



ReliabilityFirst 2022 Business Plan and Budget Overview

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2022 Statutory Budget and Assessment Overview

- **First Draft 2022 budget \$26,219,927 (5.8% increase from 2021)**
- **First Draft 2022 assessment \$23,447,945 (3% increase from 2021)**
 - Releasing approximately \$2M in penalties and \$1M in reserves
- **Total 2022 FTEs 88.6 (4.25 FTE change from 2021)**



Budget Development 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
 - No stakeholder comments (last day was May 15)
 - Second draft of budget is approved by Board

- **Step Four-Final Approval and Filing**
 - NERC submits final BP&B to FERC



2022 Budget Drivers

➤ New FTE's

- 1 Human Resources Generalist
- 1 CIP and 1 O&P Auditor
- 1 Enforcement Attorney
- .25 FTE to change status of headcount from part-time to full-time

➤ Retirement Strategy

- In 2021, 6% of RF staff at or over retirement age, and 25% eligible over next five years
- 5 Retirements in 2021
 - 2 FTE overlap positions will decrease by 1



2022 Budget by Category

2022 Total Budget Increase: 5.8%; \$26,219,927

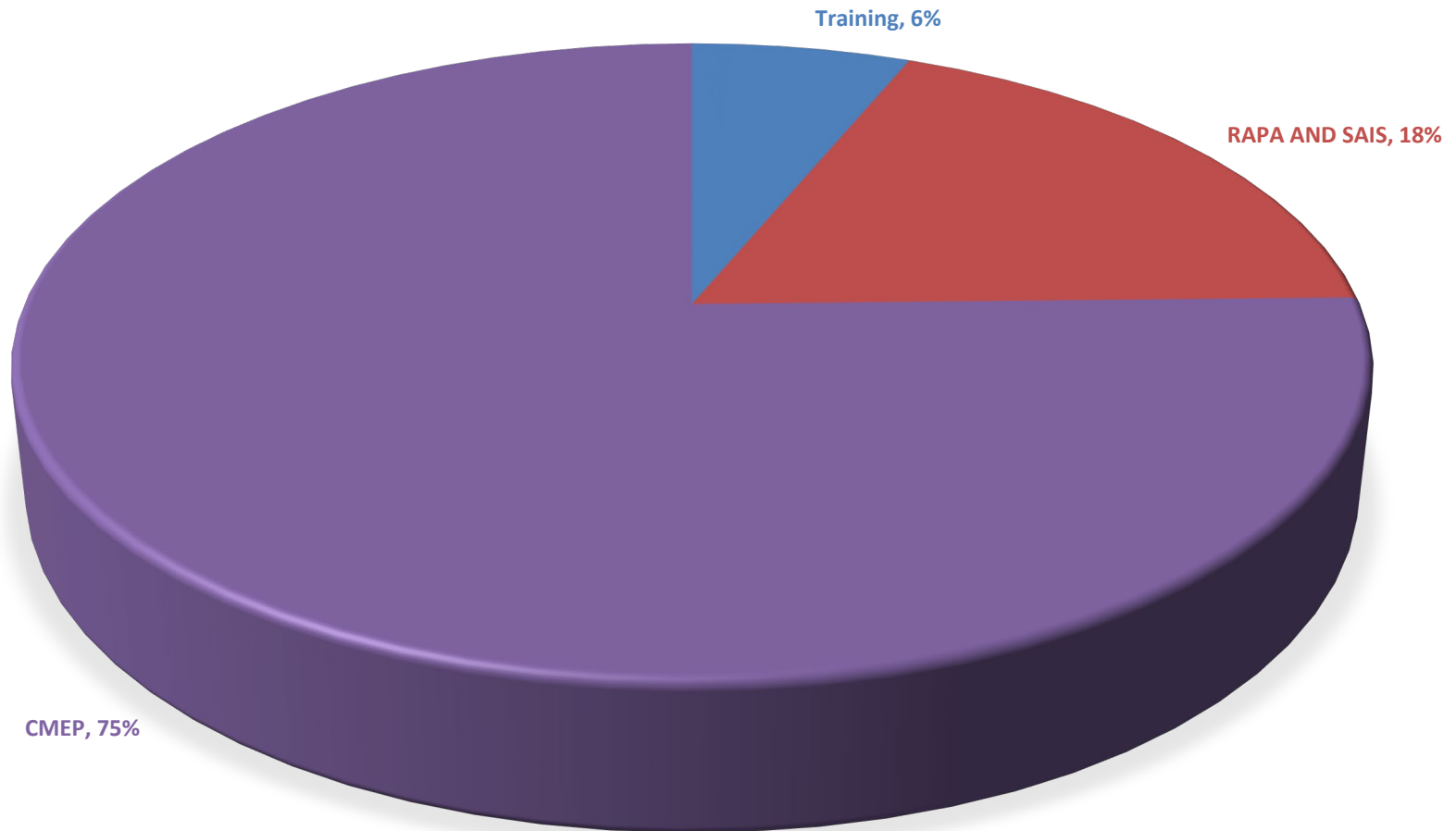
- Personnel Expenses: 5.3%; \$22,281,438
- Operating Expenses: 8.4%, \$3,938,489

