



2022 Business Plan and Budget

**Approved By Board of Directors
June 24, 2021**

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Introduction

The following table summarizes the 2022 SERC Reliability Corporation (SERC) budget.

TOTAL RESOURCES (in whole dollars)				
	2022 Budget	U.S.	Canada	Mexico
Statutory FTEs	104.0			
Non-statutory FTEs	-			
Total FTEs	104.0			
Statutory Expenses	\$ 26,444,260			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 26,444,260			
Statutory Incr(Decr) in Fixed Assets	\$ 264,000			
Non-Statutory Incr(Decr) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 264,000			
Statutory Working Capital Requirement	\$ (513,326)			
Non-Statutory Working Capital Requirement	\$ -			
Total Working Capital Requirement	\$ (513,326)			
Total Statutory Funding Requirement	\$ 26,194,934			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 26,194,934			
Statutory Assessments	\$ 24,798,934	\$ 24,798,934	n/a	n/a
Non-Statutory Fees	\$ -	n/a	n/a	n/a
NEL	1,290,440,174	1,290,440,174	n/a	n/a
NEL%	100%	100%	n/a	n/a

Table 1. SERC Budget for 2022

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. To achieve this 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'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 Organization (ERO) Enterprise. 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

2022 Strategic Focus Areas

SERC's Strategic Planning Process considered common themes throughout the industry, evaluated SERC's strengths and areas for improvement, and identified 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 identification, risk mitigation, and risk communication.
- SERC must be a respected **Leader across the ERO Enterprise**, as well as in the eyes of FERC. This is accomplished through innovation, collaboration, and meaningful relationships.
- SERC must be a **Highly Desirable Place to Work**. SERC fosters a culture of trust, teamwork, and continuous improvement; and our work at every level is deeply tied to furthering our essential mission.



SERC will pursue the following key initiatives in 2022 to promote its focus areas:

- Strengthen the role of the Board Risk Committee with opportunities for oversight of critical corporate and Regional risk-based activities;
- Define and promote interaction with state regulatory agencies;
- Explore opportunities to expand influence of Situational Awareness and stakeholder technical committees, especially in the area of cybersecurity and other key regional risks identified in the annual SERC Regional Risk Report;
- Evaluate success of governance changes, and make necessary adjustments; and
- Promote continuous improvement by refining internal processes to leverage effectiveness and efficiencies of ERO initiatives.

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a high reliable and secure North American bulk power system (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 is now engaging 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.



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 Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees (Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, includes the following strategic focus areas:

1. Expand risk-based focus in all standards, compliance monitoring, and enforcement programs;
2. Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the RISC's biennial ERO Reliability Risk Priorities Report;
3. Build a strong, Electricity Information Sharing and Analysis Center (E-ISAC)-based security capability;
4. Strengthen engagement across the reliability and security ecosystem in North America; and
5. Capture effectiveness, efficiency, and continuous improvement opportunities.

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.

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

The SERC Region presently covers an area of approximately 610,000 square miles. 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 39% of the NEL in the Eastern Interconnection.

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 the need for independent decision-making and balance. 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:** Oversees the corporation's Enterprise Risk Management framework; provides oversight over management and the Technical Committees' assessments of external risks to the SERC Region; and periodically reports these risk oversight findings to the Board. This committee also provides oversight over critical corporate and Regional risk-based activities.
- **Human Resources and Compensation Committee (HRCC):** Advises the President, Board Officers, and the Board about organization and staffing needs, employee compensation, and other matters related to human resources.
- **Finance and Audit Committee (FAC):** Advises the President, Board Officers, and the Board about 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 reviewing and recommending any necessary changes to 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;
- Promotes BPS reliability, adequacy, and security;
- Proposes and helps develop NERC Reliability Standards and Regional Reliability Standards;
- Monitors and enforces approved mandatory Reliability Standards;
- Registers and certifies responsible entities under the reliability compliance program;

-
- 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.

SERC performs only functions called for in Section 215 of the *Federal Power Act* that have been delegated from NERC to SERC.

2022 Overview of Budget

SERC proposes to increase its operating budget in 2022 from \$25,829,079 to \$26,708,260, an increase of \$879,181 or 3.4%.

SERC's proposed 2022 assessment of \$24,798,934 represents an increase of 5.5%, or \$1,285,048 from the 2021 assessment.

SERC believes that in 2022, it will continue to realize material efficiencies that will allow the Region 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 tradition of affordable and reliable electricity across SERC's footprint.

NERC Rules of Procedure (ROP) §1107.2 specifies that Penalty monies received during the period July 1 through the following June 30, are to be used in the subsequent budget period to offset assessment billings. However, NERC ROP §1107.4 provides for exceptions or alternatives to this treatment if approved by NERC and by FERC, or any Applicable Governmental Authority. In June 2019, the SERC Board approved an amendment to SERC's Cash Reserves Policy. Included with this amendment was the creation of an Assessment Stabilization Reserve. This reserve was established to narrow the gap between annual percentage changes in SERC's budget and annual percentage changes in assessments that result from year-to-year variations in financial Penalties. SERC's proposed 2022 budget reflects the release of \$1,200,000 from the Assessment Stabilization Reserve as an offset to assessments.

The following targeted budget changes allow SERC to accomplish the specific objectives outlined in the *2022 Business Plan and Budget* (BP&B) (dollars are stated as an increase in the 2022 budget compared to the 2021 budget). The most significant changes to the budget are in personnel, which includes the following two components:

Staffing changes proposed for 2022 – The targeted staffing level for 2022 is 104 Full-Time Equivalents (FTEs), which is a total increase of four FTEs compared to the 2021 budget. Three of these four positions are budget neutral to SERC. These additional personnel will help drive a stronger and more robust internal IT team.

Other shifts between program areas align resources with overall needs and address expected impacts of the ERO wide Align project, resulting in an overall increase of one FTE.

Cost increase for maintaining staff budgeted in 2022 – The net increase in Personnel Expenses of \$1,194,469 compared to 2021 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 decrease of \$102,293 reflects efficiencies realized in SERC's Compliance Monitoring audit process, which includes utilizing a hybrid of on-site and virtual monitoring personnel.
- **Consultants and Contracts** – SERC anticipates an overall decrease in consultants and contracts of \$386,192.

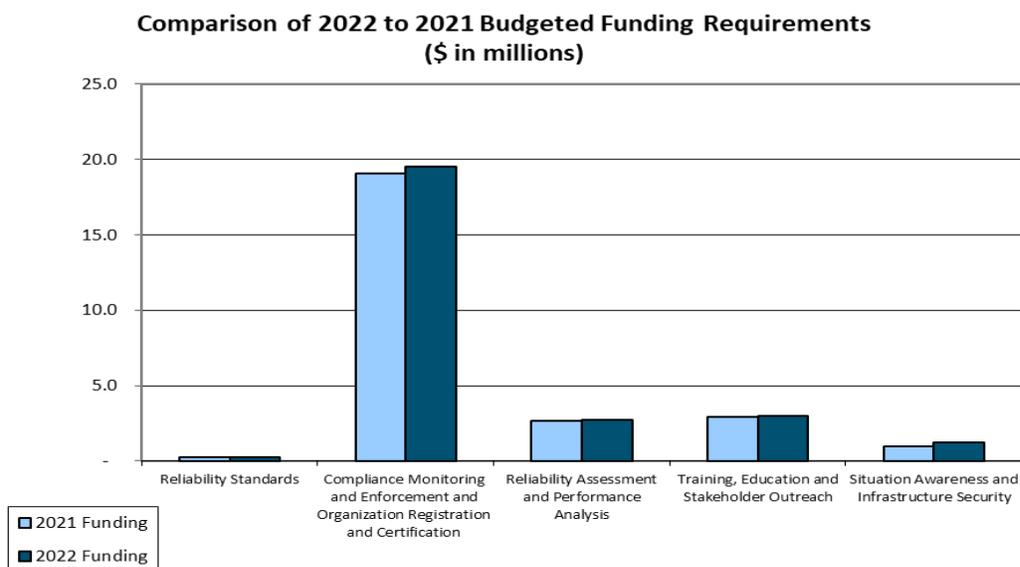
- **Office Costs** – An increase of \$102,370 is due primarily to planned software purchases to improve the IT security infrastructure.
- **Professional Services** – A decrease of \$10,040 is due to lower anticipated legal expenses bases on historical spend.
- **Fixed Assets** – An overall increase of \$64,000 is due to cyber security enhancements and new corporate services software.

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 2021	Projection 2021	Budget 2022	Variance	
				2021 Budget v 2022 Budget	Variance %
Reliability Standards	\$ 223,255	\$ 231,612	\$ 221,085	\$ (2,170)	(1.0%)
Compliance Monitoring and Enforcement; Organization Registration and Certification	19,064,908	18,972,520	19,534,883	469,975	2.5%
Reliability Assessment and Performance Analysis	2,651,802	2,624,344	2,735,869	84,067	3.2%
Training, Education and Stakeholder Outreach	2,901,036	2,811,116	2,988,657	87,621	3.0%
Situation Awareness and Infrastructure Security	988,077	1,189,486	1,227,766	239,689	24.3%
Total	\$ 25,829,078	\$ 25,829,078	\$ 26,708,260	\$ 879,182	3.4%
Working Capital Reserve	(930,193)	(1,017,693)	(513,326)	416,867	
Total Funding	24,898,885	24,811,385	26,194,934	1,296,049	5.2%

Table 2. Budgeted Funding by Program Area



This graphical representation does not include an allocation of working capital requirements among the program areas.

