

Midwest Reliability Organization

2025 Draft Business Plan and Budget

Approved by MRO Board of Directors:



**MIDWEST
RELIABILITY
ORGANIZATION**

Public

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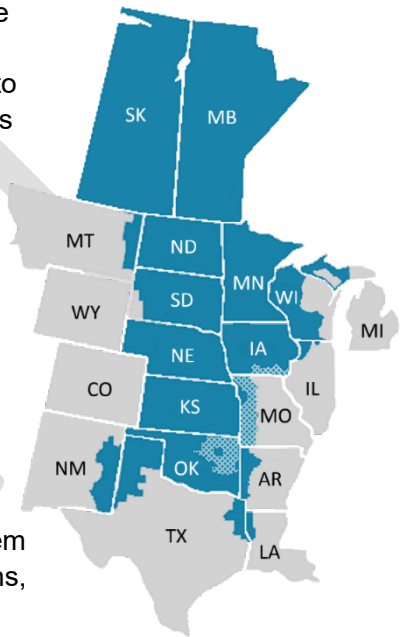


PREFACE

Midwest Reliability Organization (MRO) is dedicated to its vision of **a highly reliable and secure North American bulk power system**. To ensure reliability of the bulk power system in the United States, Congress passed the Energy Policy Act of 2005, creating a new regulatory organization called the Electric Reliability Organization (ERO) to establish mandatory Reliability Standards and monitor and enforce compliance with those standards on those who own, operate or use the interconnected power grid.

In 2006, the Federal Energy Regulatory Commission (FERC) approved¹ the North American Electric Reliability Corporation (NERC) as the ERO under section 215(e)(4) of the Federal Power Act. NERC delegates² its authority to monitor and enforce compliance to six Regional Entities³ established across North America, including MRO. Recognizing the international nature of the grid, NERC as the ERO, along with MRO, established similar arrangements with provincial authorities in Canada. Together, NERC and the Regional Entities are known as the ERO Enterprise.

The MRO region spans the provinces of Saskatchewan and Manitoba, and all or parts of sixteen states, including: Arkansas, Illinois, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin. The region includes approximately 245 organizations that participate in the production and delivery of electric power, including municipal utilities, cooperatives, investor-owned utilities, transmission system operators, federal power marketing agencies, Canadian Crown Corporations, and independent power producers.



MRO's primary responsibilities include:

- Participate in and help to develop reliability standards that serve to mitigate risk to reliability and security of the North American bulk power system.
- Monitor and enforce compliance with mandatory reliability standards by entities who use, own or operate the regional grid.
- Conduct assessments of the bulk power grid's ability to meet projected electricity demand within the region.
- Assess regional system events and share lessons learned and best practices with industry participants.

¹ 16 U.S.C. 824 o (e)(4)

² Order Conditionally Approving Revised Pro Forma Delegation Agreement and Revised Delegation Agreements with Regional Entities, 173 FERC ¶61,277 (December 2020).

³ 16 U.S.C. § 824o(a)(7)



Additionally, MRO creates open forums for stakeholder experts in the region to discuss important topics related to reducing both reliability and security risks and improving reliable operations of the bulk power system.

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INTRODUCTION

Overview

Midwest Reliability Organization

MRO is a Delaware nonprofit corporation that is a cross-border Regional Entity operating under a delegation agreement (Delegation Agreement) with NERC and in accordance with the MRO Bylaws. MRO's current Delegation Agreement was approved by FERC pursuant to FERC's authority under the FPA and is effective through December 31, 2025.

MRO achieves its vision of a highly reliable and secure North American bulk power system through a shared mission with the ERO Enterprise to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system. MRO is unique in that it uses the theory and principles of High Reliability Organizations⁴ as a framework for supporting reliable operations of the bulk power system within its geographic footprint. MRO promotes Highly Effective Reliability Organizations® (or HEROs) that implement high standards of operational excellence to avoid catastrophic events in an environment where accidents are expected due to complexity and risk. Working closely with registered entities (those companies that own, operate or use the interconnected power grid) and subject matter experts in the region, MRO continually identifies and assesses risks to reliability and security of the regional bulk power system.

This business plan and budget (BPB) supports the ERO Enterprise strategic roadmap, which was developed collaboratively by leadership teams across the ERO Enterprise. Region-specific activities to support the direction of the ERO Enterprise to address risk will be reflected in MRO's 2025-2027 three-year strategic plan, which will be published in the fourth quarter of 2024.

Membership and Governance

MRO membership consists of members and adjunct members. Membership is free of charge and enables industry participation on organizational groups and the board of directors. As of April 2024, MRO had 102 members, eleven of which are non-voting, adjunct members. Each voting member organization belongs to one of seven industry sectors:

- Transmission System Operator
- Generator and/or Power Marketer
- Investor Owned Utility
- Cooperative
- Municipal Utility
- Federal Power Marketing Agency
- Canadian Utility

⁴ <https://www.mro.net/wp-content/uploads/2022/07/Five-Principles-of-High-Reliability-Organizations.pdf>



MRO's Board of Directors is a hybrid board consisting of a combination of independent and balanced stakeholder board members. There are 17 stakeholder directors elected by members from the seven industry sectors, plus four independent directors and two regional directors elected by all members. Pursuant to MRO's Bylaws, no two industry sectors can control a vote. The board has adopted procedures to ensure it carries out its responsibilities free of conflicts of interest.

The board has three committees that provide functional oversight of MRO's operations:

- Finance and Audit Committee (FAC)
- Governance and Personnel Committee (GPC)
- Organizational Group Oversight Committee (OGOC)

The board has established three stakeholder-led advisory councils:

- Compliance Monitoring and Enforcement Program Advisory Council (CMEPAC)
- Reliability Advisory Council (RAC)
- Security Advisory Council (SAC)

Industry subject matter experts from member companies serve on the advisory councils and assist with identifying risks to the reliability and security of the regional bulk power system, developing mitigation strategies, and expanding outreach efforts to help registered entities become more aware of and reduce risk to their individual systems. In addition to producing educational materials for the region in the form of newsletter articles and webinars, each of the advisory councils sponsors one major outreach conference annually. The advisory councils also contribute to the development of MRO's annual Regional Risk Assessment (RRA).

