidly evolving cyber security threat landscape resulting in an overall increase of two FTEs.

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Office Costs

The 2024 budget increase is primarily due to anticipated additional software costs associated with the support and maintenance of SERC's robust cyber security goals.

Human Resources

Program Scope and Functional Description

The SERC Human Resources function provides the organization with structure and the ability to meet business needs through managing our most valuable resources—our employees. The Human Resources department is responsible for a variety of essential functions:

- Strategic resource and succession planning across all areas of the organization;

- Recruitment and retention of highly skilled talent, employee relations, performance management, training and professional development, and employee engagement;

- Compliance with state and federal employment laws to minimize organizational liability;

- Analysis and administration of competitive compensation and total rewards programs; and

- Administration of payroll, employee benefits, and Human Resource Information Systems.

2024 Key Assumptions

The 2024 key assumptions for the Human Resources function are as follows:

- A 5% vacancy rate has been applied to Personnel Expenses.

- SERC will continue to provide competitive compensation and benefits packages.

- SERC will ensure that subject matter experts attain and maintain elevated professional credentials to remain a leader in the industry.

- SERC will provide an annual merit salary increase. The salary expense budget for all program areas reflects this assumption.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the Human Resources department are as follows:

- Lead efforts to minimize turnover and ensure SERC is a highly desirable place to work, due to our culture and the importance of our work;

- Promote employee engagement and empowerment;

- Attract, develop, and retain highly skilled and engaged staff;

- Refresh compensation and benefit studies to ensure organization and industry competitiveness;

- Create growth, training, and development opportunities for staff;

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- Promote a diverse and inclusive workplace;

- Continue to develop and implement SERC's Environmental, Social, and Governance (ESG) initiatives; and

- Ensure succession planning remains current and relevant.

Resource Requirements

Personnel

The number of FTEs assigned to the Human Resources program is consistent with 2023.

Contractors and Consultants

The 2024 budget includes contractor support for leadership development, staff training, and compensation studies.

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Finance and Accounting

Program Scope and Functional Description

The SERC Finance and Accounting department provides accounting, analytical, and treasury services for SERC by performing the following functions:

- Develop SERC's BP&B and provide ongoing financial analysis regarding expenditures and forecasts;

- Prepare monthly, quarterly, and annual financial statements;

- Review and refine accounting policies, procedures, and internal fiscal controls to support the changing business environment;

- Coordinate with external auditors to ensure timely completion of the annual audit;

- Prepare and file required federal and state tax returns;

- Maintain banking relationships and manage cash flow and investments;

- Support the ERO's funding process by annually collecting NEL data as mandated by FERC;

- Work with the ERO Finance Working Group to provide consistent reporting throughout NERC and the Regions; and

- Manage accounts payable, accounts receivable, and fixed assets.

2024 Key Assumptions

The 2024 key assumptions for the Finance and Accounting function are as follows:

- Current accounting systems and controls are effective.

- There are no major changes in applicable accounting regulations.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Finance and Accounting department are as follows:

- Allocate financial resources in a manner that best promotes the security and reduction of risk to the BPS;

- Identify and prioritize opportunities, and create efficiency through new processes, procedures, and technology;

- Provide timely, relevant, and accurate reporting and financial analysis to SERC management, the FAC, and the Board; and

- Ensure SERC has effective financial controls and exercises fiscal prudence.