Figure 1. Budgeted Funding by Program Area Chart

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 2021	Projection 2021	Budget 2022	Increase (Decrease)
STATUTORY				
Operational Programs				
Reliability Standards	0.50	0.50	0.50	0.00
Compliance Monitoring and Enforcement; Organization Registration and Certification	50.15	50.45	50.45	0.30
Reliability Assessment and Performance Analysis	6.30	6.30	6.30	0.00
Training, Education and Stakeholder Outreach	7.95	7.50	8.00	0.05
Situation Awareness and Infrastructure Security	2.50	3.00	3.00	0.50
Total FTEs Operational Programs	67.40	67.75	68.25	0.85
Corporate Services				
Technical Committees and Member Forums	3.90	3.90	3.90	0.00
General & Administrative	9.00	9.00	8.65	(0.35)
Legal and Regulatory	2.90	2.90	2.90	0.00
Analytics & Information Technology	10.80	10.45	14.30	3.50
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	32.60	32.25	35.75	3.15
Total FTEs	100.00	100.00	104.00	4.00

Table 3. Total FTEs by Program Area

2021 Budget and Projection and 2022 Budget Comparisons

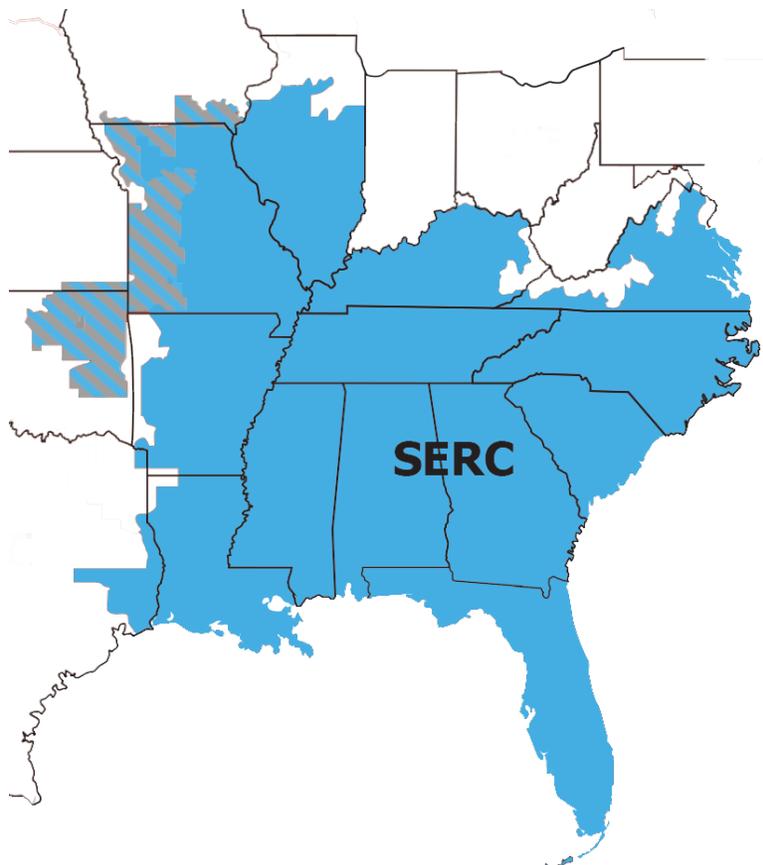
Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2021 Budget & Projection, and 2022 Budget					
STATUTORY					
	2021	2021	Variance	2022	Variance
	Budget	Projection	2021 Budget v 2021 Projection Over(Under)	Budget	2022 Budget v 2021 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 23,513,886	\$ 23,513,886	\$ -	\$ 24,798,934	\$ 1,285,048
Penalties Released*	1,180,000	1,180,000	-	1,200,000	20,000
Total Statutory Funding	\$ 24,693,886	\$ 24,693,886	\$ -	\$ 25,998,934	\$ 1,305,048
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	175,000	87,500	(87,500)	166,000	(9,000)
Interest	30,000	30,000	-	30,000	-
Total Funding (A)	\$ 24,898,886	\$ 24,811,386	\$ (87,500)	\$ 26,194,934	\$ 1,296,048
Expenses					
Personnel Expenses					
Salaries	\$ 15,157,961	\$ 15,418,809	\$ 260,848	\$ 16,239,814	\$ 1,081,853
Payroll Taxes	1,057,723	1,076,489	18,766	971,965	(85,758)
Benefits	1,920,040	1,843,802	(76,238)	1,981,828	61,788
Retirement Costs	1,924,856	1,958,019	33,163	2,061,442	136,586
Total Personnel Expenses	\$ 20,060,580	\$ 20,297,119	\$ 236,539	\$ 21,255,049	\$ 1,194,469
Meeting Expenses					
Meetings & Conference Calls	\$ 415,308	\$ 352,268	\$ (63,040)	\$ 443,307	\$ 27,999
Travel	985,632	649,510	(336,122)	855,340	(130,292)
Total Meeting Expenses	\$ 1,400,940	\$ 1,001,778	\$ (399,162)	\$ 1,298,647	\$ (102,293)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 1,764,136	\$ 1,739,436	\$ (24,700)	\$ 1,377,944	\$ (386,192)
Office Rent	823,200	823,200	-	840,067	16,867
Office Costs	1,068,823	1,005,422	(63,401)	1,171,193	102,370
Professional Services	511,400	532,560	21,160	501,360	(10,040)
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 4,167,559	\$ 4,100,618	\$ (66,941)	\$ 3,890,564	\$ (276,995)
Total Direct Expenses	\$ 25,629,079	\$ 25,399,515	\$ (229,564)	\$ 26,444,260	\$ 815,181
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 25,629,079	\$ 25,399,515	\$ (229,564)	\$ 26,444,260	\$ 815,181
Change in Assets	\$ (730,193)	\$ (588,129)	\$ 142,064	\$ (249,326)	\$ 480,867
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 200,000	\$ 429,564	\$ 229,564	\$ 264,000	\$ 64,000
TOTAL BUDGET (B+C)	\$ 25,829,079	\$ 25,829,079	\$ -	\$ 26,708,260	\$ 879,181
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (930,193)	\$ (1,017,693)	\$ (87,500)	\$ (513,326)	\$ 416,867
FTEs	100.0	100.0	-	104.0	4.0

* 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, 2021 to 2022

Section A – Statutory Programs

2022 Business Plan and Budget



Section A – Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	0.50	0.50	-
Direct Expenses	\$ 135,884	\$ 132,157	\$ (3,727)
Indirect Expenses	\$ 85,887	\$ 86,994	\$ 1,107
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,484	\$ 1,934	\$ 450
Total Funding Requirement	\$ 223,255	\$ 221,085	\$ (2,170)

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 good utility practices used to enhance the reliability of the BES, 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.

2022 Key Assumptions

The 2022 key assumptions for the Reliability Standards program are as follows:

- SERC expects the overall volume of NERC Reliability Standard changes to remain at levels consistent with prior years, as the Standards are undergoing an efficiency review and many requirements are being retired. It may be a year or two before Standard changes reach a steady state.
- SERC resources will support the Standards development per the NERC Standards Process Manual.
- SERC anticipates that regional criteria and guideline development will continue as needed to support reliability and security.

2022 Goals and Key Deliverables

The 2022 goals and key deliverables for the SERC Reliability Standards program are as follows:

- Manage the SERC Technical Committee documents per the approved 2022 Review Work Plan;
- Support the ERO to develop, modify, and conduct periodic reviews of the 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 Standard 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 2021.

Reliability Standards Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2021 Budget & Projection, and 2022 Budget					
RELIABILITY STANDARDS					
	2021	2021	Variance	2022	Variance
	Budget	Projection	2021 Budget v 2021 Projection Over(Under)	Budget	2022 Budget v 2021 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 206,038	\$ 206,038	\$ -	\$ 207,642	\$ 1,604
Penalties Released	8,754	8,754	-	8,791	37
Total Statutory Funding	\$ 214,792	\$ 214,792	\$ -	\$ 216,433	\$ 1,641
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	200	-	(200)	183	(17)
Interest	223	221	(2)	220	(3)
Total Funding (A)	\$ 215,215	\$ 215,013	\$ (202)	\$ 216,836	\$ 1,621
Expenses					
Personnel Expenses					
Salaries	\$ 96,823	\$ 97,930	\$ 1,107	\$ 100,868	\$ 4,045
Payroll Taxes	6,778	6,855	77	6,052	(726)
Benefits	9,243	19,593	10,350	10,043	800
Retirement Costs	12,190	12,324	134	12,694	504
Total Personnel Expenses	\$ 125,034	\$ 136,702	\$ 11,668	\$ 129,657	\$ 4,623
Meeting Expenses					
Meetings & Conference Calls	\$ 1,110	\$ 1,110	\$ -	\$ -	\$ (1,110)
Travel	9,540	6,360	(3,180)	2,500	(7,040)
Total Meeting Expenses	\$ 10,650	\$ 7,470	\$ (3,180)	\$ 2,500	\$ (8,150)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	200	200	-	-	(200)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 200	\$ 200	\$ -	\$ -	\$ (200)
Total Direct Expenses	\$ 135,884	\$ 144,372	\$ 8,488	\$ 132,157	\$ (3,727)
Indirect Expenses	\$ 85,887	\$ 84,070	\$ (1,817)	\$ 86,994	\$ 1,107
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 221,771	\$ 228,442	\$ 6,671	\$ 219,151	\$ (2,620)
Change in Assets	\$ (6,556)	\$ (13,429)	\$ (6,873)	\$ (2,315)	\$ 4,241
Fixed Assets, excluding Right of Use Assets (C)	\$ 1,484	\$ 3,170	\$ 1,686	\$ 1,934	\$ 450
TOTAL BUDGET (B+C)	\$ 223,255	\$ 231,612	\$ 8,357	\$ 221,085	\$ (2,170)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (8,040)	\$ (16,599)	\$ (8,559)	\$ (4,249)	\$ 3,791
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)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	50.15	50.45	0.30
Direct Expenses	\$ 10,301,585	\$ 10,562,037	\$ 260,452
Indirect Expenses	\$ 8,614,510	\$ 8,777,698	\$ 163,188
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 148,813	\$ 195,148	\$ 46,335
Total Funding Requirement	\$ 19,064,908	\$ 19,534,883	\$ 469,975

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 four areas: Organization Registration and Certification, Compliance Monitoring, Risk Assessment and Mitigation, and Enforcement.

Organization Registration and Certification

- Registers owners, operators, and users of the 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., audits, spot checks, self-certifications, and Compliance Investigations);
- Performs registered entity Internal Controls Evaluations and reviews entity internal controls during monitoring engagements;
- Provides subject matter experts for Standards and Requirements; and
- Implements and maintains the Critical Infrastructure Protection (CIP) Standards Technical Feasibility Exceptions (TFEs) process.

Risk Assessment and Mitigation (RAM)

- Conducts registered entity Inherent Risk Assessments;
- Develops and implements entity Compliance Oversight Plans (COPs);
- Serves as the technical point of contact for all noncompliance issues discovered and/or self-reported;

- 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.

Enforcement

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

- Notifies the registered entity of the findings and filing disposition regarding the violation/noncompliance and any applicable monetary penalties or non-monetary sanctions;
- Negotiates settlement with the registered entity or issues a Notice of Alleged Violation and Proposed Penalty and/or Sanction, if SERC and the registered entity cannot reach a settlement agreement;
- Submits the proposed enforcement action, along with any proposed penalty or non-monetary sanctions, 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 findings of the violation, penalty, and/or non-monetary sanction.

2022 Key Assumptions

Compliance

The 2022 key assumptions for the SERC Compliance program, which includes Compliance Monitoring and RAM are as follows:

- The Compliance Monitoring team incorporates a purposeful risk-based approach into audit planning and execution. This risk-based approach generally results in more frequent visits to entities posing a higher risk to the grid, and few visits to entities posing a lower risk.
- The Compliance Monitoring team works to continuously improve by incorporating lessons learned during the COVID-19 pandemic, and performing virtual audits during 2020 and 2021. Incorporating lessons learned resulted in the modification of audit team sizes. Reducing the number of audit team member travel lowers travel expenses, for a net change of reduced travel expenses in 2022.
- Compliance Monitoring plans to increase the use of self-certifications for monitoring engagements for lower risk entities and to use the results to inform the scope for

monitoring in future years, as we have smaller more risk-focused engagements with the highest risk entities.