Each advisory council may have subgroups that it oversees. All organizational group charters are published on MRO's website. Board-approved [Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups](#) sets out the processes for the organizational groups and MRO sponsored NERC representatives. Three active subgroups include the NERC Standards Review Forum (NSRF), which meets weekly to discuss ongoing NERC Standards projects, the Protective Relay Subgroup (PRS), which focuses on protection system misoperations and power system events in the region, and the SAC Threat Forum (SACTF), which is a weekly secured mechanism for MRO and Electricity-Information Sharing and Analysis Center (E-ISAC) staff to discuss timely threat information with the electric industry.

The advisory councils also work with staff and the board's OGOC to interface with NERC technical committees to increase awareness of NERC activities to reduce risk and avoid duplication of efforts. MRO sponsors staff from member companies to participate in NERC technical committee meetings that are focused on risks most material to the MRO region. These representatives report back to one of the advisory councils and are assigned a staff member to assist with these efforts.



Pursuant to [*Policy and Procedure 2: Expense Reimbursement*](#), organizational group members and NERC representatives are reimbursed for travel costs associated with MRO and NERC organizational group participation.

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ERO ENTERPRISE MODEL AND TRANSFORMATION

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

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

As the ERO Enterprise continues to mature, the organizations are working on a transformation initiative to further leverage resources, enhance communication and collaboration, and ensure grid reliability. A set of declarations has been established, 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
- Support innovation, initiatives, and the sharing of best practices across the ERO Enterprise

Building upon these commitments, the ERO Enterprise is guided by the value drivers shown in the graphic below and engages 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 Regional Entities, and the different corporate and governance responsibilities of each entity.

In 2019, ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and to ensure alignment with the BPS risks identified by NERC's Reliability Issues Steering Committee (RISC). This strategy, which was approved by NERC's Board on December 12, 2019, 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-based security capability.
4. Strengthen engagement across the reliability and security ecosystem in North America.
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 BPB may reference how activities support each of the strategic focus areas.

Since risks to reliability and security are fluid and often reflect 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.

MRO Strategic and Operational Planning

Key Strategic Goals and Supporting Activities

MRO's President and CEO established a three-year strategic plan for MRO staff in 2022 through 2024. The strategic priorities in the plan support MRO's vision and mission and the *ERO Enterprise Long-Term Strategy*. They are forward-looking and serve to guide the key objectives and support activities found within MRO's Strategic Plan⁵.

Priority 1: People

Ensure that MRO remains an innovative, resilient, and high performing organization with an increased emphasis on leadership development and culture. The future of MRO relies upon developing the next generation of leaders that will continue to advance the organization's vision and mission. Improving staff training, creating career advancement and development opportunities, focusing on soft skills (in addition to technical competency), and fostering a culture of diversity, equity and inclusion are objectives in this area.

Priority 2: Processes

Drive operational excellence throughout MRO in all processes and procedures, while emphasizing effectiveness and efficiency. Amazing results can be achieved through a mindset of continuous improvement and the ability to imagine an invented future. Leveraging the skills of futuristic thinkers at MRO, across the ERO, and within industry, is critical to addressing complex and evolving risk. Planning for the future must be integrated with delegated responsibilities and MRO's public trust obligation to be an effective and efficient regulator, and to use funding wisely.

Priority 3: Partnerships

Develop a nimble, adaptive, and collaborative culture that allows MRO to carry out its mission as a trusted and valued member of the ERO Enterprise. The electricity industry is facing numerous dynamic challenges that require forward-thinking insight and analysis to develop and support initiatives that ensure a highly reliable and secure bulk power system into the future. Increased coordination across all industry stakeholders, as well as other critical infrastructure sectors, is critical to MRO's success.

⁵ MRO is due to renew its 3-year strategic plan in 2024. Strategic priorities identified in the new plan will be in support of the ERO Enterprise Long-Term Strategy. Details of the plan are to be determined.



2025 BUSINESS PLAN AND BUDGET OVERVIEW

Budget and Funding Requirements

In connection with the current delegation agreement to ensure the delegated functions have reasonable funding, NERC funds MRO with the monies necessary to carry out its activities as per the agreement. A formula is devised that allocates charges among the load-serving entities within the boundaries served by MRO, based on net energy for load (NEL). MRO's total NEL is 514,164,004 MWH: US NEL 463,368,204 MWH; Canada NEL 50,795,800 MWH⁶

MRO provides NERC with a board approved annual operating budget on or before June 30 of each year. MRO used shared ERO Enterprise-wide assumptions, internal strategic assumptions, and corporate risk assumptions in developing this 2025 Business Plan and Budget (BPB). Prior to obtaining final approval from its board of directors, MRO seeks NERC input and review of the annual BPB, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

MRO's 2025 total budget (\$26.7M) increased by 7.5 percent from the 2024 total budget (\$24.9M). The 2025 statutory assessment (\$25.2M) represents a 7 percent increase from the 2024 assessment. Significant draws of MRO's reserve balance were used to offset prior years' variances between the budgeted expenditures and assessments, where increased budget costs and fewer reserves resulted in higher assessments. MRO proposes to use \$1.5M of its remaining assessment stabilization reserves to manage the variance between the budgeted expenditures and assessments in 2025. See the [Reserve Analysis Table](#) for details.

The following are major drivers of budget expense changes in the 2025 BPB compared to the 2024 budget.

Personnel – 12.8% increase

Full-Time Equivalent (FTE) increased by three in the 2025 BPB to eighty-three. An evaluation of MRO's personnel resources identified the need for additional staff in the Reliability Analysis Department to support the priorities related to stakeholder outreach and the Interregional Transfer Capability Study. The allocation of FTEs is represented in table 4. An explanation of the FTE variances is included in the Personnel Analysis and Expenses section.

Salaries increased in the 2025 BPB due to a compensation study that was implemented in 2024 of all staff positions. The study included an evaluation of the current job market and competition for talent and resulted in changes to MRO's pay philosophy. The 2025 BPB salary percentages reflect the combination of new salary bases with a salary increase of 3 percent and an additional 2 percent allotted for promotions and market adjustments.

The average health care premium cost per employee in the 2025 BPB was calculated based on assumptions provided by MRO's benefit provider, which reflected an increase over what was budgeted in 2024. The proposed increase in FTEs also impacts 2025 health care premium costs. The per employee cost is applied to each department based on the number of FTEs.

