



ReliabilityFirst 2023 Business Plan and Budget Overview

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2023 Budget Drivers

➤ Security Related FTE's

- IT
- G&A Reporting to CSO

➤ Security Related Initiatives

- Contractors and Consultants, Computer Supplies and Maintenance, Fixed Assets

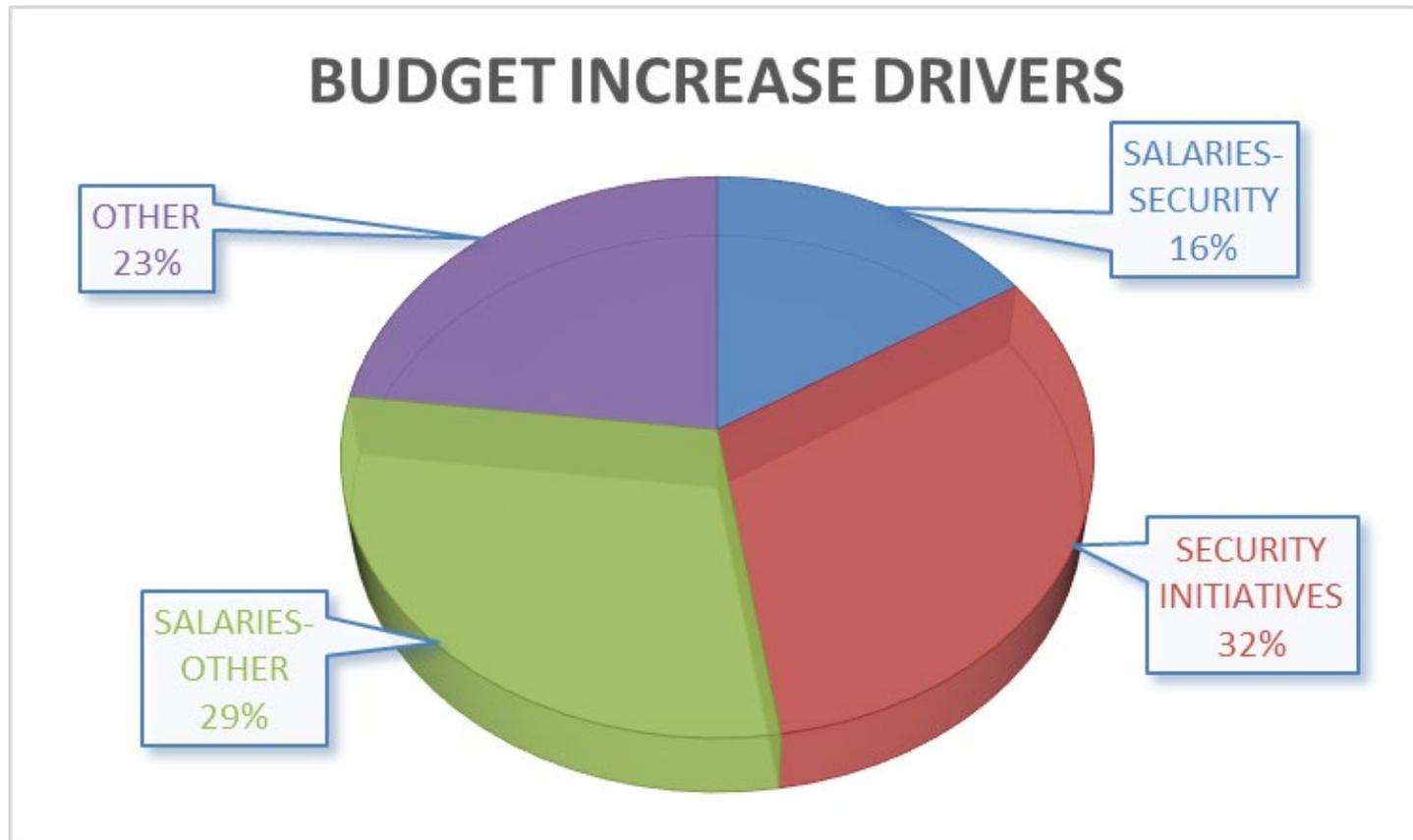
➤ Inflation

- 4% Merit Increase
- Meetings and Travel



2023 Budget Drivers

- Of the 6.7% overall budget increase, security related items account for 48% of the increase