- 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.
- As subject matter experts, the Compliance and RAM staff will continue to receive training on risk principles, internal controls, and enhanced audit practices. Additionally, staff will pursue or maintain professional credentials and further enhance their knowledge on risk-based CMEP processes. This will ensure the skills of SERC staff remain current on industry trends and Reliability Standards.
- The number of CIP TFE requests is expected to continue to decline as the CIP programs for registered entities mature.

Organization Registration and Certification

- SERC Registration and Certification staff will continue to address the Regional Risk identified in SERC's annual Regional Risk Report associated with the potential for the incorrect registration of entities within the SERC Region.
- Due to the significant changes to the generation fuel mix in the SERC Region, the volume of registration changes is expected to increase as a result of generation decommissioning (retirements) and subsequent installation of new generation facilities.
- SERC Registration and Certification staff will continue to collaborate with NERC and implement the NERC ROP changes to the approved 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 volume of documents for the 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. This increase will affect the workload for Registration and Compliance Monitoring within SERC.
- The ERO Enterprise will facilitate meetings with Regional Entities in the development of application business requirements and the testing of business functionality for ERO Enterprise projects. SERC Registration and Certification staff expects to have an active role in the development of ERO Enterprise CMEP Tools, which may require additional resources to provide an adequate level of support.

Enforcement

The 2022 key assumptions for the SERC Enforcement program area are as follows:

- SERC will likely continue to see a high number of enforcement actions due to the implementation of new Standards and new versions of Standards, both CIP and Operations and Planning, and due to the increase in compliance audits from the entities which transferred to SERC from Florida.

- SERC will process or dismiss Possible Violations in a timely and fair manner; and
- There will be no significant increase in travel for Enforcement staff to process Possible Violations.

2022 Goals and Key Deliverables

Compliance Monitoring and Risk Assessment and Mitigation

The 2022 goals and key deliverables for Compliance Monitoring and RAM are as follows:

- Conduct scheduled risk based Compliance Monitoring engagements pursuant to the 2022 Implementation Plan. Compliance Monitoring engagements for 2022 will consider on-site audits, off-site audits, spot checks, and self-certifications. As the RAM team completes or refreshes registered entities' Inherent Risk Assessments and Compliance Oversight Plans (COPs), the 2022 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;
- Facilitate efficient and collaborative transitions to new and revised Standards through continued ERO Enterprise-wide collaboration;
- Work with the ERO Enterprise and industry to provide information on effective procedures and programs to monitor, detect, correct, report, and prevent deficiencies in compliance, reliability, and security;
- Collaborate with the ERO Enterprise and encourage effective internal controls models;
- 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 achievement of reliability objectives;
- Ensure timely mitigation of all violations/noncompliance to restore compliance and prevent recurrence, thereby maintaining the reliability of the BPS;
- 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;
- 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 work to ensure that:
 - Compliance Monitoring staff and other personnel, as necessary, understand Compliance implementation guidance documents and risk-based principles;

- An annual process exists for personnel to acknowledge their commitment to Professional Standards, Ethical Principles, and Rules of Conduct;
- A continual assessment process exists to evaluate audit team content and capability needs; and
- Training exists that addresses initial and continuing training for capability and competency development.

Organization Registration and Certification

- The 2022 goals and key deliverables for Organization Registration and Certification are as follows: Operate an efficient Registration and Certification program that:
 - Ensures that SERC provides NERC timely and accurate information about changes in registrations;
 - Performs certification reviews, or if a new certification is required, accommodates a change in a registered entity's status; and
 - Documents certification activities sufficiently and makes recommendations to NERC regarding certification.

Enforcement

The 2022 goals and key deliverables for the Enforcement program area are as follows:

- Manage Enforcement activities in an unbiased, fair, and consistent manner to ensure due process for all registered entities;
- Collaborate with the RAM team to continue to reduce backlog inventory, achieving an average age of open inventory that does not exceed 12 months;
- Hold registered entities accountable for violations that create a serious risk to the BES with penalties and/or non-monetary sanctions commensurate with the risk posed to the security and reliability of the BES;
- Continue messaging to registered entities, via penalties, non-monetary sanctions, 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 violations, and resolving violations through a settlement agreement;
- Collaborate with the RAM and 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;
- Continue to collaborate and strategize with the ERO Enterprise on enforcement policy initiatives and guidance that increases efficiency and consistency in processing Possible Violations and
- Continue an active role in ERO Enterprise-wide Align and SEL development and implementation.

Resource Requirements

Personnel

An increase of 0.30 FTEs is due to the realignment of personnel supporting the Compliance Monitoring and Enforcement; Organization Registration and Certification Program.

Meeting and Travel

Compliance Monitoring activity has decreased over previous years as a result of efficiencies and lessons learned during the pandemic, resulting in overall reduced Compliance Monitoring travel costs.

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

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2021 Budget & Projection, and 2022 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT; ORGANIZATION REGISTRATION AND CERTIFICATION					
	2021	2021	Variance	2022	Variance
	Budget	Projection	2021 Budget v 2021 Projection Over(Under)	Budget	2022 Budget v 2021 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 17,445,909	\$ 17,445,909	\$ -	\$ 18,220,737	\$ 774,828
Penalties Released	877,996	877,996	-	887,034	9,038
Total Statutory Funding	\$ 18,323,905	\$ 18,323,905	\$ -	\$ 19,107,771	\$ 783,866
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	32,090	6,000	(26,090)	29,480	(2,610)
Interest	22,322	22,339	17	22,176	(146)
Total Funding (A)	\$ 18,378,317	\$ 18,352,244	\$ (26,073)	\$ 19,159,427	\$ 781,110
Expenses					
Personnel Expenses					
Salaries	\$ 7,474,586	\$ 7,539,344	\$ 64,758	\$ 7,811,906	\$ 337,320
Payroll Taxes	523,221	527,754	4,533	468,714	(54,507)
Benefits	812,343	757,056	(55,287)	825,332	12,989
Retirement Costs	942,920	950,573	7,653	984,930	42,010
Total Personnel Expenses	\$ 9,753,070	\$ 9,774,727	\$ 21,657	\$ 10,090,882	\$ 337,812
Meeting Expenses					
Meetings & Conference Calls	\$ 18,500	\$ 8,000	\$ (10,500)	\$ 12,600	\$ (5,900)
Travel	501,485	350,556	(150,929)	419,975	(81,510)
Total Meeting Expenses	\$ 519,985	\$ 358,556	\$ (161,429)	\$ 432,575	\$ (87,410)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	28,530	36,730	8,200	38,580	10,050
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 28,530	\$ 36,730	\$ 8,200	\$ 38,580	\$ 10,050
Total Direct Expenses	\$ 10,301,585	\$ 10,170,013	\$ (131,572)	\$ 10,562,037	\$ 260,452
Indirect Expenses	\$ 8,614,510	\$ 8,482,632	\$ (131,879)	\$ 8,777,698	\$ 163,188
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 18,916,095	\$ 18,652,645	\$ (263,451)	\$ 19,339,735	\$ 423,640
Change in Assets	\$ (537,778)	\$ (300,401)	\$ 237,378	\$ (180,308)	\$ 357,470
Fixed Assets, excluding Right of Use Assets (C)	\$ 148,813	\$ 319,875	\$ 171,062	\$ 195,148	\$ 46,335
TOTAL BUDGET (B+C)	\$ 19,064,908	\$ 18,972,520	\$ (92,389)	\$ 19,534,883	\$ 469,975
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (686,591)	\$ (620,276)	\$ 66,316	\$ (375,456)	\$ 311,135
FTEs	50.15	50.45	0.30	50.45	0.30

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)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	6.30	6.30	-
Direct Expenses	\$ 1,550,926	\$ 1,615,375	\$ 64,449
Indirect Expenses	\$ 1,082,182	\$ 1,096,125	\$ 13,943
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 18,694	\$ 24,369	\$ 5,675
Total Funding Requirement	\$ 2,651,802	\$ 2,735,869	\$ 84,067

Table A-5. Reliability Assessments and Performance Analysis Budget

Program Scope and Functional Description

SERC's Reliability Assessments and Performance Analysis (RAPA) program provides assessment of future reliability of the BPS. 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 risks to reliability, analyzing performance, and prioritizing significant risks.

SERC conducts an independent reliability assessment of the BPS within the SERC Region, including model building, studies, and analysis. The assessment program uses information from internal data sources along with other programs, such as NERC Transmission Availability Data System (TADS), Generating Availability Data Systems (GADS), Demand Response Availability Data System (DADS), and the Misoperations Information Data Analysis System (MIDAS). SERC evaluates the overall reliability, performance, and adequacy of the SERC Region and reports its results to NERC. SERC's work supports NERC's obligation to perform similar analysis of the interconnected North American BPS.

2022 Key Assumptions

The 2022 key assumptions for the SERC RAPA program are as follows:

- SERC will continue to support NERC's RAPA program to analyze data, 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).
- SERC will continue to support its integrated risk management initiatives to promote awareness and discuss strategies for risk mitigation.

2022 Goals and Key Deliverables

The 2022 goals and key deliverables for the RAPA program will support the following goals:

- Continue to 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;
- Continue to submit timely and quality probabilistic, seasonal, and long-term SERC and NERC reliability assessments and studies;
- Continue to support ongoing improvements to SERC and ERAG Eastern Interconnection planning models, structure, assessments, and analysis;
- Provide support to the associated SERC and NERC committees and initiatives;
- Continue to support entity outreach efforts to increase reliability risk-related discussions;
- Assess the need for advanced probabilistic tools to support resource adequacy sensitivities and Regional model improvements, and acquire tools based upon findings;
- 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 required to implement enhanced Regional analytical efforts.

Resource Requirements

Personnel

The number of FTEs assigned to RAPA is consistent with 2021.

Meeting & Travel Expenses

RAPA staff travel decreased over previous years as a result of efficiencies and lessons learned during the pandemic, resulting in overall reduced travel costs.

Contractors and Consultants

The 2022 budget includes contractor support for a probabilistic assessment performed through the Resource Adequacy Working Group, as well as the addition of contractor support for the Under Frequency Load Shedding and special studies.