⁶ NEL totals were reported in June 2023 for the 2024 Business Plan and Budget (BPB). NEL totals for the purpose of the 2025 BPB will be available June 2024.



Meetings and Travel – 5.0% decrease

MRO will host most outreach and training events that support the strategic plan at its Saint Paul office in 2025, with the exception of one off-site conference planned in the southern area of MRO's regional footprint. Prior years' actual costs, along with emerging trends related to use of virtual technology, slightly reduced travel for MRO staff and members in the 2025 BPB.

Operating Expenses – 5.5% decrease

The Reliability Analysis Department will implement a newly identified ERO-wide software contract in 2025, resulting in an increase in consultant and contract support.

Other 2025 BPB operating expenses are decreasing as a result of MRO's continued hybrid work environment and reduced facility maintenance and office supply costs.

Fixed Assets – 51.6% decrease

Three four-year cyclical asset replacements were completed in 2024 resulting in a decrease in Capital Asset Expenditures in the 2025 BPB.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget & Projection, and 2025 Budget						
STATUTORY						
	2024 Budget	2024 Projection	Variance 2024 Budget v 2024 Projection Over(Under)	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
Funding						
ERO Funding						
NERC Assessments	\$ 23,583,367	\$ 23,583,367	\$ -	\$ 25,234,203	\$ 1,650,836	7.0%
Penalties Released*	118,607	118,607	-	621,250	502,643	
Interest & Investment Income	419	419	-	15,600	15,181	
Total Funding (A)	\$ 23,702,393	\$ 23,702,393	\$ -	\$ 25,871,053	\$ 2,168,659	9.1%
Expenses						
Personnel Expenses						
Salaries	\$ 14,236,654	\$ 14,236,654	\$ -	\$ 16,663,420	\$ 2,426,766	
Payroll Taxes	940,730	940,730	-	1,057,570	116,840	
Benefits	1,653,189	1,653,189	-	1,744,112	90,923	
Retirement Costs	2,525,303	2,525,303	-	2,365,061	(160,242)	
Total Personnel Expenses	\$ 19,355,876	\$ 19,355,876	\$ -	\$ 21,830,163	\$ 2,474,287	12.8%
Meeting Expenses						
Meetings & Conference Calls	\$ 200,000	\$ 200,000	\$ -	\$ 182,275	\$ (17,725)	
Travel	512,925	512,925	-	494,711	(18,214)	
Total Meeting Expenses	\$ 712,925	\$ 712,925	\$ -	\$ 676,986	\$ (35,939)	-5.0%
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ 1,150,498	\$ 1,150,498	\$ -	\$ 1,196,080	\$ 45,582	
Office Rent	1,171,880	1,171,880	-	1,136,000	(35,880)	
Office Costs	1,244,266	1,244,266	-	1,043,805	(200,462)	
Professional Services	581,000	581,000	-	545,300	(35,700)	
Miscellaneous	-	-	-	-	-	
Total Operating Expenses	\$ 4,147,644	\$ 4,147,644	\$ -	\$ 3,921,185	\$ (226,460)	-5.5%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Indirect Expenses	\$ -	\$ -		\$ -		
Total Expenses (B)	\$ 24,216,445	\$ 24,216,445	\$ -	\$ 26,428,333	\$ 2,211,888	9.1%
Change in Net Assets (=A - B)	\$ (514,052)	\$ (514,052)	\$ -	\$ (557,281)	\$ (43,229)	
Fixed Asset Additions, excluding Right of Use Assets (C)	668,000	668,000	-	323,000	(345,000)	-52%
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 24,884,445	\$ 24,884,445	\$ -	\$ 26,751,333	\$ 1,866,888	7.5%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ (1,182,052)	\$ (1,182,052)	\$ -	\$ (880,281)	\$ 301,771	
FTEs	80.00	80.00	-	83.00	3.00	-

Table 1: Statement of Activities



2025 Program Area Budgets

The following table shows 2025 versus 2024 budget comparison by program area. The amounts reflect all direct departmental costs, including fixed asset expenditures, as well as indirect costs incurred for Administrative Services (formerly called Administrative Programs), which are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. [See Administrative Services section](#) for discussion on this allocation method.

2025 versus 2024 Total Budget by Program

Base Operating Budget	Budget		Variance	
	2024	2025	2025 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 67,514	\$ 77,433	\$ 9,919	14.7%
Compliance Enforcement	16,206,382	16,633,515	427,133	2.6%
Reliability Analysis, Organization Registration and Certification	5,479,694	6,911,276	1,431,582	26.1%
Training and Education	1,920,488	1,885,437	(35,051)	-1.8%
Situation Awareness and Infrastructure Security	1,210,366	1,243,672	33,306	2.8%
Total	\$ 24,884,445	\$ 26,751,333	\$ 1,866,888	7.5%

Table 2: Budget by Program

Major Budget Drivers by Program Area

The 2025 budget for each program area is increasing over 2024, except for Training and Education. The increases are primarily due to a combination of the following: (1) assumptions related to personnel, particularly increases in FTEs (see personnel analysis table below), which may also result in higher allocations of indirect and fixed asset costs from the Administrative Services departments; and (2) costs related to capital expenditures, which are allocated to the statutory program departments. In many departments, these increases are offset by decreases in spending in other areas. Details on the statutory program and Administrative Services budgets are available in the 2025 Program Area and Department Detail section.

The following is a summary of major budget drivers by statutory program.

Reliability Standards

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#); inter-departmental allocation of existing FTEs to this program area increased (see personnel analysis table).
- **Indirect Expenses** – Increase in FTEs in this area resulted in an increase in expenses for Administrative Services allocated to each statutory program based on the number of FTEs.



Compliance Monitoring and Enforcement Program (CMEP)

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#).
- **Contractors and Consultants** – Decrease in costs related to administration and external support of Align and the ERO SEL.
- **Office costs** – Reclassification of employee-related expenditures to personnel costs.
- **Indirect Expenses** – Increase in expenses for Administrative Services allocated to each statutory program based on number of FTEs.
- **Fixed Assets** – Decreased allocation due to reduction in overall capital expenditures.

Reliability Analysis and Organization Registration and Certification

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#), including an increase of FTEs (see personnel analysis table).
- **Meeting Expenses** – An increase in meetings and both staff and member travel is expected because of new energy assessment work.
- **Consultants and Software Contracts** – Increase in work related to energy assessments and further transfer capability studies.
- **Indirect Expenses** – The Increase in FTEs in this area resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.
- **Fixed Assets** – Decreased allocation due to reduction in overall capital expenditures.