Budget Development Process

- **Step One-Staff develops a preliminary budget.**
 - Activities are guided by the ERO Enterprise Long-Term Strategy.
- **Step Two-BP&B first draft is presented to the ReliabilityFirst FAC and Board.**
- **Step Three-Comment Period and Board Approval:**
 - BP&B posted for 30-day comment
 - No stakeholder comments (last day was May 29)
 - Second draft of budget approved by the Board on June 29, 2022
- **Step Four-Final Approval and Filing**
 - NERC submits final BP&B to FERC

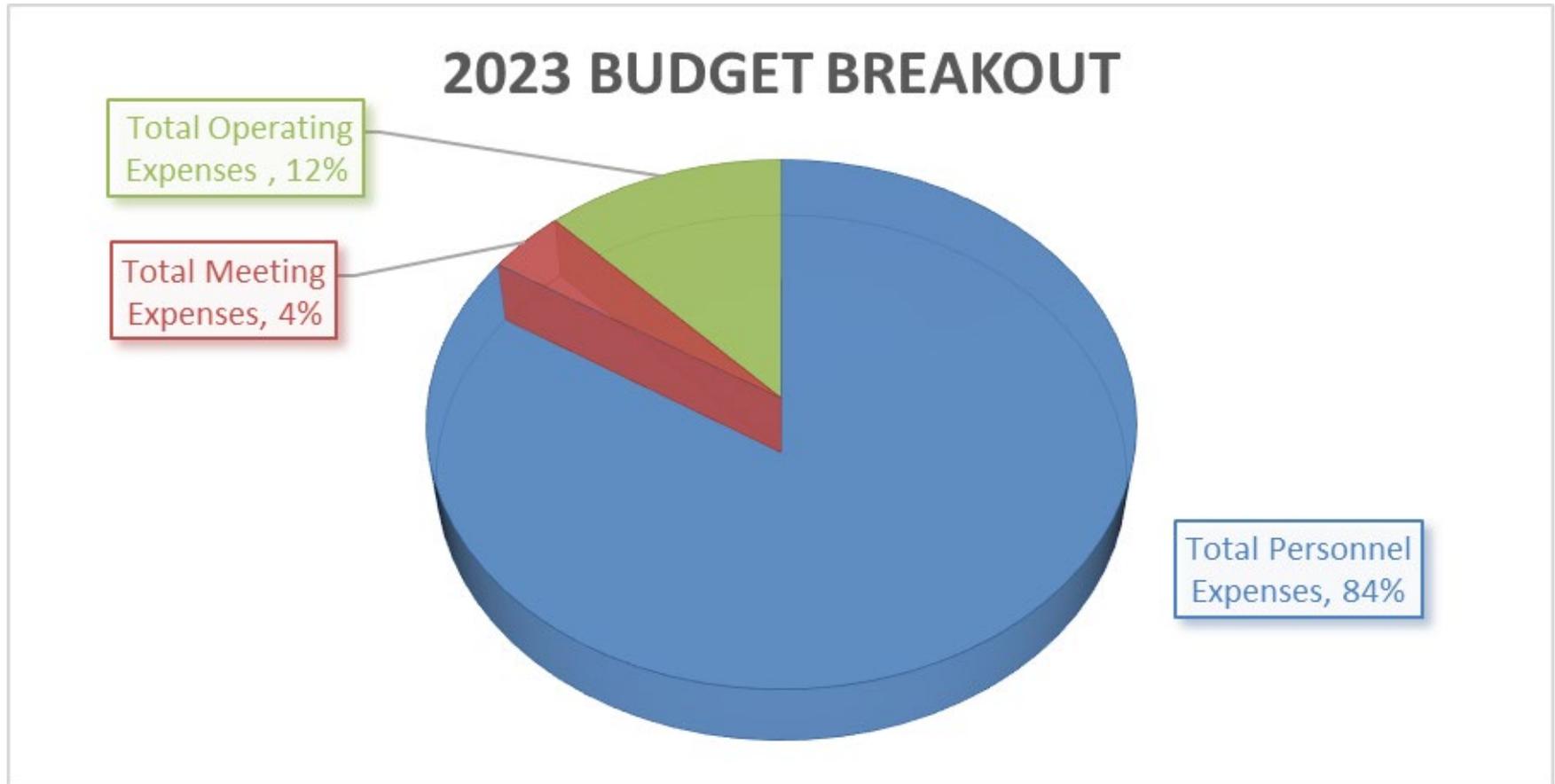


2023 Statutory Budget and Assessment Overview

- **2023 budget \$27,975,420 (6.7% increase from 2022)**
- **2023 assessment \$24,620,339 (5% increase from 2022)**
 - Releasing approximately \$3.2M in penalties and \$0.2M in reserves
- **Total 2023 FTEs 91 (2 FTE change from 2022)**