Resource Requirements

Personnel

The number of FTEs assigned to the Finance and Accounting program is consistent with 2023.
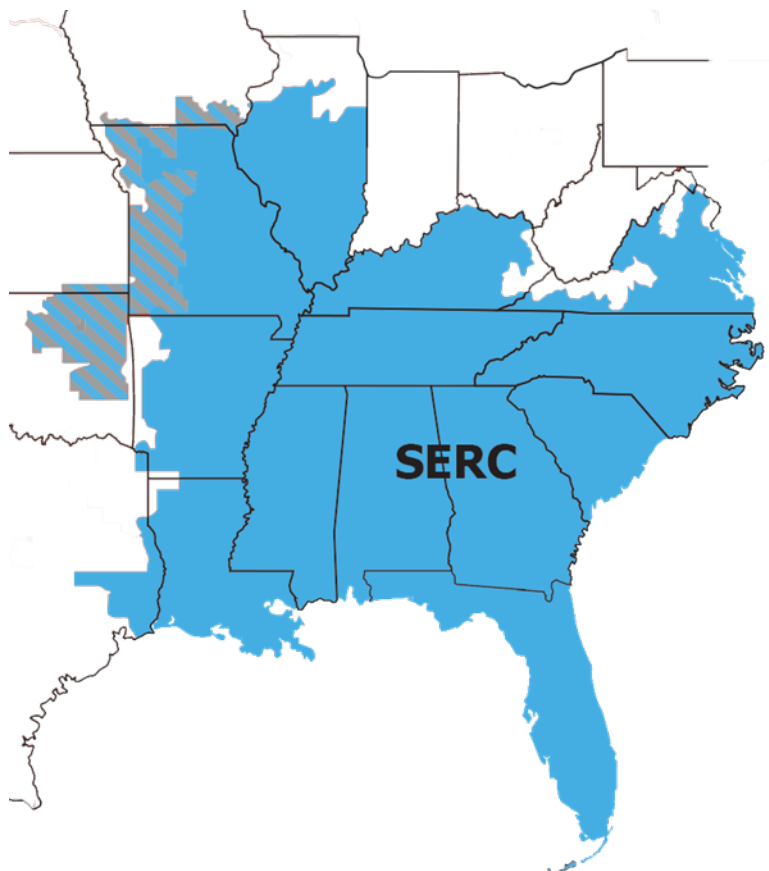
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Corporate Services Program Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
CORPORATE SERVICES					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	$ -	$ -	$ -	$ -	$ -
Penalties Released	-	-	-	-	-
Total Statutory Funding	$ -	$ -	$ -	$ -	$ -
Membership Fees	$ -	$ -	$ -	$ -	$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	25,000	25,000	-	-
Interest	-	-	-	-	-
Total Funding (A)	$ -	$ 25,000	$ 25,000	$ -	$ -
Expenses					
Personnel Expenses					
Salaries	$ 6,799,194	$ 6,770,057	$ (29,137)	$ 7,646,873	$ 847,679
Payroll Taxes	404,201	400,054	(4,147)	455,873	51,672
Benefits	1,079,668	1,040,889	(38,779)	1,035,406	(44,262)
Retirement Costs	878,752	868,639	(10,113)	983,515	104,763
Total Personnel Expenses	$ 9,161,815	$ 9,079,639	$ (82,176)	$ 10,121,667	$ 959,852
Meeting Expenses					
Meetings & Conference Calls	$ 267,263	$ 227,195	$ (40,068)	$ 268,610	$ 1,347
Travel	255,575	225,541	(30,034)	241,850	(13,725)
Total Meeting Expenses	$ 522,838	$ 452,736	$ (70,102)	$ 510,460	$ (12,378)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	$ 811,929	$ 763,620	$ (48,309)	$ 897,750	$ 85,821
Office Rent	850,067	850,067	-	855,067	5,000
Office Costs	1,341,947	1,338,661	(3,286)	1,550,896	208,949
Professional Services	528,150	529,000	850	547,470	19,320
Miscellaneous	-	-	-	-	-
Total Operating Expenses	$ 3,532,093	$ 3,481,348	$ (50,745)	$ 3,851,183	$ 319,090
Total Direct Expenses	$ 13,216,746	$ 13,013,723	$ (203,023)	$ 14,483,310	$ 1,266,564
Indirect Expenses	$ (13,216,746)	$ (13,013,723)	$ 203,023	$ (14,483,310)	$ (1,266,564)
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ -	$ -	$ -	$ -	$ -
Change in Assets	$ -	$ 25,000	$ 25,000	$ -	$ -
Fixed Assets, excluding Right of Use Assets (C)	$ -	$ -	$ -	$ -	$ -
TOTAL BUDGET (B+C)	$ -	$ -	$ -	$ -	$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$ -	$ 25,000	$ 25,000	$ -	$ -
FTEs	37.75	37.75	-	39.75	2.00

Table A-12.   Corporate Services Budget Detail

Section B – Supplemental Financial Information

2024 Business Plan and Budget

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Section B – Supplemental Financial Information

Working Capital and Assessment Stabilization Reserve Analysis

Reserve Analysis			
STATUTORY			
	Total Reserves	Working Capital Reserve	Assessment Stabilization Reserve[1]
Beginning Reserves, January 1, 2023	$ 8,357,428	$ 2,584,842	$ 5,772,586
Plus: 2023 Funding (from Load-Serving Entities (LSE) or desgnees)	$ 26,192,877	$ 26,192,877	$ -
Plus: 2023 Other funding sources	326,000	326,000	-
Penalties released from Assessment Stabilization Reserve in 2023	-	1,291,337	(1,291,337)
Penalty Sanctions January 1 - June 30, 2023	6,215,200	-	6,215,200
Less: 2023 Projected expenses & capital expenditures	(28,407,895)	(28,407,895)	-
Projected Reserves, December 31, 2023	$ 12,683,610	$ 1,987,161	$ 10,696,449
Targeted Reserve, December 31, 2024	$ 9,704,843	$ 1,904,843	$ 7,800,000
Less: Projected Reserves, December 31, 2023	(12,683,610)	(1,987,161)	(10,696,449)
Increase/(decrease) to 2024 Assessments	$ (2,978,767)	$ (82,318)	$ (2,896,449)
2024 Expenses and Capital Expenditures	$ 31,999,954		
Less: Penalties released from Assessment Stabilization Reserve	(2,896,449)		
Adjustment to achieve targeted Working Capital Reserve	(82,318)		
Less: Other funding sources	(283,500)		
2024 SERC Assessment	$ 28,737,687		

[1] Penalty sanctions are added to the Assessment Stabilization Reserve upon approval of the enforcement action by FERC, and released to offset future assessments, as approved by SERC's Board of Directors.

Table B-1.   Working Capital Reserve Analysis 2023- 2024

Explanation of the Working Capital Reserve

Pursuant to SERC's Cash Reserves Policy, as approved by the Board on June 26, 2019, SERC maintains a Working Capital Reserve to satisfy cash flow needs for daily operations, as well as for contingencies that were not anticipated at the time the BP&B was prepared. The policy provides for a working capital target of up to 10% of the annual budget. The targeted Working Capital Reserve included in SERC's 2024 BP&B is $1,904,843. SERC reduced the 2024 ERO Assessments by $82,318 to adjust its Working Capital Reserve to the targeted amount.