Situation Awareness and Infrastructure Security

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#).
- **Indirect Expenses** – The increase in inter-departmental allocation of FTEs in this area has resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.

Training and Education

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#).
- **Meeting Expenses** – No co-hosted conferences planned in 2025.



- **Indirect Expenses** – The increase in inter-departmental allocation of FTEs in this area has resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.

Administrative Services

	Administrative Services (in whole dollars)		
	Direct Expenses and Fixed Assets		Increase (Decrease)
	2024 Budget	2025 Budget	
General and Administrative	\$3,417,244	\$3,549,836	\$132,592
Legal	\$687,028	\$676,865	-\$10,163
Information Technology	\$3,500,772	\$3,234,235	-\$266,537
Human Resources	\$726,633	\$820,202	\$93,569
Finance and Accounting	\$1,307,313	\$1,519,606	\$212,293
Total Administrative Services	\$9,638,989	\$9,800,743	\$161,754

Table 3: Budget by Administrative Service Area

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#), including the net result of allocating existing staff time to the work of corporate administration (see personnel analysis table).
- **Contractors and Consultants** – The increase is due to additional support needs that benefit the entire MRO organization.
- **Office Costs** – An increase in staff training, ongoing staff certifications, and other professional development is expected in 2025.
- **Fixed Assets** – Replacement of end-of-life technology assets completed in prior year.
- **Professional Services** – Includes increase in independent board director fees.

2025 Personnel Analysis and Expenses

The following table presents a 2025 versus 2024 comparison of budgeted FTEs by department. Also see the [MRO Staff Organization Chart](#).

FTEs	Budget 2024	Budget 2025	from 2024 Budget	
Reliability Standards	0.16	0.18	0.02	12.5%
Compliance Monitoring	19.10	19.00	(0.10)	-0.5%
Compliance Risk Assessment and Mitigation	16.30	16.28	(0.02)	-0.1%
Compliance Enforcement	3.47	3.50	0.03	0.9%
Training and Education	4.56	5.00	0.44	9.6%
Reliability Analysis and Organization Registration and Certification	12.91	15.51	2.60	20.1%
Situation Awareness and Infrastructure Security	2.87	2.92	0.05	1.7%
Administrative Services	20.63	20.61	(0.02)	-0.1%
Total FTEs	80.00	83.00	3.00	3.8%

Table 4: Personnel Analysis

MRO is adding three new positions in 2025 to support the strategic areas of focus, resulting in a total increase of three FTEs in 2025 from 2024. The FTE table above reflects the additions as well as the following department FTE reallocations:

- Training and Education - FTEs are the net result of allocating existing staff time to the work of outreach.
- Reliability Analysis and Organization Registration and Certification – Two FTEs are being added in response to new work with energy assessments and transfer capability studies, and one FTE is dedicated to external affairs. One half of an FTE from an existing staff in Reliability Analysis is allocated as support to Training and Education.



Personnel Expenses	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
Total Salaries	\$ 14,236,654	\$ 16,663,420	\$ 2,426,766	17.0%
Total Payroll Taxes	940,730	1,057,570	116,840	12.4%
Total Benefits	1,653,189	1,744,112	90,923	5.5%
Total Retirement	2,525,303	2,365,061	(160,242)	-6.3%
Total Personnel Costs	<u>\$ 19,355,876</u>	<u>\$ 21,830,163</u>	<u>\$ 2,474,287</u>	<u>12.8%</u>
FTEs	80.00	83.00	3.00	3.8%
Cost per FTE				
Salaries	177,958	\$ 200,764	22,806	12.8%
Payroll Taxes	11,759	12,742	983	8.4%
Benefits	20,665	21,013	349	1.7%
Retirement	31,566	28,495	(3,072)	-9.7%
Total Cost per FTE	\$ 241,948	\$ 263,014	\$ 21,066	8.7%

Table 5: Personnel Expenses

The increase in overall personnel costs is primarily related to the addition of 3 FTEs, as well as the salary and benefit increase assumptions for existing staff discussed in the Personnel section under [budget and funding requirements](#).



Consultants and Contracts

Consultants	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
Consultants				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	35,000	50,000	15,000	43%
Reliability Analysis and Organization Registration and Certificati	-	60,000	60,000	
Training and Education	50,550	7,500	(43,050)	-85%
Situation Awareness and Infrastructure Security	10,000	10,000	-	0%
General and Administrative	130,000	30,000	(100,000)	-77%
Legal	-	-	-	
Information Technology	175,200	151,200	(24,000)	-14%
Human Resources	-	-	-	
Accounting and Finance	-	11,000	11,000	
Consultants Total	\$ 400,750	\$ 319,700	\$ (81,050)	-20%

Contracts	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
Contracts				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	40,000	-	(40,000)	-100%
Reliability Analysis and Organization Registration and Certificati	56,000	58,800	2,800	5%
Training and Education	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
General and Administrative	-	-	-	
Legal	-	-	-	
Information Technology	541,648	697,130	155,482	29%
Human Resources	107,100	115,200	8,100	8%
Accounting and Finance	5,000	5,250	250	5%
Contracts Total	\$ 749,748	\$ 876,380	\$ 126,632	17%

Table 6: Consultants and Contracts by Program Area

Significant variances to Consultants and Contracts expenses include:

- **Compliance Monitoring and Enforcement Program** – Discontinuing the use of WebCDMS and cancellation of that contract.
- **Reliability Analysis and Organization Registration and Certification** – Consulting is increasing due to support needed for energy assessment work.
- **General and Administrative** – Discontinued use of external organizational consulting.
- **Information Technology** – Addition of software contracts for new technology tools.



Fixed Assets

Fixed Assets	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
Computer Equipment	668,000	283,000	(385,000)	-57.6%
Capitalized Software	-	-	-	
Furniture and Equipment	-	-	-	
Leasehold Improvements	-	40,000	40,000	
Total Change in Fixed Assets	\$ 668,000	\$ 323,000	\$ (345,000)	-51.6%

Table 7: Fixed Assets

Significant variances in Fixed Asset Additions include:

- **Computer and Software CapEx** – Decreasing due to (1) the one-time purchase of end-of-life assets in 2024, and (2) extending the life of computer assets.
- **Leasehold Improvements Assets** – The increase in leasehold assets is related to the one-time reorganization of office space to accommodate the implementation of a Flex Forward office space strategy that allows for additional staff to be accommodated within existing office space.