Reliability Assessment and Performance Analysis Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2021 Budget & Projection, and 2022 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2021	2021	Variance	2022	Variance
	Budget	Projection	2021 Budget v 2021 Projection Over(Under)	Budget	2022 Budget v 2021 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 2,440,677	\$ 2,440,677	\$ -	\$ 2,567,440	\$ 126,763
Penalties Released	110,297	110,297	-	110,769	472
Total Statutory Funding	\$ 2,550,974	\$ 2,550,974	\$ -	\$ 2,678,209	\$ 127,235
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	2,524	-	(2,524)	2,308	(216)
Interest	2,804	2,790	(14)	2,769	(35)
Total Funding (A)	\$ 2,556,302	\$ 2,553,764	\$ (2,538)	\$ 2,683,286	\$ 126,984
Expenses					
Personnel Expenses					
Salaries	\$ 929,064	\$ 949,025	\$ 19,961	\$ 977,497	\$ 48,433
Payroll Taxes	65,035	66,432	1,397	58,650	(6,385)
Benefits	106,764	98,565	(8,199)	103,741	(3,023)
Retirement Costs	117,183	119,619	2,436	123,207	6,024
Total Personnel Expenses	\$ 1,218,046	\$ 1,233,641	\$ 15,595	\$ 1,263,095	\$ 45,049
Meeting Expenses					
Meetings & Conference Calls	\$ 60,000	\$ 43,000	\$ (17,000)	\$ 42,000	\$ (18,000)
Travel	85,080	53,080	(32,000)	72,000	(13,080)
Total Meeting Expenses	\$ 145,080	\$ 96,080	\$ (49,000)	\$ 114,000	\$ (31,080)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 170,000	\$ 170,000	\$ -	\$ 212,500	\$ 42,500
Office Rent	-	-	-	-	-
Office Costs	17,800	25,400	7,600	25,780	7,980
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 187,800	\$ 195,400	\$ 7,600	\$ 238,280	\$ 50,480
Total Direct Expenses	\$ 1,550,926	\$ 1,525,121	\$ (25,805)	\$ 1,615,375	\$ 64,449
Indirect Expenses	\$ 1,082,182	\$ 1,059,278	\$ (22,904)	\$ 1,096,125	\$ 13,943
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,633,108	\$ 2,584,399	\$ (48,709)	\$ 2,711,500	\$ 78,392
Change in Assets	\$ (76,806)	\$ (30,635)	\$ 46,171	\$ (28,214)	\$ 48,592
Fixed Assets, excluding Right of Use Assets (C)	\$ 18,694	\$ 39,945	\$ 21,251	\$ 24,369	\$ 5,675
TOTAL BUDGET (B+C)	\$ 2,651,802	\$ 2,624,344	\$ (27,458)	\$ 2,735,869	\$ 84,067
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (95,500)	\$ (70,580)	\$ 24,920	\$ (52,583)	\$ 42,917
FTEs	6.30	6.30	-	6.30	-

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

Training, Education, and Stakeholder Outreach

Training, Education and Stakeholder Outreach (in whole dollars)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	7.95	8.00	0.05
Direct Expenses	\$ 1,511,835	\$ 1,565,807	\$ 53,972
Indirect Expenses	\$ 1,365,610	\$ 1,391,905	\$ 26,295
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 23,591	\$ 30,945	\$ 7,354
Total Funding Requirement	\$ 2,901,036	\$ 2,988,657	\$ 87,621

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.

2022 Key Assumptions

The 2022 key assumptions for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

- SERC will support the ERO initiative to expand risk-based focused programs and committees. Achieving this goal will require structured training.
- SERC will support the ERO 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 procedures, and programs that detect, monitor, report, correct, and prevent recurrence of issues with risk, reliability, security, and compliance.
- SERC will increase targeted outreach efforts that promote BPS reliability, security, and risk mitigation across its footprint.

2022 Goals and Key Deliverables

The 2022 goals and key deliverables for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

:

- Develop and deliver training on required technical knowledge, skills, and abilities for key staff positions within SERC;
- Develop and deliver four System Operator Conferences that promote BPS reliability by assuring the competence of real-time operating personnel through continuing education on power system operating topics;
- 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 education that promotes the mission of SERC and the ERO Enterprise; and
- Provide targeted outreach that communicates, trains, and supports the mitigation of threats to the BPS.

Resource Requirements

Personnel

The number of FTEs assigned to the Training, Education, and Stakeholder Outreach programs is consistent with 2021.

Training, Education, and Stakeholder Outreach Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2021 Budget & Projection, and 2022 Budget					
TRAINING AND OUTREACH					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 2,514,652	\$ 2,514,652	\$ -	\$ 2,654,111	\$ 139,459
Penalties Released	139,184	139,184	-	140,659	1,475
Total Statutory Funding	\$ 2,653,836	\$ 2,653,836	\$ -	\$ 2,794,770	\$ 140,934
Membership Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	139,185	68,000	(71,185)	132,930	(6,255)
Interest	3,539	3,321	(218)	3,516	(23)
Total Funding (A)	\$ 2,796,560	\$ 2,725,157	\$ (71,403)	\$ 2,931,216	\$ 134,656
Expenses					
Personnel Expenses					
Salaries	\$ 914,536	\$ 951,793	\$ 37,257	\$ 980,344	\$ 65,808
Payroll Taxes	64,211	66,626	2,415	58,821	(5,390)
Benefits	111,815	100,947	(10,868)	98,832	(12,983)
Retirement Costs	115,340	119,981	4,641	123,580	8,240
Total Personnel Expenses	\$ 1,205,902	\$ 1,239,347	\$ 33,445	\$ 1,261,577	\$ 55,675
Meeting Expenses					
Meetings & Conference Calls	\$ 113,094	\$ 112,354	\$ (740)	\$ 120,153	\$ 7,059
Travel	96,492	54,470	(42,022)	85,690	(10,802)
Total Meeting Expenses	\$ 209,586	\$ 166,824	\$ (42,762)	\$ 205,843	\$ (3,743)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 94,345	\$ 94,345	\$ -	\$ 96,570	\$ 2,225
Office Rent	-	-	-	-	-
Office Costs	2,002	2,002	-	1,817	(185)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 96,347	\$ 96,347	\$ -	\$ 98,387	\$ 2,040
Total Direct Expenses	\$ 1,511,835	\$ 1,502,518	\$ (9,317)	\$ 1,565,807	\$ 53,972
Indirect Expenses	\$ 1,365,610	\$ 1,261,045	\$ (104,565)	\$ 1,391,905	\$ 26,295
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,877,445	\$ 2,763,563	\$ (113,882)	\$ 2,957,712	\$ 80,267
Change in Assets	\$ (80,885)	\$ (38,406)	\$ 42,479	\$ (26,496)	\$ 54,389
Fixed Assets, excluding Right of Use Assets (C)	\$ 23,591	\$ 47,553	\$ 23,962	\$ 30,945	\$ 7,354
TOTAL BUDGET (B+C)	\$ 2,901,036	\$ 2,811,116	\$ (89,920)	\$ 2,988,657	\$ 87,621
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (104,476)	\$ (85,959)	\$ 18,517	\$ (57,441)	\$ 47,035
FTEs	7.95	7.50	(0.45)	8.00	0.05

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

Situational Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2021 Budget	2022 Budget	Increase (Decrease)
Total FTEs	2.50	3.00	0.50
Direct Expenses	\$ 551,222	\$ 694,198	\$ 142,976
Indirect Expenses	\$ 429,437	\$ 521,964	\$ 92,527
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 7,418	\$ 11,604	\$ 4,186
Total Funding Requirement	\$ 988,077	\$ 1,227,766	\$ 239,689

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.

2022 Key Assumptions

The 2022 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 CIP-related events, threats, and vulnerabilities to improve reliability within the BPS.
- SERC will continue its Outreach program to communicate lessons learned from analysis of SAIS events.
- SERC will continue to review, track, and trend reliability events to support the ERO Enterprises’ goal of fewer, less severe events in the SERC Region.
- SERC will share 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.

2022 Goals and Key Deliverables

The 2022 goals and key deliverables for the SERC SAIS program are as follows:

- Continue to increase the utilization of data collection tools and data analysis to provide oversight of the BPS to support NERC reporting requirements;
- Evaluate events information to identify risk trends and benchmarking efforts;

- Develop SERC Reliability Bulletins and support NERC Lessons Learned initiatives;
- Continue stakeholder outreach efforts that encourage stakeholder participation in the SAIS program;
- Facilitate and promote post-event 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 CIP-related threats, vulnerabilities, and events for information sharing with internal and external stakeholders.

Resource Requirements**Personnel**

An increase of 0.50 FTEs is due to the realignment of personnel supporting the SAIS program.

Situational Awareness and Infrastructure Security Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2021 Budget & Projection, and 2022 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 906,610	\$ 906,610	\$ -	\$ 1,149,004	\$ 242,394
Penalties Released	43,769	43,769	-	52,747	8,978
Total Statutory Funding	\$ 950,379	\$ 950,379	\$ -	\$ 1,201,751	\$ 251,372
Membership Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	1,001	-	(1,001)	1,099	98
Interest	1,113	1,328	215	1,319	206
Total Funding (A)	\$ 952,493	\$ 951,707	\$ (786)	\$ 1,204,169	\$ 251,676
Expenses					
Personnel Expenses					
Salaries	\$ 391,291	\$ 492,474	\$ 101,183	\$ 507,248	\$ 115,957
Payroll Taxes	27,390	34,473	7,083	30,435	3,045
Benefits	44,216	47,555	3,339	49,258	5,042
Retirement Costs	49,346	62,066	12,720	63,928	14,582
Total Personnel Expenses	\$ 512,243	\$ 636,568	\$ 124,325	\$ 650,869	\$ 138,626
Meeting Expenses					
Meetings & Conference Calls	\$ 1,500	\$ -	\$ (1,500)	\$ -	\$ (1,500)
Travel	37,000	29,000	(8,000)	42,500	5,500
Total Meeting Expenses	\$ 38,500	\$ 29,000	\$ (9,500)	\$ 42,500	\$ 4,000
Operating Expenses, excluding Depreciation					
Consultants & Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	479	479	-	829	350
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 479	\$ 479	\$ -	\$ 829	\$ 350
Total Direct Expenses	\$ 551,222	\$ 666,047	\$ 114,825	\$ 694,198	\$ 142,976
Indirect Expenses	\$ 429,437	\$ 504,418	\$ 74,981	\$ 521,964	\$ 92,527
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 980,659	\$ 1,170,465	\$ 189,806	\$ 1,216,162	\$ 235,503
Change in Assets	\$ (28,166)	\$ (218,758)	\$ (190,592)	\$ (11,993)	\$ 16,173
Fixed Assets, excluding Right of Use Assets (C)	\$ 7,418	\$ 19,021	\$ 11,603	\$ 11,604	\$ 4,186
TOTAL BUDGET (B+C)	\$ 988,077	\$ 1,189,486	\$ 201,409	\$ 1,227,766	\$ 239,689
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (35,584)	\$ (237,779)	\$ (202,195)	\$ (23,597)	\$ 11,987
FTEs	2.50	3.00	0.50	3.00	0.50

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

Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2021 Budget	2022 Budget	Increase (Decrease)	FTEs 2021 Budget	FTEs 2022 Budget	Increase (Decrease)
Technical Committees and Member Forums	\$ 1,089,562	\$ 1,129,720	\$ 40,158	3.90	3.90	-
General and Administrative	\$ 4,224,800	\$ 4,357,419	\$ 132,619	9.00	8.65	(0.35)
Legal and Regulatory	\$ 1,344,517	\$ 1,441,805	\$ 97,288	2.90	2.90	-
Analytics & Information Technology	\$ 3,734,775	\$ 3,585,056	\$ (149,719)	10.80	14.30	3.50
Human Resources	\$ 934,097	\$ 1,138,627	\$ 204,530	3.00	3.00	-
Accounting and Finance	\$ 449,876	\$ 486,059	\$ 36,183	3.00	3.00	-
Total Corporate Services	\$ 11,777,627	\$ 12,138,686	\$ 361,059	32.60	35.75	3.15

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
- Advanced Analytics and IT
- 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 2022 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 improved financial perspective for the direct program areas.