Explanation of the Assessment Stabilization Reserve

Pursuant to SERC's Cash Reserves Policy, SERC maintains an Assessment Stabilization Reserve to mitigate annual assessment volatility. With NERC and FERC approval, Penalty sanctions are added to the reserve, and released to offset assessments in future years. SERC is requesting to place $6,596,448 of Penalty sanctions received between July 1, 2022 and June 30, 2023, into the Assessment Stabilization Reserve, and to release $2,896,449 from the Assessment Stabilization Reserve to offset 2024 SERC Assessments.

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Breakdown by Statement of Activity Sections

The following detailed schedules support the Statement of Activities and Capital Expenditures, page 12, of the 2024 BP&B. All significant variances have been disclosed by program area on the preceding pages.

Penalty Sanctions

All penalty monies received between July 1, 2022, and June 30, 2023, are summarized below.

Pursuant to the NERC ROP Section 1107.4, SERC is requesting an exception to NERC ROP 1107.2. *All funds from financial Penalties assessed in the United States received by the entity initiating the compliance monitoring and enforcement process shall be applied as a general offset to the entity's budget requirements for the subsequent fiscal year, if received by July 1, or for the second subsequent fiscal year, if received on or after July 1.* Specifically, SERC is requesting an exception in order to place $6,596,448 of Penalty sanctions received between July 1, 2022 and June 30, 2023, into the Assessment Stabilization Reserve, and to release $2,896,449 from the Assessment Stabilization Reserve to offset 2024 SERC Assessments.

Allocation Method: Penalty sanctions released to offset 2024 assessments have been allocated to the following statutory programs to reduce assessments: Reliability Standards, Compliance Monitoring and Enforcement, RAPA, Training, Education and Stakeholder Outreach, and SAIS. Penalty sanctions are allocated based upon the number of FTEs in the program divided by the aggregate total FTEs in the programs receiving the allocation.

Table B-2 summarizes all penalties received between July 1, 2022 and June 30, 2023.

Penalty Sanctions Received on or Prior to June 30, 2023		
Payment	**Date Received**	**Amount Received**
Penalty payments	10/21/2022 - TBD	$ 6,596,448
Total Penalties Received		$ 6,596,448

Table B-2.   Penalty Sanctions Received

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Table B-3 Supplemental Funding

Other Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget
Reliability Standards				
Workshops & Miscellaneous	$ 183	$ -	$ 221	$ 38
Interest	$ 220	$ 1,172	$ 744	$ 524
Total	$ 403	$ 1,172	$ 965	$ 562
Compliance Monitoring, Enforcement & Org. Registration				
Workshops & Miscellaneous	$ 29,480	$ 11,000	$ 33,304	$ 3,824
Interest	22,176	118,271	75,056	52,880
Total	$ 51,656	$ 129,271	$ 108,360	$ 56,704
Reliability Assessment and Performance Analysis				
Workshops & Miscellaneous	$ 2,308	$ 130,000	$ 3,669	$ 1,361
Interest	$ 2,769	$ 14,769	$ 12,348	$ 9,579
Total	$ 5,077	$ 144,769	$ 16,017	$ 10,940
Training, Education and Stakeholder Outreach				
Workshops & Miscellaneous	$ 132,930	$ -	$ 138,980	$ 6,050
Interest	3,516	18,755	13,389	9,873
Total	$ 136,446	$ 18,755	$ 152,369	$ 15,923
Situation Awareness and Infrastructure Security				
Workshops & Miscellaneous	$ 1,099	$ -	$ 1,326	$ 227
Interest	$ 1,319	$ 7,033	$ 4,463	$ 3,144
Total	$ 2,418	$ 7,033	$ 5,789	$ 3,371
Corporate Services				
Workshops & Miscellaneous	$ -	$ 25,000	$ -	$ -
Interest	$ -	$ -	$ -	$ -
Total	$ -	$ 25,000	$ -	$ -
Total Outside Funding	$ 196,000	$ 326,000	$ 283,500	$ 87,500

Table B-3.   Supplemental Funding

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Interest in 2024 reflects an increase from the 2023 budget due to anticipated market returns on investment income.

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Table B-4 Personnel Expenses

Personnel Expenses		Budget 2023		Projection 2023		Budget 2024		Variance 2023 Budget v 2024 Budget	Variance %
Total Salaries	$	17,445,770	$	17,703,490	$	19,642,715	$	2,196,945	12.6%
Total Payroll Taxes	$	1,042,996	$	1,054,645	$	1,175,624	$	132,628	12.7%
Total Benefits	$	2,256,982	$	2,119,630	$	2,236,235	$	(20,747)	-0.9%
Total Retirement	$	2,221,067	$	2,248,170	$	2,495,864	$	274,797	12.4%
Total Personnel Costs	$	22,966,815	$	23,125,935	$	25,550,438	$	2,583,623	11.2%
FTEs		106.0		106.0		111.0		5.0	4.7%
Cost per FTE									
Salaries	$	164,583	$	167,014	$	176,961	$	12,379	7.5%
Payroll Taxes		9,840		9,949		10,591		752	7.6%
Benefits		21,292		19,997		20,146		(1,146)	(5.4%)
Retirement		20,953		21,209		22,485		1,532	7.3%
Total Cost per FTE	$	216,668	$	218,169	$	230,184	$	13,516	6.2%

Table B-4.   Personnel Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

The budget reflects a Board-approved merit increase. A vacancy rate of 5% has been applied to all Personnel Expenses.