Outside Funding

Outside Funding Breakdown By Program (Excluding Penalty Sanction)		Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget
Reliability Standards				
Interest Income		\$ -	\$ 45	\$ 45
Other		-	-	-
Total		\$ -	\$ 45	\$ 45
Compliance Monitoring, Enforcement				
Interest Income		\$ -	\$ 9,696	\$ 9,696
Other		-	-	-
Total		\$ -	\$ 9,696	\$ 9,696
Reliability Analysis, Organization Registration and Certification				
Interest Income		\$ -	\$ 3,878	\$ 3,878
Other		-	-	-
Total		\$ -	\$ 3,878	\$ 3,878
Training and Education				
Interest Income		\$ -	\$ 1,250	\$ 1,250
Other		-	-	-
Total		\$ -	\$ 1,250	\$ 1,250
Situation Awareness and Infrastructure Security				
Interest Income		\$ -	\$ 730	\$ 730
Other		-	-	-
Total		\$ -	\$ 730	\$ 730
General and Administrative				
Interest Income		\$ 419	\$ -	\$ (419)
Other		-	-	-
Total		\$ 419	\$ -	\$ (419)
Total Outside Funding		\$ 419	\$ 15,600	\$ 15,181

Table 8: Outside Funding

Significant increases to Outside Funding include:

- **Interest and Investment Income** – Recognition of interest earned on penalty funds held in an interest-bearing investment account over 12 months.

Reserve Analysis

Reserve Analysis 2023-2025				
	Total Reserves	Working Capital Reserves	30-Day Reserves	Assessment Stabilization Reserves (ASR)
Beginning January 1, 2023	7,186,361	437,890	1,669,530	5,078,941
Plus: Penalty Sanctions ¹	467,997			467,997
Plus: Release from ASR	299,097	299,097.00		
Plus: 2023 Assessments	20,507,276	20,507,276		
Adjustment for targeted 30-day reserves		(254,009)	254,009	
Less: 2023 Actual Expenditures	(20,982,512)	(20,982,512)		
Final Reserves December 31, 2023	7,478,219	7,742	1,923,539	5,546,938
Beginning January 1, 2024	7,478,219	7,742	1,923,539	5,546,938
Plus: Penalty Sanctions ¹	636,850	119,026		517,824
Plus: Release from ASR	324,829	1,182,052		(857,223)
Plus: 2024 Assessments	23,583,367	23,583,367		
Adjustment for targeted reserves up to \$1M		923,539	(923,539)	
Less: 2024 Projected Expenditures	(24,884,445)	(24,884,445)		
Projected Reserves December 31, 2024	7,138,819	931,281	1,000,000	5,207,539
Beginning January 1, 2025	7,138,819	931,281	1,000,000	5,207,539
Plus: Penalty Sanctions ¹	-	636,850		(636,850)
Plus: Release from ASR	-	880,281		(880,281)
Plus: 2025 Assessments	25,234,203	25,234,203		
Adjustment for targeted reserves up to \$1M		-		
Less: 2025 Projected Expenditures	(26,751,333)	(26,751,333)		
Projected Reserves December 31, 2025	5,621,689	931,281	1,000,000	3,690,408

Table 9: Reserve Analysis

MRO is projecting a total reserve budget of \$5.6M across all categories of reserves at the end of 2025. This is a decrease of \$1.5M (21%) from the total reserve amounts budgeted for the end of 2024 in the 2024 BPB. The reserve categories are as follows:

- **Working Capital** – The balance of assessments less expenditures.
- **30-Day Reserves** – Additional funds for unanticipated contingencies. MRO's policy requires a target of 30 days of the company's total expense and fixed asset budget, except as otherwise approved by the board, not to exceed \$1M.
- **Assessment Stabilization Reserve (ASR)** – This fund was established with surplus assessment dollars collected by SPP RE and then transferred to MRO following SPP RE dissolution. Today, this reserve retains the balance of said surplus, excess working capital and received penalties from U.S. entities. A portion of this reserve is released to offset assessments. In the 12 months ending June 30, 2024, MRO has collected and is proposing⁷ to deposit \$395K of penalty funds into the ASR. MRO is recommending the release of \$1.5M from the ASR to offset 2025 assessments, and

⁷ With NERC and FERC approval, penalty sanctions are added to the ASR and released to offset assessments in future years.



the ASR is projected to have a balance of \$3.7M at the end of 2025. Pursuant to §1107.4 of the NERC ROP, MRO requests that the Commission approve an exception to the requirement of ROP. §1107.2 that Penalties collected during the 12 months ended June 30 be used to reduce assessments in the following year, to allow MRO to implement the proposed ASR transactions.