Personnel Expenses	Total Change From 2021		% of Budget Increase
Direct Salaries	5.9%	\$897,222	63%
Additional FTEs	100%	\$463,804	
Payroll Taxes	6.2%	\$57,637	4%
Training and Education	2.5%	8,400	.6%
Medical Benefits	2.3%	\$42,157	3%
Retirement Costs	4.3%	\$108,318	8%
Operating Expenses			
Meetings	0%	\$0	0%
Travel	0%	\$0	0%
Contractors	38.3%	124,296	9%
Rent	(4.8%)	(\$30,000)	(2%)
Office Costs	16.1%	\$153,612	11%
Professional Services	31.3%	\$150,430	11%
Fixed Assets	(44.8%)	(\$97,500)	(7%)

Only includes major expenses



2022 Budget by Program Area



2022 Assessment Details

- **First Draft 2022 assessment \$23,447,945 (3% increase from 2021)**
 - Releasing approximately
 - \$2M in penalties
 - \$1M in reserves



Assessment Stabilization Analysis

➤ Objective

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

➤ Assumptions

- Penalty dollars released on average (without anomalies) \$1M
- 2023 and 2024 budgets increase based upon projections.
- The Working Capital Reserve does not include the \$1M Operating Reserve.



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 2022, 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.**



Working Capital

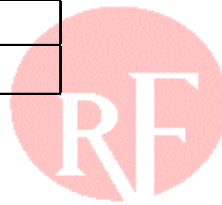
- **The 2022 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize and minimize large fluctuations in the annual assessments.**
 - Developed a multi-year plan that provides stakeholders with a pragmatic expectation of future assessments.
- **The Targeted Working Capital balance of approximately \$5M will be used to stabilize assessments in future years.**

Projected Reserve Balances		
	December 31, 2021	December 31, 2022
Working Capital	\$6.1M	\$5.2M
Operating Reserve	\$1M	\$1M
Unreleased Penalties and Ending Assessment Stabilization Reserve	\$2.2M	-



2023 and 2024 Projections

Budget Projections	2023	2024
Personnel Expense	4.3%	3.5%
• Wages: 3%	x	x
• Medical/Dental: 10% /5%	x	x
• Hire 2 additional FTEs	x	-
Meeting Expense	2.0%	2.0%
Travel Expense	3.0%	3.0%
Operating Expense	7.4%	7.1%
• CMEP Data Migration - \$35K	x	-
• Capability Management Software for Building Models and Measuring Maturity for Various Business Processes - \$50K	x	-
• Penetration Testing \$40K	x	-
Projected Budget Low Range	4.6%	3.9%
Additional Budget Items		
Personnel Expense	6.9%	8.7%
• 5 Positions (Including 2 FTE's from Low Range)	x	-
• 3 Positions (In Addition to the 5 FTEs from 2023 High Range)	-	x
Data Analytics Software/Hardware	x	x
Projected Budget High Range	7.4%	8.8%
Projected Budget Range	4.6% to 7.4%	3.9% to 8.8%



Questions & Answers

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