FTE additions are driving increases in Salaries and Retirement expenses.
An overall increase of five additional personnel are necessary to: (1) continue to strengthen SERC's internal security posture; (2) enable SERC to perform necessary and relevant reliability studies and assessments given the evolving nature of the grid; and (3) centralize internal and external training programs to drive internal efficiencies and credentialing for stakeholders.

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Table B-5 Meeting Expenses

Meeting, Conference & Travel Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Meeting & Conference Expenses	$ 448,836	$ 408,368	$ 462,883	$ 14,047	3.1%
Travel Expenses	$ 877,727	$ 854,067	$ 947,770	$ 70,043	8.0%
Total Meeting, Conference & Travel Expenses	**$ 1,326,563**	**$ 1,262,435**	**$ 1,410,653**	**$ 84,090**	**6.3%**

Table B-5.   Meeting Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

The 2024 budget includes a moderate increase in Meeting Expenses driven by conference call (WebEx and TEAMS) expenses.

Travel increases reflect efficiencies realized across SERC maintaining use of a hybrid of on-site and virtual meetings while planning for anticipated 2024 onsite audits and additional travel associated with increased volume of registration additions associated with the inclusion of non-BES Inverter Based Resources and inflation impacts on travel.

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Table B-6 Consultants and Contracts

Consultants and Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	$ -	$ -	$ -	$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	282,482	238,484	258,000	(24,482)	(8.7%)
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	811,929	763,620	897,750	85,821	10.6%
Total Consultants and Contracts	**$ 1,094,411**	**$ 1,002,104**	**$ 1,155,750**	**$ 61,339**	**5.6%**

Table B-6.   Consultants and Contracts

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

RAPA:

- The 2024 budget includes contractor support for studies such as energy assessments, dynamic model reduction, and seasonal probabilistic assessment assistance. The levels of contract support needed in 2024 are reduced from 2023 levels as SERC adds two FTEs to move more modeling capabilities in house.

Corporate Services:

- **General & Administrative** – The 2024 budget includes support for corporate strategic initiatives which are lower than what was required in 2023.

- **IT** – Outside support for critical IT and cyber security assessments and projects are driving an increase in consultants and contracts expenses.

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Table B-7 Office Rent

Office Rent	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Office Rent	$ 850,067	$ 850,067	$ 855,067	$ 5,000	0.6%
Utilities	-	-	-	-	0.0%
Maintenance	-	-	-	-	0.0%
Total Office Rent	$ 850,067	$ 850,067	$ 855,067	$ 5,000	0.6%

Table B-7.   Office Rent

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Increase in building's operational Common Area Maintenance expenses.

Table B-8 Office Costs

Office Costs	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Telephone	$ 182,340	$ 182,340	$ 220,840	$ 38,500	21.1%
Office Supplies	96,209	96,209	106,900	10,691	11.1%
Computers, Hardware and Supplies	65,000	70,715	80,000	15,000	23.1%
Software	838,243	813,243	1,095,791	257,548	30.7%
Publications & Subscriptions	20,500	10,500	11,520	(8,980)	(43.8%)
Dues	33,997	43,995	49,925	15,928	46.9%
Postage, Shipping & Copying	14,000	14,000	14,000	-	0.0%
Equipment Repair/Service Contracts	66,000	66,000	66,000	-	0.0%
Bank Charges	3,000	3,000	2,000	(1,000)	(33.3%)
Taxes	25,000	25,000	34,000	9,000	36.0%
Merchant Credit Card Fees	9,600	9,600	9,600	-	0.0%
Insurance - Commercial	54,000	70,000	100,000	46,000	85.2%
Total Office Costs	$ 1,407,889	$ 1,404,602	$ 1,790,576	$ 382,687	27.2%

Table B-8.   Office Costs

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Telephone - expenses projected to increase as the cost of wireless services and phone equipment rises.

Office Supplies – the increase reflects inflation associated with basic office supplies.

Computer, Hardware, and Supplies – increases are due to a planned laptop refresh.

Software – the increase is due to anticipated additional software costs associated with the support and maintenance of SERC's robust cyber security goals and additional software licenses needed to support RAPA studies. Insurance - Commercial - reflects an anticipated premium increase for commercial and cyber security policies.

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Table B-9 Professional Services

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Outside Legal	$ 49,000	$ 84,000	$ 33,000	$ (16,000)	(32.7%)
Independent Director Fees	$ 440,000	$ 405,850	$ 459,470	$ 19,470	4.4%
Accounting & Auditing Fees	39,150	39,150	55,000	15,850	40.5%
Total Services	$ 528,150	$ 529,000	$ 547,470	$ 19,320	3.7%

Table B-9.   Professional Services

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Outside Legal expenses are decreasing based on historical norms. Independent Director Fees have increased to reflect actual cost. Accounting & Auditing Fees increase reflect new requirement for 401k testing.