2026 and 2027 Projections

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2026 through 2027 Projections								
	2025 Budget	2026 Projections	\$ Change 25 v 26	% Change 25 v 26	2027 Projection	\$ Change 26 v 27	% Change 26 v 27	
Funding								
ERO Funding								
NERC Assessments	\$ 25,234,203	\$ 27,252,939	\$ 2,018,736	8.00%	\$ 29,160,645	\$ 1,907,706	7.00%	
Penalty Reserves	636,850	-	(636,850)	-100.00%	-	-	-	
Membership Dues	-	-	-	-	-	-	-	
Testing Fees	-	-	-	-	-	-	-	
Services & Software	-	-	-	-	-	-	-	
Workshop Fees & Miscellaneous	-	-	-	-	-	-	-	
Interest & Investment Income	-	-	-	-	-	-	-	
Total Funding (A)	\$ 25,871,053	\$ 27,252,939	\$ 1,381,887	5.3%	\$ 29,160,645	\$ 1,907,706	7.0%	
Expenses								
Personnel Expenses								
Salaries	\$ 16,663,420	\$ 18,339,760	\$ 1,676,340	10.1%	\$ 19,698,736	\$ 1,358,976	7.4%	
Payroll Taxes	1,057,570	1,163,962	106,392	10.1%	1,250,211	86,250	7.4%	
Benefits	1,744,112	1,919,569	175,458	10.1%	2,061,810	142,240	7.4%	
Retirement Costs	2,365,061	2,602,987	237,925	10.1%	2,795,868	192,881	7.4%	
Total Personnel Expenses	\$ 21,830,163	\$ 24,026,277	\$ 2,196,114	10.1%	\$ 25,806,625	\$ 1,780,347	7.4%	
Meeting Expenses								
Meetings & Conference Calls	\$ 182,275	\$ 191,389	\$ 9,114	5.0%	\$ 200,958	\$ 9,569	5.0%	
Travel	494,711	519,447	24,736	5.0%	545,419	25,972	5.0%	
Total Meeting Expenses	\$ 676,986	\$ 710,835	\$ 33,849	5.0%	\$ 746,377	\$ 35,542	5.0%	
Operating Expenses, excluding Depreciation								
Consultants & Contracts	\$ 1,196,080	\$ 1,130,296	(65,784)	-5.5%	\$ 1,186,810	\$ 56,515	5.0%	
Office Rent	1,136,000	1,192,800	56,800	5.0%	1,252,440	59,640	5.0%	
Office Costs	1,043,805	1,095,995	52,190	5.0%	1,150,794	54,800	5.0%	
Professional Services	545,300	569,839	24,539	4.5%	595,823	25,985	4.6%	
Miscellaneous	-	-	-	-	-	-	-	
Total Operating Expenses	\$ 3,921,185	\$ 3,988,929	\$ 67,744	1.7%	\$ 4,185,868	\$ 196,939	4.9%	
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -		
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -		
Total Expenses (B)	\$ 26,428,333	\$ 28,726,042	\$ 2,297,708	8.7%	\$ 30,738,870	\$ 2,012,828	7.0%	
Change in Net Assets (=A - B)	\$ (557,281)	\$ (1,473,102)	\$ (915,821)	164.3%	\$ (1,578,224)	\$ (105,122)	7.1%	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 323,000	\$ 250,000	\$ (73,000)	-22.6%	\$ 250,000	\$ -	0.0%	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 26,751,333	\$ 28,976,042	\$ 2,224,708	8.3%	\$ 30,988,870	\$ 2,012,828	6.9%	
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ (880,281)	\$ (1,723,102)			\$ (1,828,224)	\$ -		
FTEs	83.00	87.00	4.00		89.00	2.00		

Table 10: 2026 and 2027 Budget Projections

The current projection for 2026 estimates a budget increase of \$2.2M (8.3%) and assessment increase of \$2.0M (8.0%) over 2024. This includes the following key assumptions in support of the strategic areas of focus:

- FTE increase of 4
- Salary increase of 10.1% (impacted by increase in FTE)



- Weighted average meeting and operational increase of 5.0%
- Continued technology investments
- Reserve release of \$1.7M, comprised of the following:
 - \$1.7M from the ASR to reduce impact from resources hired in 2026

The projection for 2026 is preliminary and will be further refined during the next budget cycle. The anticipated 2026 increase is driven primarily by personnel (including the addition of 4 FTEs) and continued technology investments for infrastructure, software applications, and security.

The projection for 2027 is preliminary and will be further refined during the 2026 budget year. The anticipated 2027 increase is driven primarily by personnel (including the addition of 2 FTEs) and continued technology investments for infrastructure, software applications, and security.

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2025 PROGRAM AREA AND DEPARTMENT DETAIL

Reliability Standards

Purpose and Scope

MRO's efforts related to NERC Reliability Standards support NERC's stakeholder-driven processes to develop and maintain risk-responsive Reliability Standards by providing feedback into the standards process, conducting outreach during standards development, and providing clarity to industry on enforceable standards and requirements. MRO's CMEP Advisory Council and its subgroups develop Standard Application Guides (SAGs), comment on NERC standard projects, participate in standards development, and maintain MRO's Regional Reliability Standards Process Manual as required by the Delegation Agreement.

2025 Areas of Focus

Key areas of focus for the Reliability Standards program include:

- Developing a more agile standard setting process that honors the important role of stakeholders in Reliability Standards development.
- Addressing cyber security risks by continuing to enhance cyber security Reliability Standards.
- Integrating and updating standards to address new risks such as inverter-based resources, distributed energy resources, energy management, and fuel management.
- Addressing FERC directives, orders, or special reports.
- Revising the Standards Process Manual to allow for a more agile standards development process.

The Statement of Activities for this program area is shown below. See [Reliability Standards Major Budget Drivers](#) for explanation of significant variances.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget and 2025 Budget

STANDARDS

				Variance	
		2024	2025	2025 Budget	
		Budget	Budget	v 2024 Budget	2025 Budget
				Over (Under)	Variance
Funding					
	ERO Funding				
	NERC Assessments	\$ 67,193	\$ 75,595	\$ 8,402	
	Penalties Released	320	1,792	1,473	
	Interest	1	45	44	
Total Funding (A)		\$ 67,514	\$ 77,433	\$ 9,919	14.7%
Expenses					
	Personnel Expenses				
	Salaries	\$ 30,922	\$ 37,629	\$ 6,707	
	Payroll Taxes	2,040	2,468	427	
	Benefits	3,313	3,794	481	
	Retirement Costs	5,262	5,266	4	
	Total Personnel Expenses	\$ 41,537	\$ 49,157	\$ 7,619	18.3%
	Meeting Expenses				
	Meetings	\$ -	\$ -	\$ -	
	Travel	-	-	-	
	Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -
	Operating Expenses				
	Consultants & Contracts	\$ -	\$ -	\$ -	
	Office Rent	-	-	-	
	Office Costs	-	-	-	
	Professional Services	-	-	-	
	Miscellaneous	-	-	-	
	Total Operating Expenses	\$ -	\$ -	\$ -	\$ -
	Other Non-Operating Expenses	\$ -	\$ -	\$ -	
	Indirect Expenses	\$ 24,176	\$ 27,344	\$ 3,168	13.1%
Total Expenses (B)		\$ 65,714	\$ 76,501	\$ 10,787	16.4%
Change in Net Assets (=A - B)		\$ 1,800	\$ 932	\$ (868)	
Fixed Asset Additions, excluding Right of Use Assets (C)		1,800	932	(868)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)		\$ 67,514	\$ 77,433	\$ 9,919	14.7%
TOTAL CHANGE IN RESERVES (=A-B-C)		\$ -	\$ -	\$ -	
FTEs		0.16	0.18	0.02	

Table 11: Reliability Standards Budget Detail



Compliance Monitoring and Enforcement

Purpose and Scope

MRO's Compliance Monitoring and Enforcement Program (CMEP) work is performed by three departments: Compliance Monitoring, Risk Assessment and Mitigation (RAM), and Enforcement, creating an effective "check and balance" for making decisions about noncompliance and enforcement. MRO's RAM Department develops Inherent Risk Assessments (IRAs) for registered entities to describe the risk each entity poses to the bulk power system by the nature of the facilities the entity owns and operates. This information is used to provide a ranking of requirements for monitoring an entity based on risk.