Technical Committees and Member Forums

Program Scope and Functional Description

The Technical Committees and Member Forums programs serve to strengthen capabilities within the Region to plan and operate the BPS reliably, securely, and in compliance with Reliability Standards. The success of these programs depends on the active and direct participation of its members. The forums are also a source of expertise in the industry to address current and emerging risk to the BPS.

2022 Key Assumptions

The 2022 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 2022.
- 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 an engineering, operations, and security perspective.
- SERC will continue to leverage 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*.

2022 Goals and Key Deliverables

The 2022 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 statistics (e.g., GADS, TADS, Misoperations, 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;
- Perform technical functions through the assignment of specific tasks to subordinate groups to address current and emerging risks; and
- Provide key inputs from the SERC RRWG for the CMEP Implementation Plan.

Resource Requirements

Personnel

The number of FTEs assigned to the Technical Committees and Member Forums programs is consistent with 2021.

Meetings

Meeting expenses in 2022 reflect an increase due to higher cost of facilities and the increased participation in Technical Committees.

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.

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

2022 Key Assumptions

The 2022 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 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 strategic and operational objectives are considered in the development and maintenance of the SERC Strategic Plan on an annual basis.

2022 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; and
- Provide pertinent and timely information to stakeholders to improve efficiency of interactions with SERC staff.
- Manage interface with NERC enterprise-wide internal audit initiatives

Resource Requirements

Personnel

There was a decrease of 0.35 FTE in the General and Administrative function due to the reallocation to support additional FTE needs in the CMEP and SAIS programs.

Contractors and Consultants

The 2022 budget includes support for corporate strategic initiatives.

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;
- 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 policy makers 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.

2022 Key Assumptions

The 2022 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 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 policy makers 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.

2022 Goals and Key Deliverables

The 2022 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 2021.

Meeting Expenses

The 2022 budget includes an increase in meeting and travel expenses due to anticipated higher costs for facilities and support services for the annual offsite Board and membership meeting.

Professional Services

A decrease in legal fees is based on historical actuals, with Independent Director fees increasing to reflect actual costs.

Advanced Analytics and Information Technology

Program Scope and Functional Description

SERC's Advanced Analytics and IT departments are integrating a robust data management framework to provide technology innovation, support data collection efforts across SERC, and develop insights through data to inform several risk-based programs across SERC. The Advanced Analytics and IT programs include the following functions:

- IT and Security Operations
- Advanced Analytics

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. SERC's IT and Security Operations function will continue efforts to enhance the company's security posture to ensure cybersecurity is an essential component of the organization's culture. The IT program executes the following functions:

- Improves SERC's information systems security and resiliency through the adoption of the National Institute of Standards and Technology (NIST) Cybersecurity Framework;
- Maintains network and computer infrastructure;
- Ensures protection of SERC and registered entity data;
- Provides onsite end user support and services to conduct SERC business;
- Provides a security awareness training program to increase awareness; and
- Provides project management and deployment of technical solutions.

The Advanced Analytics 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. Advanced Analytics executes the following functions:

- Manage usability and integrity of data;
- Evaluation of data to determine risk;
- Visualization and reporting of data;
- Insight development; and
- Calculation of operations metrics for SERC.

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

NERC and the Regional Entities will collaborate to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture and software and data systems supporting both NERC and Regional Entity operations. 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.

2022 Key Assumptions

The 2022 key assumptions for the Advanced Analytics and IT 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.

2022 Goals and Key Deliverables

The 2022 goals and deliverables for the Advanced Analytics and IT program are as follows:

- Improve the capabilities of SERC's Business Intelligence Center (BIC) to include internally focused operations reporting;
- Update and consolidate SERC committee and reliability portals, as the compliance portal is phased out to continue to provide the remaining functionality;
- Support the deployment of Align;
- Upgrade IT infrastructure per lifecycle management;
- Implement a multi-year plan that implements IT and Security NIST Cybersecurity framework and strategy;
- Implement a multi-year plan to integrate a Data Management framework;
- Improve cyber and physical security controls to defend against emerging threats;
- Formalize and define IT and Security policies, processes and procedures; and
- Implement new ERO-sponsored security and IT consolidation efforts.

Resource Requirements

Personnel

SERC has increased staffing levels in the Advanced Analytics and IT and Security departments to support the overall IT strategy around improved security and program management and analytics. The additional personnel will help drive a stronger and more robust internal IT team, while reducing the heavy reliance on external IT contractors. This results in an increase of 3.5 FTEs in these departments

Contractors and Consultants

The 2022 budget decreased as contractor support for IT staff transitioned to FTEs.

Office Costs

The 2022 budget for the Advanced Analytics and IT program is increasing due to planned activity around replacement or addition of computers, hardware equipment, tools, and software licenses. Some expenses are directly due to increase in staff or lifecycle management projects.

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 and succession planning across all areas of human resources.
- Recruitment and retention, hiring for cultural fit, employee relations, performance management, training and professional development and employee engagement.
- Compliance with state and federal laws to minimize organizational liability.
- Analysis and administration of competitive compensation and total rewards programs.
- Management of payroll, Human Resource Information Systems, and employee benefits administration.

2022 Key Assumptions

The 2022 key assumptions for the Human Resources function are as follows:

- SERC assumes a 5% vacancy rate to total Personnel Expenses.
- SERC will provide competitive compensation and benefits packages.
- SERC will ensure that staff attains and maintains elevated professional credentials to remain a leader in the industry.
- SERC will provide a Board-approved merit salary increase. The salary expense budget for all program areas reflects this assumption.

2022 Goals and Key Deliverables

The 2022 goals and key deliverables for the Human Resources department are as follows:

- Promote employee engagement and empowerment;
- Attract, develop, and retain highly competent and motivated staff;
- Review compensation and benefits to ensure organization and industry competitiveness;
- Create growth, training and development opportunities for staff
- Promote a diverse and inclusive workplace; and
- Lead efforts to keep SERC a highly desirable place to work.

Resource Requirements

Personnel

The number of FTEs assigned to the Human Resources program is consistent with 2021.

Contractors and Consultants

The 2022 budget includes contractor support for leadership development and staff training.

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; and
- 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.

2022 Key Assumptions

The 2022 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.

2022 Goals and Key Deliverables

The 2022 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 2021.

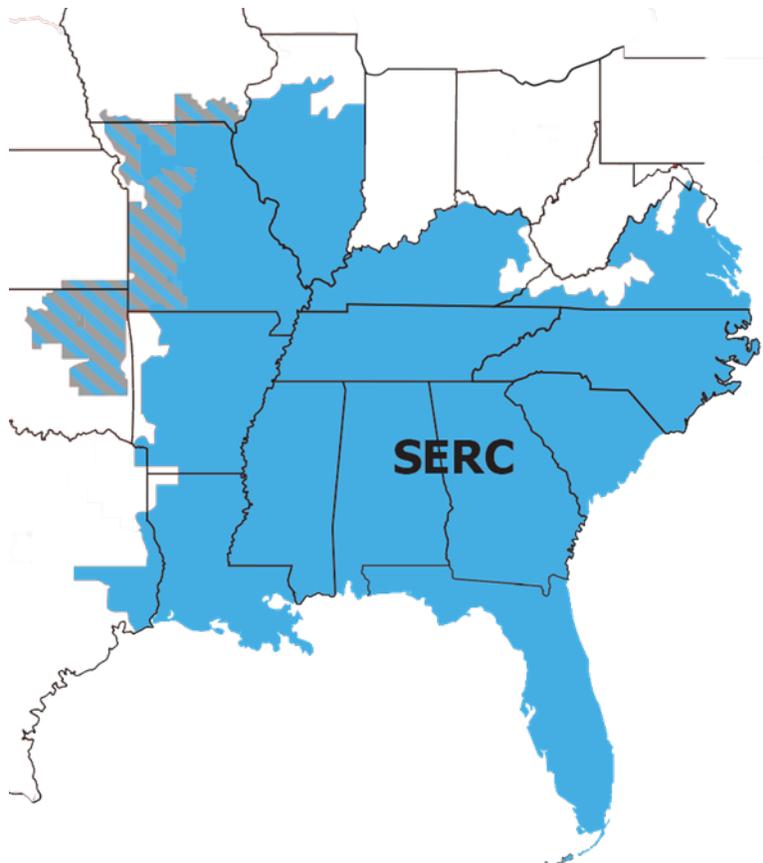
Corporate Services Program Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2021 Budget & Projection, and 2022 Budget					
CORPORATE SERVICES					
	2021 Budget	2021 Projection	Variance 2021 Budget v 2021 Projection Over(Under)	2022 Budget	Variance 2022 Budget v 2021 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total Statutory Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	13,500	13,500	-	-
Interest	-	-	-	-	-
Total Funding (A)	\$ -	\$ 13,500	\$ 13,500	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 5,351,661	\$ 5,388,242	\$ 36,581	\$ 5,861,951	\$ 510,290
Payroll Taxes	371,088	374,349	3,261	349,293	(21,795)
Benefits	835,659	820,085	(15,574)	894,622	58,963
Retirement Costs	687,877	693,457	5,580	753,103	65,226
Total Personnel Expenses	\$ 7,246,285	\$ 7,276,133	\$ 29,848	\$ 7,858,969	\$ 612,684
Meeting Expenses					
Meetings & Conference Calls	\$ 221,104	\$ 187,804	\$ (33,300)	\$ 268,554	\$ 47,450
Travel	256,035	156,044	(99,991)	232,675	(23,360)
Total Meeting Expenses	\$ 477,139	\$ 343,848	\$ (133,291)	\$ 501,229	\$ 24,090
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 1,499,791	\$ 1,475,091	\$ (24,700)	\$ 1,068,874	\$ (430,917)
Office Rent	823,200	823,200	-	840,067	16,867
Office Costs	1,019,812	940,611	(79,201)	1,104,187	84,375
Professional Services	511,400	532,560	21,160	501,360	(10,040)
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 3,854,203	\$ 3,771,462	\$ (82,741)	\$ 3,514,488	\$ (339,715)
Total Direct Expenses	\$ 11,577,627	\$ 11,391,443	\$ (186,184)	\$ 11,874,686	\$ 297,059
Indirect Expenses	\$ (11,577,627)	\$ (11,391,443)	\$ 186,184	\$ (11,874,686)	\$ (297,059)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ 13,500	\$ 13,500	\$ -	\$ -
Fixed Assets, excluding Right of Use Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ 13,500	\$ 13,500	\$ -	\$ -
FTEs	32.60	32.15	(0.45)	35.75	3.15