Table B-10 Miscellaneous

Miscellaneous Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Miscellaneous	$ -	$ -	$ -	$ -	
Total Micellaneous Expenses	$ -	$ -	$ -	$ -	

Table B-10.   Miscellaneous

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

There are no costs budgeted for these items in 2023 or 2024.

Table B-11 Non-Operating Expenses

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

Table B-11.   Other Non-Operating Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

There are no costs budgeted for these items in 2023 or 2024.

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Table B-12 Fixed Assets

Fixed Assets	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Computer & Software CapEx	$ -	$ 191,752	$ -	$ -	
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	42,000	42,000	440,000	398,000	947.6%
Leasehold Improvements	-	-	250,000	250,000	
	$ 42,000	$ 233,752	$ 690,000	$ 648,000	1,542.9%

Table B-12.   Fixed Assets

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- An overall increase of $648,000 is due to capitalized purchases for leasehold improvements associated with SERC's office lease and high-performance servers needed to support RAPA modeling studies. Additionally, cyber security enhancements, including server and network storage refresh, will occur in 2024.

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Table B-13 2025 and 2026 Projections

		Statement of Activities and Capital Expenditures 2024 Budget & Projected 2025 and 2026 Budgets						
				Statutory				
		2024 Budget	2025 Projection	$ Change 24 v 25	% Change 24 v 25	2026 Projection	$ Change 25 v 26	% Change 25 v 26
Funding								
Statutory Funding								
SERC Assessments	$	28,737,687	$ 30,917,427	$ 2,179,740	7.6%	$ 32,835,850	$ 1,918,423	6.2%
Penalties Released*		2,896,449	2,850,000	(46,449)	(1.6%)	2,250,000	(600,000)	(21.1%)
Total Statutory Funding	$	**31,634,136**	$ **33,767,427**	$ **2,133,291**	**6.7%**	$ **35,085,850**	$ **1,318,423**	**3.9%**
Membership Fees	$	-	$ -	$ -		$ -	$ -	
Workshops & Miscellaneous		177,500	177,500	-	0.0%	177,500	-	0.0%
Interest		106,000	60,000	(46,000)	(43.4%)	60,000	-	0.0%
Total Funding (A)	$	**31,917,636**	$ **34,004,927**	$ **2,087,291**	**6.5%**	$ **35,323,350**	$ **1,318,423**	**3.9%**
Expenses								
Personnel Expenses								
Salaries	$	19,642,715	$ 21,050,210	$ 1,407,495	7.2%	$ 22,026,967	$ 976,757	4.6%
Payroll Taxes		1,175,624	1,259,863	84,239	7.2%	1,318,322	58,459	4.6%
Benefits		2,236,235	2,396,472	160,237	7.2%	2,516,296	119,824	5.0%
Retirement Costs		2,495,864	2,674,705	178,841	7.2%	2,798,815	124,110	4.6%
Total Personnel Expenses	$	**25,550,438**	$ **27,381,250**	$ **1,830,812**	**7.2%**	$ **28,660,400**	$ **1,279,150**	**4.7%**
Meeting Expenses								
Meetings & Conference Calls	$	462,883	$ 476,769	$ 13,886	3.0%	$ 491,073	$ 14,303	3.0%
Travel		947,770	976,203	28,433	3.0%	1,005,489	29,286	3.0%
Total Meeting Expenses	$	**1,410,653**	$ **1,452,973**	$ **42,320**	**3.0%**	$ **1,496,562**	$ **43,589**	**3.0%**
Operating Expenses, excluding Depreciation								
Consultants & Contracts	$	1,155,750	1,205,423	$ 49,673	4.3%	1,241,585	$ 36,163	3.0%
Office Rent		855,067	1,050,000	194,933	22.8%	1,060,000	10,000	1.0%
Office Costs		1,790,576	1,901,388	110,812	6.2%	2,043,992	142,604	7.5%
Professional Services		547,470	563,894	16,424	3.0%	580,811	16,917	3.0%
Miscellaneous		-	-	-		-	-	
Total Operating Expenses	$	**4,348,863**	$ **4,720,704**	$ **371,841**	**8.6%**	$ **4,926,388**	$ **205,684**	**4.4%**
Total Direct Expenses	$	**31,309,954**	$ **33,554,927**	$ **2,244,973**	**7.2%**	$ **35,083,350**	$ **1,528,423**	**4.6%**
Indirect Expenses	$	**-**	$ **-**	$ **-**		$ **-**	$ **-**	
Other Non-Operating Expenses	$	**-**	$ **-**	$ **-**		$ **-**	$ **-**	
Total Expenses (B)	$	**31,309,954**	$ **33,554,927**	$ **2,244,973**	**7.2%**	$ **35,083,350**	$ **1,528,423**	**4.6%**
Change in Assets	$	**607,682**	$ **450,000**	$ **(157,682)**	**(25.9%)**	$ **240,000**	$ **(210,000)**	**(46.7%)**
Fixed Assets								
Computer & Software CapEx		-	-	-		-	-	
Furniture & Fixtures CapEx		-	-	-		-	-	
Equipment CapEx		440,000	200,000	(240,000)	(54.5%)	240,000	40,000	20.0%
Leasehold Improvements		250,000	250,000	-	0.0%	-	(250,000)	(100.0%)
Allocation of Fixed Assets		-	-			-	-	
Incr(Dec) in Fixed Assets (C)	$	**690,000**	$ **450,000**	$ **(240,000)**	**(34.8%)**	$ **240,000**	$ **(210,000)**	**(46.7%)**
TOTAL BUDGET (B+C)	$	**31,999,954**	$ **34,004,927**	$ **2,004,973**	**6.3%**	$ **35,323,350**	$ **1,318,423**	**3.9%**
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$	**(82,318)**	$ **-**	$ **82,318**	**(100.0%)**	$ **-**	$ **-**	
FTEs		111.0	114.0 - 117.0	3.0 - 6.0		114.0 - 117.0	0.0 - 3.0	