The Compliance Monitoring Department uses IRAs as input when developing Compliance Oversight Plans (COPs). COPs are registered entity-specific and inform the scope and timing of oversight activities for each registered entity based on the risk the entity poses to reliability and security of the regional bulk power system. A variety of discovery and compliance monitoring methods are used, including spot checks, audits, self-certifications, Periodic Data Submittals (PDS), and self-reports.

Following identification of a proposed noncompliance, RAM conducts a risk assessment of the possible violation and evaluates and monitors related mitigation efforts. The Enforcement Department independently reviews and processes noncompliances and violations using risk-based disposition methods, including any penalty determinations. Enforcement also analyzes the registered entity's compliance history and culture of compliance that are used as inputs to the COP completed by the Compliance Monitoring Department.

All three of the CMEP departments are responsible for supporting and facilitating the work of the CMEP Advisory Council and its subgroups. Additionally, CMEP staff support ERO collaboration group activities that align MRO's CMEP program, including associated tools, with that of the other Regional Entities and NERC.

The 2025 BPB anticipates that staff will perform CMEP activities for approximately 245 registered entities. The Compliance Monitoring Department will conduct approximately 14 audits and will also contribute to audits of registered entities that participate in coordinated oversight where MRO is the Affected Regional Entity. In addition to the activities described above, the Enforcement Department will review registered entity participation in the ERO Enterprise Self-Logging Program.

Impact on Resource Needs

In addition to regular oversight work, the CMEP departments will dedicate resources to support the continued implementation of ERO Enterprise Tools and the activities of the ERO Enterprise collaboration groups. These initiatives improve the effectiveness of MRO activities and better define the expectations of CMEP staff.

2025 Areas of Focus

Key areas of focus for the Compliance Monitoring, RAM, and Enforcement departments include:

- Continuing efforts to address facility ratings and demonstrate the importance of implementing strong internal controls.
- Continuing to evaluate supply chain effectiveness and provide and analyze quarterly metrics on compliance data to inform emerging risks and Registration activities.



- Enhancing outreach to stakeholder/policy organizations and leverage the work of others.
- Continuing efforts to align risk determinations using a risk-based approach to processing noncompliance.
- Providing and analyzing quarterly metrics on enforcement data.
- Working to ensure continued support for the success of Align and the ERO Secure Evidence Locker (SEL); ensuring meaningful oversight activities; and continuing efforts to streamline risk-based CMEP activities.

The Statement of Activities for this program area is shown below. See [CMEP Major Budget Drivers](#) for explanation of significant variances.

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Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget and 2025 Budget

COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
Funding				
ERO Funding				
NERC Assessments	\$ 16,128,455	\$ 16,237,666	\$ 109,211	
Penalties Released	77,653	386,153	308,500	
Interest	274	9,696	9,422	
Total Funding (A)	\$ 16,206,382	\$ 16,633,515	\$ 427,133	2.6%
Expenses				
Personnel Expenses				
Salaries	\$ 6,930,750	\$ 7,728,094	\$ 797,344	
Payroll Taxes	476,081	515,057	38,976	
Benefits	804,920	817,361	12,441	
Retirement Costs	1,230,571	1,103,473	(127,098)	
Total Personnel Expenses	\$ 9,442,321	\$ 10,163,985	\$ 721,664	7.6%
Meeting Expenses				
Meetings	\$ 15,000	\$ 11,250	\$ (3,750)	
Travel	167,600	174,000	6,400	
Total Meeting Expenses	\$ 182,600	\$ 185,250	\$ 2,650	1.5%
Operating Expenses				
Consultants & Contracts	\$ 75,000	\$ 50,000	\$ (25,000)	
Office Rent	-	-	-	
Office Costs	195,740	142,393	(53,347)	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ 270,740	\$ 192,393	\$ (78,347)	-28.9%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ 5,873,376	\$ 5,891,119	\$ 17,742	0.3%
Total Expenses (B)	\$ 15,769,037	\$ 16,432,747	\$ 663,709	4.2%
Change in Net Assets (=A - B)	\$ 437,345	\$ 200,768	\$ (236,576)	
Fixed Asset Additions, excluding Right of Use Assets (C)	437,345	200,768	(236,576)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 16,206,382	\$ 16,633,515	\$ 427,133	2.6%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	
FTEs	38.87	38.78	(0.09)	-

Table 12: CMEP Budget Detail



Reliability Analysis and Organization Registration and Certification

The Reliability Analysis program identifies, prioritizes, and enables activities to reduce known and emerging risks to the BPS. Three primary groups at MRO are focused on this program: (1) Reliability Assessments; (2) Event and Performance Analysis; (3) Organization Registration and Certification.

Purpose and Scope

Reliability Assessments

MRO's Reliability Analysis Department conducts assessments of the grid's ability to meet electric power demand within the region during specific time periods, which may indicate the need to develop and implement targeted interventions based on reliability risk. Reliability Analysis staff participate in the Eastern Interconnection Reliability Assessment Group (ERAG), which facilitates data collection and development of power flow and dynamics simulation models for the Eastern Interconnection. Reliability Analysis also supports MRO's Reliability Advisory Council, the Protective Relay Subgroup, and related ERO Enterprise activities. On June 3, 2023, President Biden signed the Fiscal Responsibility Act that included a mandate for NERC and the Regional Entities to conduct an Interregional Transfer Capability Study (ITCS) to be filed with FERC by December 2, 2024. MRO will use this work to transition into annually performing Energy Assessments for the MRO Region as part of a bigger ERO Energy Assessment Strategy.