Table A-12. Corporate Services Budget Detail

Section B – Supplemental Financial Information

2022 Business Plan and Budget



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, 2021	\$ 7,676,396	\$ 3,131,396	\$ 4,545,000
Plus: 2020 Funding (form Load-Serving Entities (LSE) or designees)	\$ 23,513,886	\$ 23,513,886	\$ -
Plus: 2021 Other funding sources	117,500	117,500	-
Penalties released from Assessment Stabilization Reserve in 2021	-	1,180,000	(1,180,000)
Penalty Sanctions January 1 - June 30, 2021	-	-	-
Less: 2021 Projected expenses & capital expenditures	(25,829,079)	(25,829,079)	-
Projected Reserves, December 31, 2021	\$ 5,478,703	\$ 2,113,703	\$ 3,365,000
Targeted Reserve, December 31, 2022	\$ 3,765,377	\$ 1,600,377	\$ 2,165,000
Less: Projected Reserves, December 31, 2021	(5,478,703)	(2,113,703)	(3,365,000)
Increase/(decrease) to 2022 Assessments	\$ (1,713,326)	\$ (513,326)	\$ (1,200,000)
2022 Expenses and Capital Expenditures	\$ 26,708,260		
Less: Penalties released from Assessment Stabilization Reserve	(1,200,000)		
Adjustment to achieve targeted Working Capital Reserve	(513,326)		
Less: Other funding sources	(196,000)		
2022 SERC Assessment	\$ 24,798,934		

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. In accordance with this procedure, a \$35,000 penalty was recorded in the Assessment Stabilization Reserve in 2020 but the cash payment was not received until January 2021.

Table B-1. Working Capital Reserve Analysis 2021- 2022

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 2022 BP&B is \$1,600,377. SERC reduced the 2022 ERO Assessments by \$513,326 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 \$765,000 of Penalty sanctions received between July 1, 2020 and June 30, 2021, into the Assessment Stabilization Reserve, and to release \$1,200,000 from the Assessment Stabilization Reserve to offset 2022 SERC Assessments.

Breakdown by Statement of Activity Sections

The following detailed schedules support the Statement of Activities and Capital Expenditures, page 11, of the 2022 BP&B. All significant variances have been disclosed by program area on the preceding pages.

Penalty Sanctions

All penalty monies received between July 1, 2020 and June 30, 2021, are detailed below, including the amount and date received.

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 \$765,000 of Penalty sanctions received between July 1, 2020 and June 30, 2021, into the Assessment Stabilization Reserve, and to release \$1,200,000 from the Assessment Stabilization Reserve to offset 2022 SERC Assessments.

Allocation Method: Penalty sanctions released to offset 2022 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 lists all penalties, including date received and amount, received prior to June 30, 2021.

Penalty Sanctions Received on or Prior to June 30, 2021			
Payment	Date Received	Amount Received	
Penalty payment 1	10/13/2020	\$	85,000
Penalty payment 2	10/13/2020		90,000
Penalty payment 3	12/1/2020		430,000
Penalty payment 4	12/1/2020		125,000
Penalty payment 5	1/13/2021		35,000
Total Penalties Received		\$	765,000

Table B-2. Penalty Sanctions Received

Table B-3 Supplemental Funding

Other Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)	Budget 2021	Projection 2021	Budget 2022	Variance 2021 Budget v 2022 Budget
Reliability Standards				
Workshops & Miscellaneous	\$ 200	\$ -	\$ 183	\$ (17)
Interest	\$ 223	\$ 221	\$ 220	\$ (3)
Total	\$ 423	\$ 221	\$ 403	\$ (20)
Compliance Monitoring, Enforcement & Org. Registration				
Workshops & Miscellaneous	\$ 32,090	\$ 6,000	\$ 29,480	\$ (2,610)
Interest	22,322	22,339	22,176	(146)
Total	\$ 54,412	\$ 28,339	\$ 51,656	\$ (2,756)
Reliability Assessment and Performance Analysis				
Workshops & Miscellaneous	\$ 2,524	\$ -	\$ 2,308	\$ (216)
Interest	2,804	2,790	2,769	(35)
Total	\$ 5,328	\$ 2,790	\$ 5,077	\$ (251)
Training, Education and Stakeholder Outreach				
Workshops & Miscellaneous	\$ 139,185	\$ 68,000	\$ 132,930	\$ (6,255)
Interest	3,539	3,321	3,516	(23)
Total	\$ 142,724	\$ 71,321	\$ 136,446	\$ (6,278)
Situation Awareness and Infrastructure Security				
Workshops & Miscellaneous	\$ 1,000	\$ -	\$ 1,099	\$ 99
Interest	1,113	1,328	1,319	206
Total	\$ 2,113	\$ 1,328	\$ 2,418	\$ 305
Corporate Services				
Workshops & Miscellaneous	\$ -	\$ 13,500	\$ -	\$ -
Interest	-	-	-	-
Total	\$ -	\$ 13,500	\$ -	\$ -
Total Outside Funding	\$ 205,000	\$ 117,499	\$ 196,000	\$ (9,000)

Table B-3. Supplemental Funding

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

The decrease in Workshops and Miscellaneous funding in 2022 from the 2021 budget is due to anticipated reduced in-person attendance.

Table B-4 Personnel Expenses

Personnel Expenses	Budget 2021	Projection 2021	Budget 2022	Variance		
				2021 Budget v 2022 Budget	Variance %	
Salaries						
Total Salaries	\$ 15,157,961	\$ 15,418,809	\$ 16,239,814	\$ 1,081,853	7.1%	
Total Payroll Taxes	\$ 1,057,723	\$ 1,076,489	\$ 971,965	\$ (85,758)	(8.1%)	
Total Benefits	\$ 1,920,040	\$ 1,843,802	\$ 1,981,828	\$ 61,788	3.2%	
Total Retirement	\$ 1,924,856	\$ 1,958,019	\$ 2,061,442	\$ 136,586	7.1%	
Total Personnel Costs	\$ 20,060,580	\$ 20,297,119	\$ 21,255,049	\$ 1,194,469	6.0%	
FTEs	100.0	100.0	104.0	4.0	4.0%	
Cost per FTE						
Salaries	\$ 151,580	\$ 154,188	\$ 156,152	\$ 4,572	3.0%	
Payroll Taxes	10,577	10,765	9,346	(1,231)	(11.6%)	
Benefits	19,200	18,438	19,056	(144)	(0.8%)	
Retirement	19,249	19,580	19,822	573	3.0%	
Total Cost per FTE	\$ 200,606	\$ 202,971	\$ 204,375	\$ 3,770	1.9%	

Table B-4. Personnel Expenses

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

The budget reflects a Board-approved merit increase and an increase in health insurance premiums. A vacancy rate of 5% has been applied to all Personnel Expenses.

The combination of one incremental FTE and a shift toward in-house versus third party resources is driving increases in Salaries, Benefits and Retirement expenses.

Table B-5 Meeting Expenses

Meeting, Conference & Travel Expense	Budget	Projection	Budget	Variance	
	2021	2021	2022	2021 Budget v 2022 Budget	Variance %
Meeting & Conference Expenses	\$ 415,308	\$ 352,268	\$ 443,307	\$ 27,999	6.7%
Travel Expenses	\$ 985,632	\$ 649,510	\$ 855,340	\$ (130,292)	(13.2%)
Total Meeting, Conference & Travel Expenses	\$ 1,400,940	\$ 1,001,778	\$ 1,298,647	\$ (102,293)	(7.3%)

Table B-5. Meeting Expenses**Explanation of Significant Variances – 2022 Budget versus 2021 Budget**

The 2022 budget includes a slight increase in Meeting Expenses related to Board and Committee governance activities.

Travel expenses reflect a substantial decrease due to a concerted focus on maximizing online meeting technology when appropriate and efficiencies realized in SERC's Compliance Monitoring audit process, which includes utilizing a hybrid mix of on-site and virtual monitoring personnel.

Table B-6 Consultants and Contracts

Consultants and Contracts	Budget	Projection	Budget	Variance	
	2021	2021	2022	2021 Budget v 2022 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	170,000	170,000	212,500	42,500	25.0%
Training and Outreach	94,345	94,345	96,570	2,225	2.4%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	1,499,791	1,475,091	1,068,874	(430,917)	(28.7%)
Total Consultants and Contracts	\$ 1,764,136	\$ 1,739,436	\$ 1,377,944	\$ (386,192)	(21.9%)

Table B-6. Consultants and Contracts

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

RAPA – Contractor support is included for a probabilistic assessment performed through the Resource Adequacy Working Group, and for additional special reliability assessments of the SERC footprint.

Corporate Services:

- **General & Administrative** – Increase due to investment in staff development initiatives.
- **IT** – Reduced reliance on third party resources is driving the reduction to contractor and consulting expenses.

Table B-7 Office Rent

Office Rent	Budget		Projection		Variance	
	2021	2021	2022	2021 Budget v 2022 Budget	Variance %	
Office Rent	\$ 823,200	\$ 823,200	\$ 840,067	\$ 16,867	2.0%	
Utilities	-	-	-	-	0.0%	
Maintenance	-	-	-	-	0.0%	
Total Office Rent	\$ 823,200	\$ 823,200	\$ 840,067	\$ 16,867	2.0%	

Table B-7. Office Rent

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

Increase in building's operational Common Area Maintenance expenses.

Table B-8 Office Costs

Office Costs	Budget		Projection		Variance	
	2021	2021	2022	2021 Budget v 2022 Budget	Variance %	
Telephone	\$ 158,201	\$ 156,601	\$ 160,420	\$ 2,219	1.4%	
Office Supplies	96,590	96,590	97,408	818	0.8%	
Computer Supplies and Maintenance	-	-	-	-	-	
Computers and Supplies	87,000	87,000	70,000	(17,000)	(19.5%)	
Software	457,966	390,966	607,233	149,267	32.6%	
Network Supplies	75,000	75,000	42,000	(33,000)	(44.0%)	
Publications & Subscriptions	11,980	22,080	20,420	8,440	70.5%	
Dues	36,486	31,585	29,713	(6,773)	(18.6%)	
Postage	600	600	-	(600)	(100.0%)	
Express Shipping	7,400	7,400	8,000	600	8.1%	
Copying	6,000	6,000	6,000	-	0.0%	
Equipment Repair/Service Contracts	36,000	36,000	36,000	-	0.0%	
Bank Charges	3,000	3,000	3,000	-	0.0%	
Taxes	26,600	26,600	25,000	(1,600)	(6.0%)	
Merchant Credit Card Fees	12,000	12,000	12,000	-	0.0%	
Insurance - Commercial	54,000	54,000	54,000	-	0.0%	
Total Office Costs	\$ 1,068,823	\$ 1,005,422	\$ 1,171,194	\$ 102,371	9.6%	

Table B-8. Office Costs

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

Computer Supplies and Maintenance – Increase is due to additional software license expense associated with the recent member portal replacement, and SERC's overall strategy to continue strengthening cyber and physical security controls. This is partially offset by reduced computer and network supply purchases.

