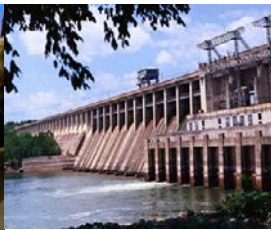




RELIABILITY FIRST

2021 Business Plan & Budget Draft Version 1

**Carol Baskey, Treasurer, and Manager
Finance and Accounting**



2021 Budget Overview

➤ Total 2021 Budget: \$24,992,538

Total 2021 Budget Change vs 2020	5.7%	\$1,341,676
• Personnel Expense	7.3%	\$1,441,343
• Operating and Fixed Asset	(2.6)%	\$(99,668)

➤ Total 2021 Assessment: \$23,211,368

• Assessment Change	4%	\$892,745
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➤ Total 2021 FTEs: 84.35

- 2021 FTE Increase 5
- Budget includes 3 overlap FTEs



ReliabilityFirst Budget Process

- **Step One-Staff develops a preliminary budget.**
 - Activities are guided by the ERO Enterprise Long-Term Strategy.
 - COVID-19 impacts were discussed.
- **Step Two-BP&B first draft is presented to the ReliabilityFirst FAC and Board.**
 - COVID-19 impacts were discussed.
- **Step Three-Comment Period and Board Approval:**
 - BP&B posted for 30 day comment.
 - Second draft of budget is approved by Board
- **Step Four-Final Approval and Filing**
 - NERC submits final BP&B to FERC



2020 – 2021 Budget Comparison

	2020 Budget	2021 Budget	2020 vs. 2021 Budget Over (Under)	
Funding				
Assessments	\$ 22,318,623	\$ 23,211,368	\$ 892,745	4.0%
Penalties	267,627	4,315,000	\$ 4,047,373	
Miscellaneous	50,000	50,000	-	
Total Funding	\$ 22,636,250	\$ 27,576,368	\$ 4,940,118	
Expenses				
Personnel Expenses	\$ 19,868,754	\$ 21,310,097	\$ 1,441,343	
Meetings	1,075,059	1,029,635	(45,424)	
Operating	2,317,049	2,435,306	118,257	
Non-Operating	-	-	-	
Total Expenses (A)	\$ 23,260,862	\$ 24,775,038	\$ 1,514,176	
Fixed Assets				
Computer, Software, Equipment	140,000	217,500	77,500	
Furniture & Fixtures	14,000	-	(14,000)	
Leasehold Improvements	236,000	-	(236,000)	
Net Fixed Assets (B)	\$ 390,000	\$ 217,500	\$ (172,500)	
Total Budget (A + B)	\$ 23,650,862	\$ 24,992,538	\$ 1,341,676	5.67%
FTEs	79.35	84.35	5.0	6.3%



Additional FTEs

➤ **New FTEs**

- 1 Operations and Planning Auditor
- 1 Chief Security Officer
- 2 Security Professionals
- 1 Front Desk Receptionist

➤ **Retirement Strategy**

- In 2020, 6% of RF staff at or over retirement age, and 19% eligible over next five years
- 3 FTE overlap positions



2021 Budget vs 2020 Budget

Personnel Expenses	Total Change From 2020	% of Budget Increase
Direct Salaries	8.9%	\$1,256,876 93.7%
Merit Increases/Promotions	3.8%	
Additional FTEs	100%	
Talent Overlap Strategy	81%	
Payroll Taxes	11%	\$92,928 7%
Training and Education	(33.2%)	(\$168,896) (12.6%)
Medical Benefits	5.9%	\$108,808 8.1%
Retirement Costs	7%	\$164,765 12.3%
Operating Expenses		
Meetings*	(0.6%)	(\$2,065) (.2%)
Travel	(6.9%)	(\$47,919) (3.6%)
Contractors	(32.5%)	(\$156,537) (12%)
Additional Office Space	100%	\$75,000 5.6%
Office Costs	18.1%	\$147,016 11%
Professional Services	8.8%	38,852 3%
Fixed Assets	(44.2%)	(\$172,500) (12.9%)