Table B-13.   Budget 2024 Compared with 2025-2026 Projections

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

Explanation of 2025 and 2026 Budget Projections

Personnel Expenses

- Expense includes 3 to 6 additional FTEs in 2025 and 0 to 3 additional FTEs in 2026

- Annual increase in insurance premiums

- A continuation of a 5% vacancy rate
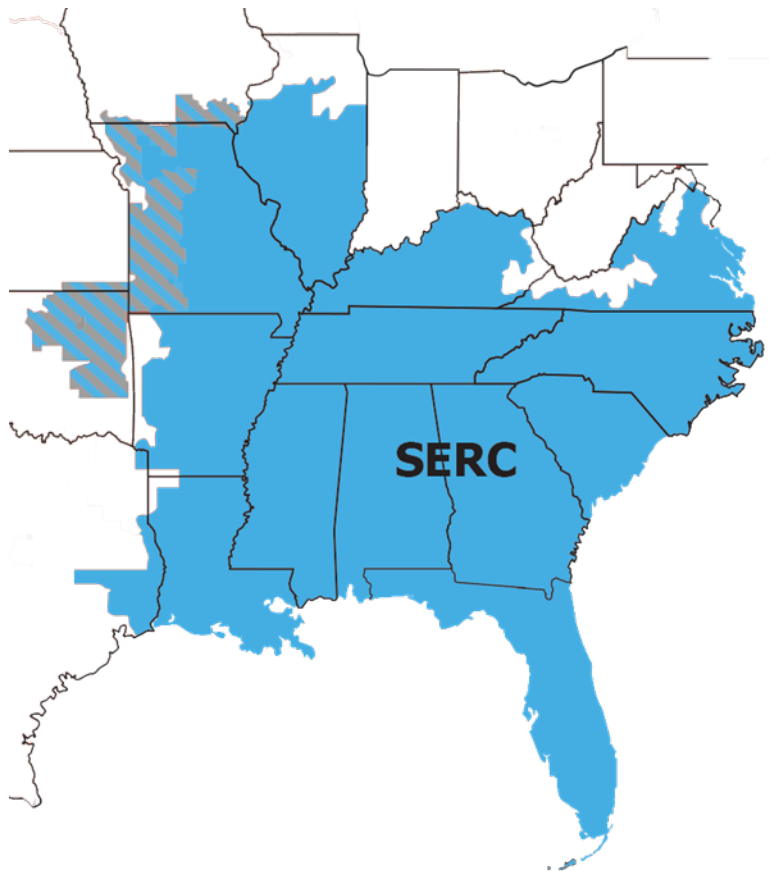
Meeting Expenses

- Meetings and travel costs include 3% inflationary increases in 2025 and 2026.

Operating Expenses

- Commercial lease rates have increased significantly in recent years and will have an impact on rent expense when the current office lease expires in 2025.

- Professional services include a 3% increase in both 2025 and 2026 associated with Independent Director Fees.

- Office costs are increasing due to incremental software needs.

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

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Section C – Non-Statutory Activities

2024 Business Plan and Budget

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

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Section C – Non-Statutory Activities

2024 Non-Statutory Business Plan and Budget

At present, SERC does <u>not</u> provide any non-statutory functions; therefore, Section C is not applicable at this time. However, SERC may in the future consider providing non-statutory functions from time to time, as appropriate and as permitted by its Board and applicable statutes and regulations.

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

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Section D – Additional Consolidated Financial Statements