2023 Budget Overview



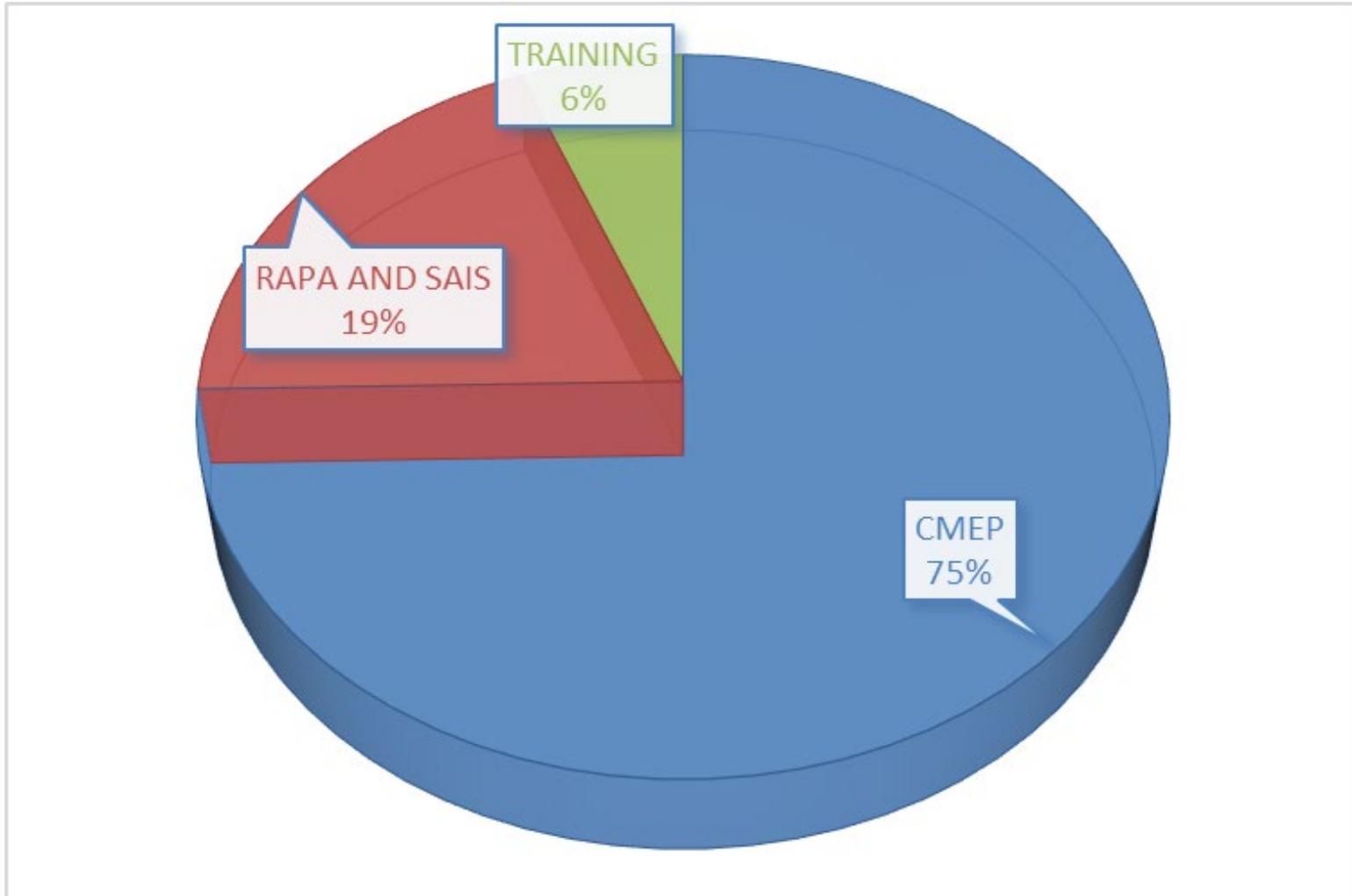
2023 Budget by Category

2023 BUDGET INCREASE (DECREASE) FROM 2022				
	Total 2023 Budget	Total Change from 2022		% of Total Budget Increase
Personnel Expenses				
Salaries	\$ 16,913,744	\$ 639,498		36%
Payroll Taxes	\$ 1,052,888	\$ 60,606		3%
Benefits	\$ 2,773,918	\$ 361,112		21%
Retirement Costs	\$ 2,706,562	\$ 104,456		6%
Total Personnel Expenses	\$ 23,447,112	\$ 1,165,673		
Operating Expenses				
Meetings	\$ 432,855	\$ 75,180		4%
Conference Calls	\$ 15,000	\$ (6,960)		0%
Travel	\$ 648,100	\$ 47,100		3%
Consultants & Contracts	\$ 837,549	\$ 388,675		22%
Office Rent	\$ 682,584	\$ 84,492		5%
Office Costs	\$ 1,066,747	\$ (43,640)		-2%
Professional Services	\$ 685,915	\$ 54,150		3%
Miscellaneous	\$ 49,559	\$ 824		0%
Fixed Asset Additions	\$ 110,000	\$ (10,000)		-1%
Total Operating Expenses	\$ 4,528,309	\$ 589,820		
Totals	\$ 27,975,420	\$ 1,755,493		

Only includes major expenses



2023 Budget by Program Area



2023 Assessment Details

- **2023 assessment \$24,620,339 (5% increase from 2022)**
 - Releasing approximately
 - \$4.1M in penalties
 - \$0.8M in reserves



Reserve Overview

➤ Objective

- Stabilize annual assessments to minimize large fluctuations.
- Provide stakeholders with a pragmatic expectation of future assessment changes.

➤ Assumptions

- Penalty dollars released on average (without anomalies) \$1M
- 2024 and 2025 budgets increase based upon projections.
- The Working Capital Reserve does not include the \$1M Operating Reserve.



Reserve Overview

- **It is the policy of ReliabilityFirst to maintain 10% of the budgeted year's expenses, or a minimum of \$1,000,000, as the Operating Reserve.**
- **For 2023, ReliabilityFirst Board approved a \$1,000,000 operating reserve.**
- **The Operating Reserve Fund is set aside each year with the intention of providing for unbudgeted or unexpected expenditures.**



Projected Reserve Balances

- **The 2023 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize and minimize large fluctuations in the annual assessments.**