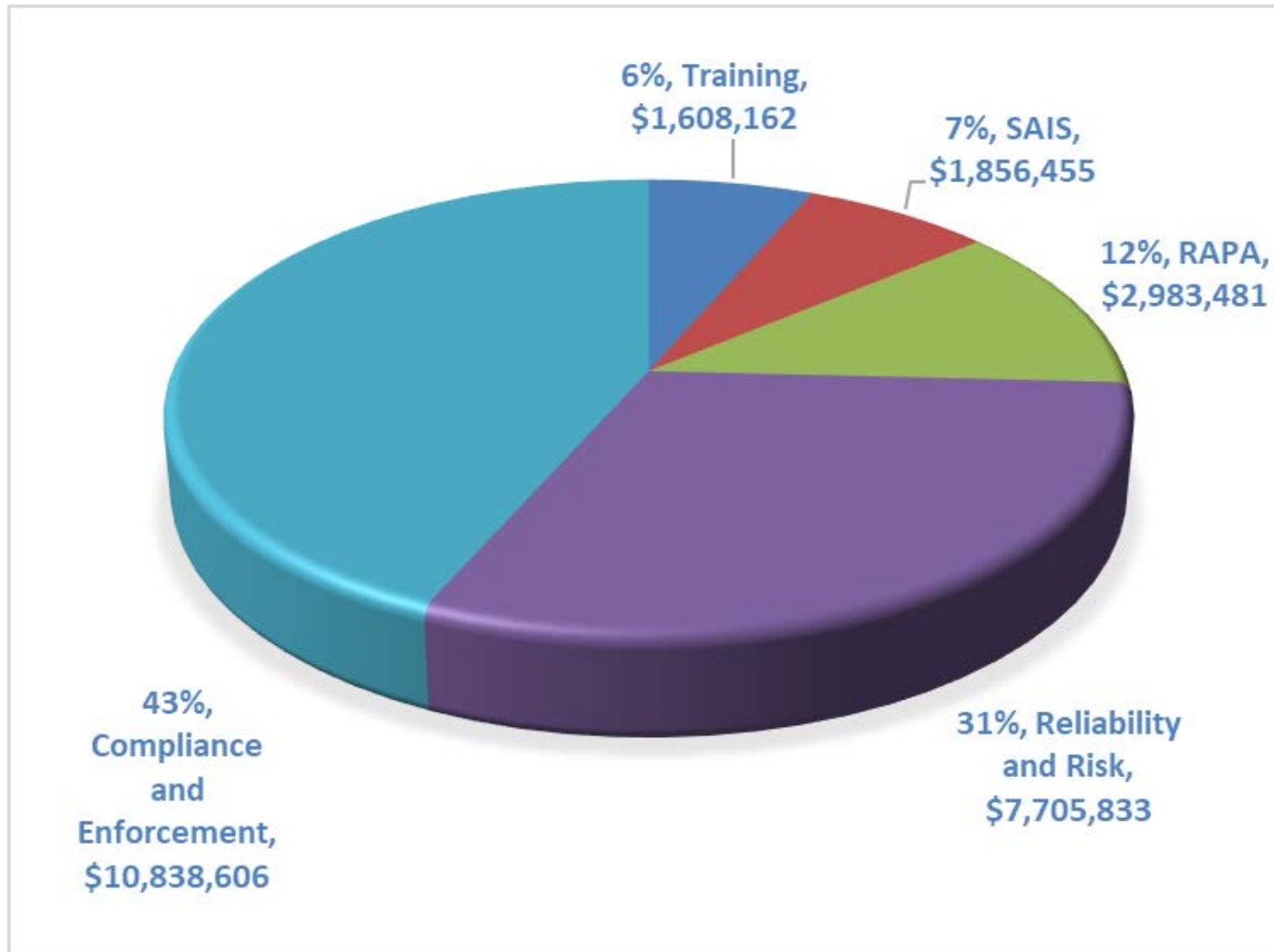


Staffing Allocation

Total FTEs by Program Area	2020 Budget	2020 Projection	2021 Budget	Change from 2020 Budget
STATUTORY				
Operational Programs				
Reliability Standards	0.00	0.00	0.00	0.00
Reliability and Risk	16.00	19.00	20.00	4.00
Compliance Monitoring and Enforcement	29.00	28.00	30.00	1.00
Reliability Assessment and Performance Analysis	6.60	7.60	6.60	0.00
Training and Education	3.00	3.00	3.00	0.00
Situation Awareness and Infrastructure Security	8.00	5.00	5.00	-3.00
Total FTEs Operational Programs	62.60	62.60	64.60	2.00
Administrative Programs				
General and Administrative	3.00	3.00	4.00	1.00
Legal and Regulatory Affairs	3.00	3.00	3.00	0.00
Information Technology	6.00	6.00	7.00	1.00
Human Resources	2.00	2.00	3.00	1.00
Finance and Accounting	2.75	2.75	2.75	0.00
Total FTEs Administrative Programs	16.75	16.75	19.75	3.00
Total FTEs	79.35	79.35	84.35	5.00

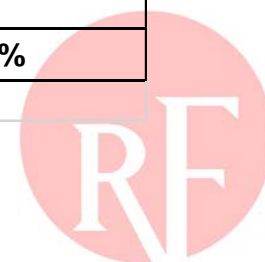


2021 Budget by Program Area



2022 and 2023 Projections

Budget Projections	2022	2023
Personnel Expense	2.6%	3.7%
• Wages: 3%	x	x
• Medical/Dental: 12% /8%	x	x
• 5 Positions from 2022	-	x
Meeting Expense	2.5%	2.5%
Travel Expense	3.0%	3.0%
Operating Expense	6.5%	4.9%
• CMEP Data Migration - \$35K	x	-
• Capability Management Software for Building Models and Measuring Maturity for Various Business Processes - \$75K	x	-
• Penetration Testing \$60K	x	-
• Program Improvements	-	x
Projected Budget Low Range	3.0%	3.8%
Additional Budget Items		
Personnel Expense	6.4%	9.9%
• 5 Positions	x	-
• 3 Positions	-	x
Projected Budget Range	3.0% to 6.2%	3.8% to 9.1%



Working Capital

- **The 2021 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize and minimize large fluctuations in the annual assessments.**
 - Developed a multi-year plan that provides stakeholders with a pragmatic expectation of future assessments.
- **For 2021, \$2,426K of working capital reserve is being utilized to offset the assessment and minimize the variance from the 2020 assessment.**
- **The Targeted Working Capital balance of \$4,845K will be used to stabilize assessments in future years.**



Operating Reserve

- **It is the policy of ReliabilityFirst to maintain 10% of the budgeted year's expenses, or a minimum of \$1,000,000, as the Operating Reserve.**
- **For 2021, ReliabilityFirst Board approved a \$1,000,000 operating reserve.**
- **The Operating Reserve Fund is set aside each year with the intention of providing for unbudgeted or unexpected expenditures.**



Questions & Answers

Forward Together  **ReliabilityFirst**