Table B-9 Professional Services

Professional Services	Budget		Projection		Variance	
	2021	2021	2022	2022	2021 Budget v 2022 Budget	Variance %
Outside Legal	\$ 122,400	\$ 122,400	\$ 72,400	\$ 72,400	(50,000)	(40.8%)
Independent Director Fees	\$ 350,000	\$ 376,000	\$ 394,800	\$ 394,800	44,800	12.8%
Accounting & Auditing Fees	39,000	34,160	34,160	34,160	(4,840)	(12.4%)
Total Services	\$ 511,400	\$ 532,560	\$ 501,360	\$ 501,360	(10,040)	(2.0%)

Table B-9. Professional Services

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

Outside Legal expenses are decreasing based on historical norms. Independent Director Fees have increased to reflect actual cost.

Table B-10 Miscellaneous

Miscellaneous Expenses	Budget		Projection		Variance	
	2021	2021	2022	2022	2021 Budget v 2022 Budget	Variance %
Miscellaneous	\$ -	\$ -	\$ -	\$ -	-	
Total Miscellaneous Expenses	\$ -	\$ -	\$ -	\$ -	-	

Table B-10. Miscellaneous

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

There are no costs budgeted for these items in 2021 or 2022.

Table B-11 Non-Operating Expenses

Other Non-Operating Expenses	Budget		Projection		Variance	
	2021	2021	2022	2022	2021 Budget v 2022 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 – 2022 Budget versus 2021 Budget

There are no costs budgeted for these items in 2021 or 2022.

Table B-12 Fixed Assets

Fixed Assets	Budget 2021	Projection 2021	Budget 2022	Variance	
				2021 Budget v 2022 Budget	Variance %
Computer & Software CapEx	\$ 200,000	\$ 429,564	\$ 264,000	\$ 64,000	32.0%
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	-	-	-	-	
Leasehold Improvements	-	-	-	-	
	\$ 200,000	\$ 429,564	\$ 264,000	\$ 64,000	32.0%

Table B-12. Fixed Assets

Explanation of Significant Variances – 2022 Budget versus 2021 Budget

An overall Fixed Asset increase of \$64,000 was due to firewall replacements and new corporate services software.

Table B-13 2023 and 2024 Projections

Statement of Activities and Capital Expenditures								
2022 Budget & Projected 2023 and 2024 Budgets								
Statutory								
	2022	2023	\$ Change	% Change	2024	\$ Change	% Change	
	Budget	Projection	22 v 23	22 v 23	Projection	23 v 24	23 v 24	
Funding								
Statutory Funding								
SERC Assessments	\$ 24,798,934	\$ 26,024,597	\$ 1,225,663	4.9%	\$ 27,229,040	\$ 1,204,443	4.6%	
Penalties Released*	1,200,000	1,425,000	225,000	18.8%	950,000	(475,000)	(33.3%)	
Total Statutory Funding	\$ 25,998,934	\$ 27,449,597	\$ 1,450,663	5.6%	\$ 28,179,040	\$ 729,443	2.7%	
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -		
Workshops & Miscellaneous	166,000	166,000	-	0.0%	166,000	-	0.0%	
Interest	30,000	30,000	-	0.0%	30,000	-	0.0%	
Total Funding (A)	\$ 26,194,934	\$ 27,645,597	\$ 1,450,663	5.5%	\$ 28,375,040	\$ 729,443	2.6%	
Expenses								
Personnel Expenses								
Salaries	\$ 16,239,814	\$ 16,987,008	\$ 747,194	4.6%	\$ 17,496,619	\$ 509,610	3.0%	
Payroll Taxes	971,965	1,016,675	44,710	4.6%	1,047,176	30,500	3.0%	
Benefits	1,981,828	2,072,992	91,164	4.6%	2,135,182	62,190	3.0%	
Retirement Costs	2,061,442	2,156,268	94,826	4.6%	2,220,956	64,688	3.0%	
Total Personnel Expenses	\$ 21,255,049	\$ 22,232,944	\$ 977,895	4.6%	\$ 22,899,933	\$ 666,988	3.0%	
Meeting Expenses								
Meetings & Conference Calls	\$ 443,307	\$ 443,307	\$ -	0.0%	\$ 447,740	\$ 4,433	1.0%	
Travel	855,340	855,340	-	0.0%	863,893	8,553	1.0%	
Total Meeting Expenses	\$ 1,298,647	\$ 1,298,647	\$ -	0.0%	\$ 1,311,633	\$ 12,986	1.0%	
Operating Expenses, excluding Depreciation								
Consultants & Contracts	\$ 1,377,944	1,377,944	\$ -	0.0%	1,391,723	\$ 13,779	1.0%	
Office Rent	840,067	848,468	8,401	1.0%	856,952	8,485	1.0%	
Office Costs	1,171,193	1,171,193	-	0.0%	1,182,905	11,712	1.0%	
Professional Services	501,360	516,401	15,041	3.0%	531,893	15,492	3.0%	
Miscellaneous	-	-	-		-	-		
Total Operating Expenses	\$ 3,890,564	\$ 3,914,005	\$ 23,441	0.6%	\$ 3,963,474	\$ 49,468	1.3%	
Total Direct Expenses	\$ 26,444,260	\$ 27,445,597	\$ 1,001,337	3.8%	\$ 28,175,040	\$ 729,443	2.7%	
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -		
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -		
Total Expenses (B)	\$ 26,444,260	\$ 27,445,597	\$ 1,001,337	3.8%	\$ 28,175,040	\$ 729,443	2.7%	
Change in Assets	\$ (249,326)	\$ 200,000	\$ 449,326	(180.2%)	\$ 200,000	\$ -	0.0%	
Fixed Assets								
Computer & Software CapEx	264,000	200,000	(64,000)	(24.2%)	200,000	-	0.0%	
Furniture & Fixtures CapEx	-	-	-		-	-		
Equipment CapEx	-	-	-		-	-		
Leasehold Improvements	-	-	-		-	-		
Allocation of Fixed Assets	-	-	-		-	-		
Incr(Dec) in Fixed Assets (C)	\$ 264,000	\$ 200,000	\$ (64,000)	(24.2%)	\$ 200,000	\$ -	0.0%	
TOTAL BUDGET (B+C)	\$ 26,708,260	\$ 27,645,597	\$ 937,337	3.5%	\$ 28,375,040	\$ 729,443	2.6%	
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (513,326)	\$ -	\$ 513,326	(100.0%)	\$ -	\$ -		
FTEs	104.0	106.0	2	1.9%	106.0	-	0.0%	

* 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 B-13. Budget 2022 Compared with 2022-2023 Projections

Explanation of 2023 and 2024 Budget Projections

Personnel Expenses

- Addition of two FTEs in 2023 to support continued implementation of enhanced data security initiatives;
- Annual merit pay increases in 2023 and 2024
- Annual increase in insurance premiums; and
- A continuation of a 5% vacancy rate.

Meeting Expenses

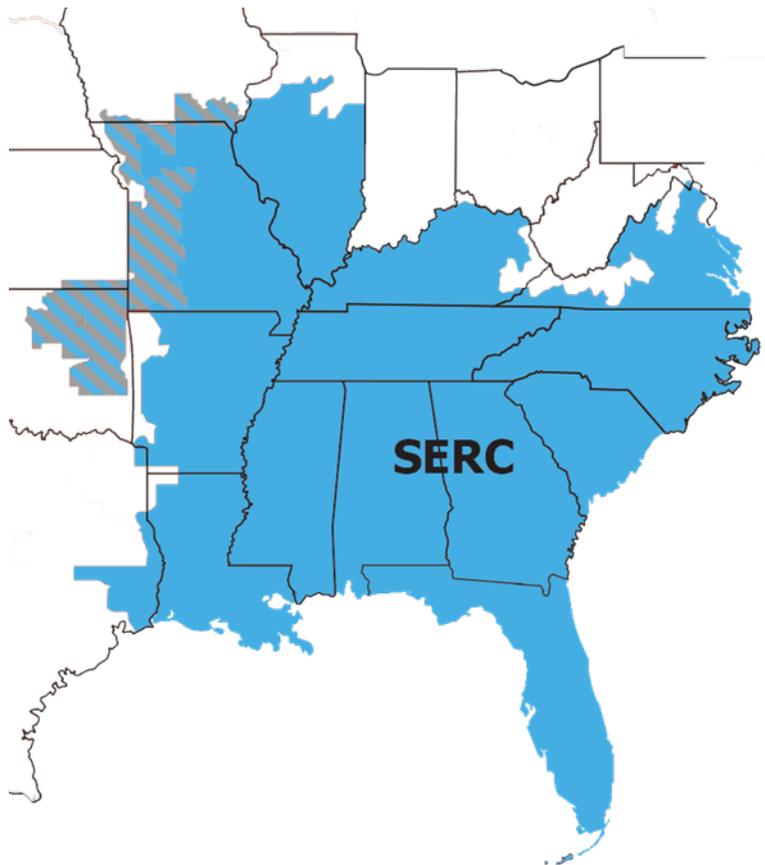
- Meetings and travel costs include a 1% inflationary increase in 2024.

Operating Expenses

- Modest increase in office lease operating costs.
- Professional services include a 3% increase in both 2023 and 2024 associated with Independent Director Fees.
- Other operating expenses remain flat for 2023 and include a 1% inflationary increase in 2024.