 - Developed a multi-year plan that provides stakeholders with a pragmatic expectation of future assessments.
- **The Targeted Working Capital balance of approximately \$9.6M will be used to stabilize assessments in future years.**

Projected Reserve Balances		
	December 31, 2022	December 31, 2023
Working Capital	\$8.9M	\$9.6M
Operating Reserve	\$1M	\$1M
Unreleased Penalties and Ending Assessment Stabilization Reserve	\$4.1M	-



Preliminary 2024 Projections

Projected Range for 2024: 4.5% to 7.8%

Budget Projections		
Personnel Expense <ul style="list-style-type: none"> • Wages: 3% • Medical/Dental Premiums: 6% • Hire 2 additional FTEs 	4.3%	
Meeting Expense	2.0%	
Travel Expense	3.0%	
Operating Expense	7.1%	
Fixed Assets <ul style="list-style-type: none"> • \$110K Hardware/Software replacement 		
Projected 2024 Budget Low Range		4.5%
Additional Budget Items		
Personnel Expense <ul style="list-style-type: none"> •Wages 5% •Medical/Dental Premiums: 10% •Hire 3 additional FTEs (in addition to 2 FTEs from low range) 	8.0%	
Meeting Expense	7%	
Travel Expense	7%	
Operating Expense	7.4%	
Projected 2024 Budget High Range		7.8%



Preliminary 2025 Projections

Projected Range for 2025: 3.7% to 9.3%

Budget Projections		
Personnel Expense <ul style="list-style-type: none"> • Wages: 3% • Medical/Dental Premiums: 6% • Hire 0 additional FTEs (in addition to 2 FTEs from 2024 low range) 	3.3%	
Meeting Expense	2.0%	
Travel Expense	3.0%	
Operating Expense	7.1%	
Fixed Assets <ul style="list-style-type: none"> • \$110K Hardware/Software replacement 		
Projected 2025 Budget Low Range		3.7%
Additional Budget Items		
Personnel Expense <ul style="list-style-type: none"> •Wages 5% •Medical/Dental Premiums: 10% •Hire 2 additional FTEs (in addition to 5 FTEs from 2024 high range) 	9.7%	
Meeting Expense	7%	
Travel Expense	7%	
Operating Expense	7.4%	
Projected 2025 Budget High Range		9.3%



Questions & Answers

Forward Together  ReliabilityFirst