2024 Business Plan and Budget

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

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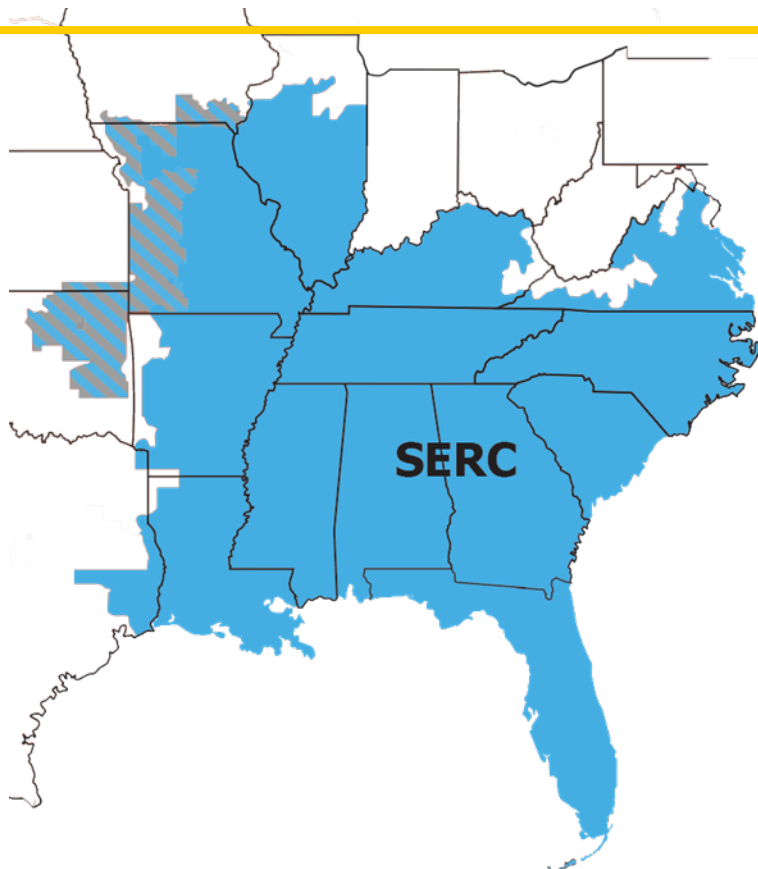
Consolidated Financial Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards	Compliance Monitoring and Enforcement; Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services
Funding										
Statutory Funding										
SERC Assessments	$ 28,737,687	$ 28,737,687	$ -	$ 28,737,687	$ 229,081	$ 20,050,654	$ 4,210,332	$ 3,026,426	$ 1,221,194	$ -
Penalties Released	2,896,449	2,896,449	-	2,896,449	20,326	2,050,889	337,411	365,867	121,956	-
Total Statutory Funding	$ 31,634,136	$ 31,634,136	$ -	$ 31,634,136	$ 249,407	$ 22,101,543	$ 4,547,743	$ 3,392,293	$ 1,343,150	$ -
Non-statutory Funding	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Workshops & Miscellaneous	177,500	177,500	-	177,500	221	33,304	3,669	138,979	1,326	-
Interest	106,000	106,000	-	106,000	744	75,056	12,348	13,389	4,463	-
Total Funding (A)	$ 31,917,636	$ 31,917,636	$ -	$ 31,917,636	$ 250,372	$ 22,209,903	$ 4,563,760	$ 3,544,661	$ 1,348,939	$ -
Expenses										
Personnel Expenses										
Salaries	$ 19,642,715	$ 19,642,715	$ -	$ 19,642,715	$ 112,831	$ 8,658,245	$ 1,452,228	$ 1,219,984	$ 552,554	$ 7,646,873
Payroll Taxes	1,175,624	1,175,624	-	1,175,624	6,770	519,495	87,134	73,199	33,153	455,873
Benefits	2,236,235	2,236,235	-	2,236,235	10,378	865,658	140,478	135,046	49,269	1,035,406
Retirement Costs	2,495,864	2,495,864	-	2,495,864	14,200	1,091,616	183,098	153,806	69,629	983,515
Total Personnel Expenses	$ 25,550,438	$ 25,550,438	$ -	$ 25,550,438	$ 144,179	$ 11,135,014	$ 1,862,938	$ 1,582,035	$ 704,605	$ 10,121,667
Meeting Expenses										
Meetings & Conference Calls	$ 462,883	$ 462,883	$ -	$ 462,883	$ -	$ 15,790	$ 170,000	$ 8,483	$ -	$ 268,610
Travel	947,770	947,770	-	947,770	2,500	530,075	69,680	82,965	20,700	241,850
Total Meeting Expenses	$ 1,410,653	$ 1,410,653	$ -	$ 1,410,653	$ 2,500	$ 545,865	$ 239,680	$ 91,448	$ 20,700	$ 510,460
Operating Expenses, excluding Depreciation										
Consultants & Contracts	$ 1,155,750	$ 1,155,750	$ -	$ 1,155,750	$ -	$ -	$ 258,000	$ -	$ -	$ 897,750
Office Rent	855,067	855,067	-	855,067	-	-	-	-	-	855,067
Office Costs	1,790,576	1,790,576	-	1,790,576	-	58,500	177,884	2,217	1,079	1,550,896
Professional Services	547,470	547,470	-	547,470	-	-	-	-	-	547,470
Miscellaneous			-							
Depreciation										
Total Operating Expenses	$ 4,348,863	$ 4,348,863	$ -	$ 4,348,863	$ -	$ 58,500	$ 435,884	$ 2,217	$ 1,079	$ 3,851,183
Total Direct Expenses	$ 31,309,954	$ 31,309,954	$ -	$ 31,309,954	$ 146,679	$ 11,739,379	$ 2,538,502	$ 1,675,700	$ 726,384	$ 14,483,310
Indirect Expenses	$ -	$ (0)	$ -	$ (0)	$ 101,637	$ 10,255,200	$ 1,687,179	$ 1,829,471	$ 609,824	$ (14,483,310)
Other Non-Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenses (B)	$ 31,309,954	$ 31,309,954	$ -	$ 31,309,954	$ 248,316	$ 21,994,579	$ 4,225,681	$ 3,505,171	$ 1,336,208	$ -
Change in Assets	$ 607,682	$ 607,682	$ -	$ 607,682	$ 2,056	$ 215,324	$ 338,079	$ 39,490	$ 12,731	$ -
Depreciation										
Computer & Software CapEx	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	440,000	440,000	-	440,000	-	-	305,000	-	-	135,000
Leasehold Improvements	250,000	250,000	-	250,000	-	-	-	-	-	250,000
Allocation of Fixed Assets	-	-	-	-	2,702	272,607	44,849	48,632	16,210	(385,000)
Fixed Assets, excluding Right of Use Assets (C)	$ 690,000	$ 690,000	$ -	$ 690,000	$ 2,702	$ 272,607	$ 349,849	$ 48,632	$ 16,210	$ -
TOTAL BUDGET (B+C)	$ 31,999,954	$ 31,999,954	$ -	$ 31,999,954	$ 251,018	$ 22,267,186	$ 4,575,530	$ 3,553,803	$ 1,352,418	$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	$ (82,318)	$ (82,318)	$ -	$ (82,318)	$ (646)	$ (57,283)	$ (11,770)	$ (9,142)	$ (3,479)	$ -
FTEs	111.0	111.0	-	111.0	0.5	50.5	8.3	9.0	3.0	39.8