Section C – Non-Statutory Activities

2022 Business Plan and Budget



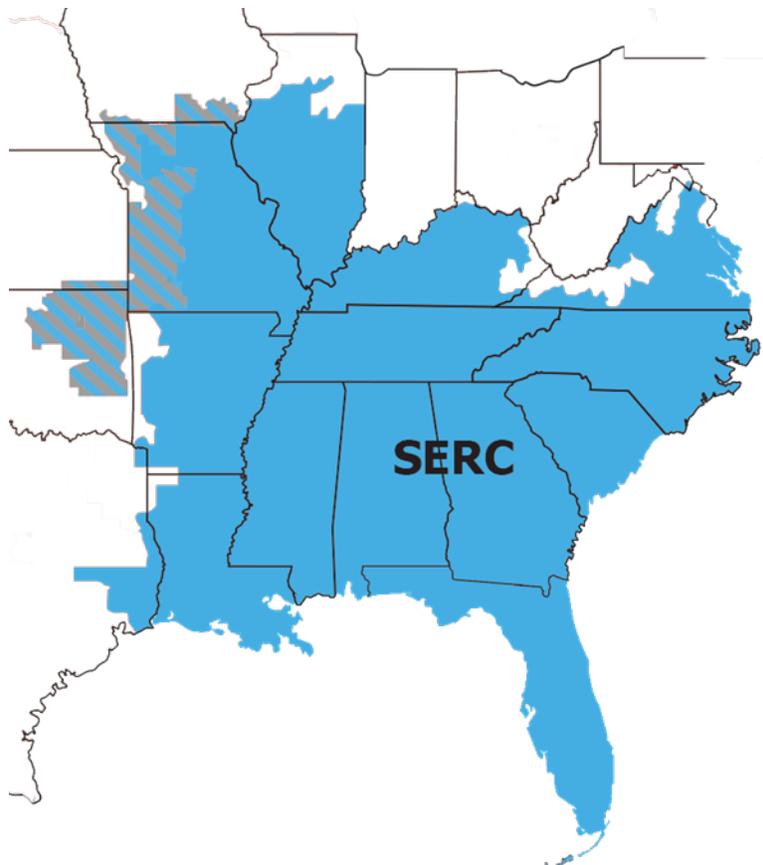
Section C – Non-Statutory Activities

2022 Non-Statutory Business Plan and Budget

At present, SERC does not 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.

Section D – Additional Consolidated Financial Statements

2022 Business Plan and Budget



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	\$ 24,798,934	\$ 24,798,934	\$ -	\$ 24,798,934	\$ 207,642	\$ 18,220,737	\$ 2,567,440	\$ 2,654,111	\$ 1,149,004	\$ -
Penalties Released	1,200,000	1,200,000	-	1,200,000	8,791	887,034	110,769	140,659	52,747	-
Total Statutory Funding	\$ 25,998,934	\$ 25,998,934	\$ -	\$ 25,998,934	\$ 216,433	\$ 19,107,771	\$ 2,678,209	\$ 2,794,770	\$ 1,201,751	\$ -
Non-statutory Funding										
Workshops & Miscellaneous	\$ 166,000	\$ 166,000	\$ -	\$ 166,000	\$ 183	\$ 29,480	\$ 2,308	\$ 132,930	\$ 1,099	\$ -
Interest	30,000	30,000	-	30,000	220	22,176	2,769	3,516	1,319	-
Total Funding (A)	\$ 26,194,934	\$ 26,194,934	\$ -	\$ 26,194,934	\$ 216,836	\$ 19,159,427	\$ 2,683,286	\$ 2,931,216	\$ 1,204,169	\$ -
Expenses										
Personnel Expenses										
Salaries	\$ 16,239,814	\$ 16,239,814	\$ -	\$ 16,239,814	\$ 100,868	\$ 7,811,906	\$ 977,497	\$ 980,344	\$ 507,248	\$ 5,861,951
Payroll Taxes	971,965	971,965	-	971,965	6,052	468,714	58,650	58,821	30,435	349,293
Benefits	1,981,828	1,981,828	-	1,981,828	10,043	825,332	103,741	98,832	49,258	894,622
Retirement Costs	2,061,442	2,061,442	-	2,061,442	12,694	984,930	123,207	123,580	63,928	753,103
Total Personnel Expenses	\$ 21,255,049	\$ 21,255,049	\$ -	\$ 21,255,049	\$ 129,657	\$ 10,090,882	\$ 1,263,095	\$ 1,261,577	\$ 650,869	\$ 7,858,969
Meeting Expenses										
Meetings & Conference Calls	\$ 443,307	\$ 443,307	\$ -	\$ 443,307	\$ -	\$ 12,600	\$ 42,000	\$ 120,153	\$ -	\$ 268,554
Travel	855,340	855,340	-	855,340	2,500	419,975	72,000	85,690	42,500	232,675
Total Meeting Expenses	\$ 1,298,647	\$ 1,298,647	\$ -	\$ 1,298,647	\$ 2,500	\$ 432,575	\$ 114,000	\$ 205,843	\$ 42,500	\$ 501,229
Operating Expenses, excluding Depreciation										
Consultants & Contracts	\$ 1,377,944	\$ 1,377,944	\$ -	\$ 1,377,944	\$ -	\$ -	\$ 212,500	\$ 96,570	\$ -	\$ 1,068,874
Office Rent	840,067	840,067	-	840,067	-	-	-	-	-	840,067
Office Costs	1,171,193	1,171,193	-	1,171,193	-	38,580	25,780	1,817	829	1,104,187
Professional Services	501,360	501,360	-	501,360	-	-	-	-	-	501,360
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 3,890,564	\$ 3,890,564	\$ -	\$ 3,890,564	\$ -	\$ 38,580	\$ 238,280	\$ 98,387	\$ 829	\$ 3,514,488
Total Direct Expenses	\$ 26,444,260	\$ 26,444,260	\$ -	\$ 26,444,260	\$ 132,157	\$ 10,562,037	\$ 1,615,375	\$ 1,565,807	\$ 694,198	\$ 11,874,686
Indirect Expenses	\$ -	\$ (0)	\$ -	\$ (0)	\$ 86,994	\$ 8,777,698	\$ 1,096,125	\$ 1,391,905	\$ 521,964	\$ (11,874,686)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 26,444,260	\$ 26,444,260	\$ -	\$ 26,444,260	\$ 219,151	\$ 19,339,735	\$ 2,711,500	\$ 2,957,712	\$ 1,216,162	\$ -
Change in Assets	\$ (249,326)	\$ (249,326)	\$ -	\$ (249,326)	\$ (2,315)	\$ (180,308)	\$ (28,214)	\$ (26,496)	\$ (11,993)	\$ -
Capital Expenditures										
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	\$ 264,000	\$ 264,000	\$ -	\$ 264,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,000
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	-	-	-	1,934	195,148	24,369	30,945	11,604	(264,000)
Fixed Assets, excluding Right of Use Assets (C)	\$ 264,000	\$ 264,000	\$ -	\$ 264,000	\$ 1,934	\$ 195,148	\$ 24,369	\$ 30,945	\$ 11,604	\$ -
TOTAL BUDGET (B+C)	\$ 26,708,260	\$ 26,708,260	\$ -	\$ 26,708,260	\$ 221,085	\$ 19,534,883	\$ 2,735,869	\$ 2,988,657	\$ 1,227,766	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (513,326)	\$ (513,326)	\$ -	\$ (513,326)	\$ (4,249)	\$ (375,456)	\$ (52,583)	\$ (57,441)	\$ (23,597)	\$ -
FTEs	104.0	104.0	-	104.0	0.5	50.5	6.3	8.0	3.0	35.8

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

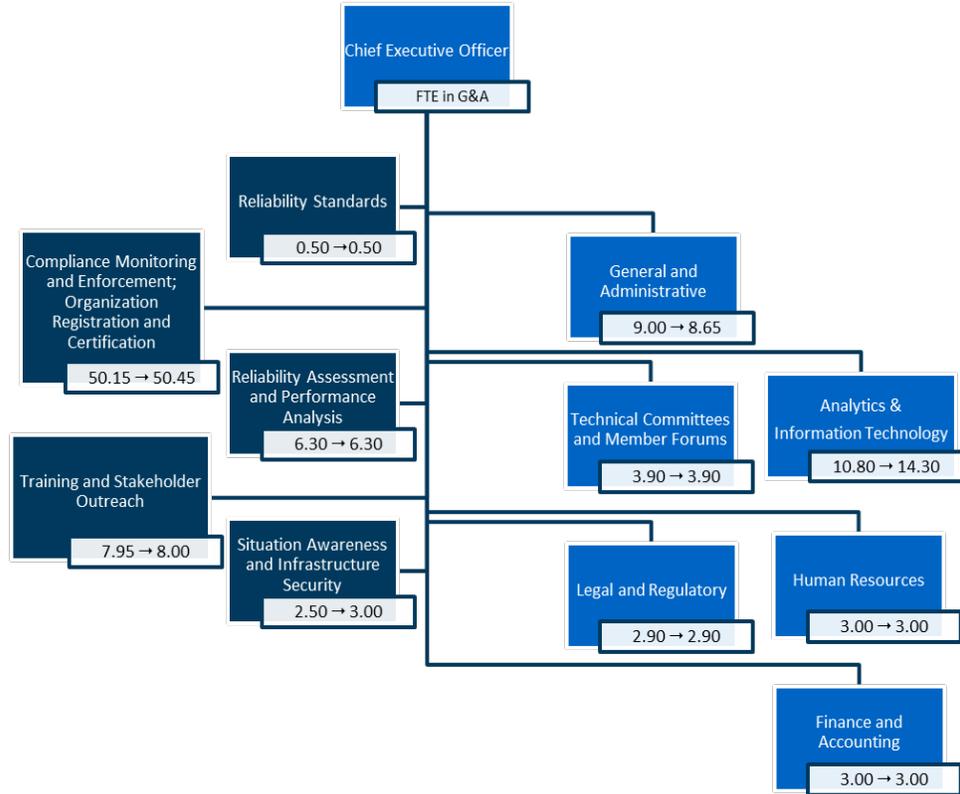
Statement of Financial Position

Statement of Financial Position			
2020 Audited, 2021 Projection, and 2022 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit)	Projected	Budget
	31-Dec-20	31-Dec-21	31-Dec-22
ASSETS			
Cash and cash equivalents	\$ 4,799,061	\$ 4,370,760	\$ 5,081,765
Investments	7,671,990	7,671,990	6,671,990
Accounts receivable, net	35,000	-	-
Prepaid expenses and other assets	317,479	250,000	250,000
Property and equipment, net	1,947,224	1,826,788	1,565,788
Total Assets	\$ 14,770,754	\$ 14,119,538	\$ 13,569,543
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 308	\$ 40,000	\$ 40,000
Accrued expenses	4,149,903	4,100,000	4,100,000
Deferred revenue	96,010	30,000	30,000
Other liabilities	900,913	875,913	850,913
Total Liabilities	\$ 5,147,134	\$ 5,045,913	\$ 5,020,913
Unrestricted net assets	9,623,620	9,073,625	8,548,630
Total Liabilities and Net Assets	\$ 14,770,754	\$ 14,119,538	\$ 13,569,543

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

Appendix A: Organization Chart

The SERC Organization chart shown here compares 2021 and 2022 SERC personnel counts.



2021 FTE: 100.00
2022 FTE: 104.00

- Statutory Program Area
- Corporate Services Program Area

Figure 2. SERC Organization Chart

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