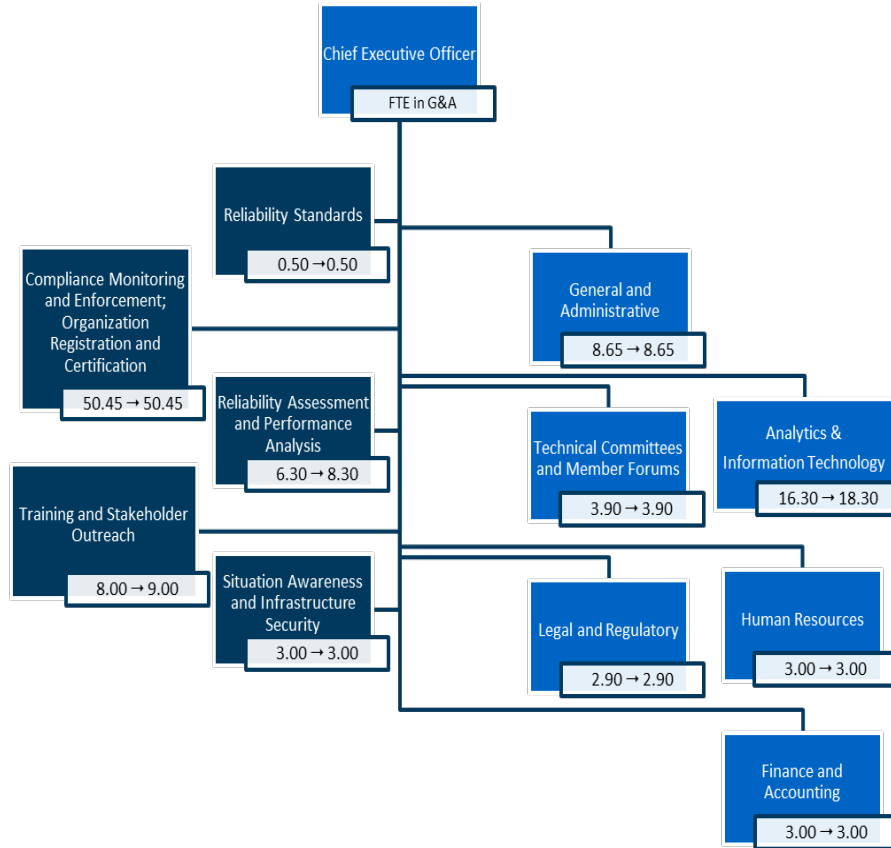**Table D-1.   Consolidated Statements of Activities by Program, Statutory and Non-Statutory**

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

Statement of Financial Position

Statement of Financial Position 2022 Audited, 2023 Projection, and 2024 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit) **31-Dec-22**	**Projected** **31-Dec-23**	**Budget** **31-Dec-24**
ASSETS			
Cash and cash equivalents	$ 3,621,780	$ 3,791,023	$ 3,406,028
Investments	9,700,664	10,200,664	10,200,664
Accounts receivable, net	-	-	-
Prepaid expenses and other assets	2,062,631	1,250,000	500,000
Property and equipment, net	2,337,443	2,021,195	1,806,195
Total Assets	$ 17,722,518	$ 17,262,882	$ 15,912,887
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	$ 18,478	$ 40,000	$ 40,000
Accrued expenses	4,751,163	4,800,000	4,800,000
Deferred revenue	11,530	11,530	11,530
Other liabilities	2,246,476	1,396,476	646,476
Total Liabilities	$ 7,027,647	$ 6,248,006	$ 5,498,006
Unrestricted net assets	10,694,871	11,014,876	10,414,881
Total Liabilities and Net Assets	$ 17,722,518	$ 17,262,882	$ 15,912,887

Table D-2.   Statement of Financial Position, Three-Year Comparison

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

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Appendix A: Organization Chart

The SERC Organization chart shown here compares 2023 and 2024 SERC personnel counts.

Figure 2.   SERC Organization Chart

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the
Finance and Audit Committee satisfying conditions: July 14, 2023

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Appendix B: Index of Figures and Tables

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**FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the
Finance and Audit Committee satisfying conditions: July 14, 2023**

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