Event and Performance Analysis

Reliability Analysis staff performs event analysis and performance analysis in support of related NERC program areas. This work includes:

- Analyses of large-scale BPS outages, disturbances, and near misses to determine root causes and lessons learned.
- Quarterly review of operational data submissions to assess system performance.
- The availability of electric generation and transmission equipment through various NERC reporting systems, such as Transmission Availability Data Systems (TADS), Generating Availability Data Systems (GADS), and Misoperation Information Data Analysis Systems (MIDAS).

Organization Registration and Certification

The Organization Registration and Certification Program (ORCP) registers all users, owners, and operators of the bulk power system in MRO's regional footprint as required by NERC. The program includes ensuring applicable registered entities (Reliability Coordinators, Balancing Authorities, and Transmission Operators) are able to perform associated tasks. All entities registered for any reliability function are required to comply with mandatory NERC Reliability Standards.

Impact on Resource Needs

One resource allocated to the ITCS in 2024 will continue to work in 2025 to conduct in-depth transmission analytics that will be incorporated into future reliability assessments. This is in addition to the two FTEs and the one-time costs identified in this 2025 BPB for consultants, meetings, and technology related to this work.



2025 Areas of Focus

Key areas of focus for Reliability Analysis and Organization Registration and Certification include:

- Assuring the reliable and secure integration of BPS-connected inverter-based resources and DER, including the analysis of grid disturbances, development of technical guidance and educational materials, and collaboration with industry to ensure the Reliability Standards adequately address emerging risks in this area.
- Increasing understanding of changing resource mix impacts on BPS reliability by collecting plant, event, connected energy storage, and performance data for photovoltaic and wind generation, combined with enhanced design data and event reporting for conventional generation.
- Improving the ERO's analytic, independent, and objective capabilities and adapt to the evolving BPS reliability challenges by:
 - Enhancing reliability assessments to include evaluations of energy availability and expanded probabilistic methods that can identify risks of energy shortfall for all assessment areas in long-duration and seasonal time horizons.
 - Further enhancing scenario development capabilities to better understand the implications of extreme weather, increased reliance on variable generation, and the changing climate and environmental conditions.
 - Developing the capabilities to annually assess transmission adequacy and transfer capability, making recommendations that support long-term reliability needs.
 - Supporting technical studies that provide additional insight into the increasing dependency of natural gas generation, particularly during extreme winter weather and ramping periods.
- Leveraging processes, tools, and products to measure and improve bulk electric system resilience for widespread long-term extreme temperature and weather events, including the development of a systematic collection of load loss outage and recovery data.
- Assessing impacts from federal and state regulations (e.g., market, environmental) on the reliability and resilience of the BPS.
- Enhancing event processing in support of developing a coherent system performance picture within the Rules of Procedure Section 800 system performance monitoring and reporting program.
- Enhancing program data collection, organization, and manipulation capabilities.
- Tuning alignment activities of cross-functional project collaboration through data analysis and disturbance reporting flexibility and agility.
- Reinforcing fundamental practices and advocacy of enhanced reliability practices through joint reliability partnership activities with stakeholders and the ERO Enterprise.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget and 2025 Budget				
RELIABILITY ANALYSIS and ORGANIZATION REGISTRATION and CERTIFICATION				
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
Funding				
ERO Funding				
NERC Assessments	\$ 5,453,812	\$ 6,752,957	\$ 1,299,145	
Penalties Released	25,791	154,441	128,650	
Interest	91	3,878	3,787	
Total Funding (A)	\$ 5,479,694	\$ 6,911,276	\$ 1,431,582	26.1%
Expenses				
Personnel Expenses				
Salaries	\$ 2,331,409	\$ 3,216,649	\$ 885,240	
Payroll Taxes	159,883	213,030	53,147	
Benefits	263,889	321,633	57,744	
Retirement Costs	406,036	444,874	38,837	
Total Personnel Expenses	\$ 3,161,217	\$ 4,196,185	\$ 1,034,969	32.7%
Meeting Expenses				
Meetings	\$ 8,000	\$ 9,000	\$ 1,000	
Travel	107,600	124,000	16,400	
Total Meeting Expenses	\$ 115,600	\$ 133,000	\$ 17,400	15.1%
Operating Expenses				
Consultants & Contracts	\$ 56,000	\$ 118,800	\$ 62,800	
Office Rent	-	-	-	
Office Costs	50,880	26,850	(24,030)	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ 106,880	\$ 145,650	\$ 38,770	36.3%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ 1,950,741	\$ 2,356,144	\$ 405,403	20.8%
Total Expenses (B)	\$ 5,334,437	\$ 6,830,979	\$ 1,496,542	28.1%
Change in Net Assets (=A - B)	\$ 145,257	\$ 80,297	\$ (64,960)	
Fixed Asset Additions, excluding Right of Use Assets (C)	145,257	80,297	(64,960)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 5,479,694	\$ 6,911,276	\$ 1,431,582	26.1%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	
FTEs	12.91	15.51	2.60	

Table 13: Reliability Analysis Organization Registration and Certification Budget Detail



Situation Awareness and Infrastructure Security

Purpose and Scope

MRO monitors present conditions and emerging threats to reliability and security of the regional bulk power system and provides leadership coordination, technical expertise, and assistance to industry and government partners as necessary. MRO's Reliability Analysis and Critical Infrastructure Security Departments support these efforts.

Situation Awareness

The Reliability Analysis Department determines which entities may be more susceptible to a specific risk based on responses to NERC Alerts. The department that takes the lead is determined by the focus of the NERC Alert (reliability or security focused). NERC Alerts are used to effectively disseminate information to the electricity industry regarding reliability or security and at times require review of responses by MRO staff depending on the request. The Situational Awareness team works with stakeholders to identify known and emerging risks to reliability and security, assist industry in mitigating those risks, and promote a culture of continuous improvement across MRO's region. MRO also receives daily reports from the E-ISAC and Reliability Coordinators in the region and works closely with these entities during security or extreme weather events that can have a significant impact.

Infrastructure Security

The Critical Infrastructure Security Department supports the efforts of the MRO Security Advisory Committee (SAC) and its subgroup, the SAC Threat Forum. These organizational groups assess and help to mitigate and reduce cyber, physical, and operational risks to the bulk power system through a variety of outreach mechanisms. The department also develops and maintains strong connections with other industry security groups like the E-ISAC and federal security agencies and serves as an expert resource to MRO's IT Department.

The Critical Infrastructure Security Program focuses on activities to promote the identification, assessment, mitigation, and communication of cyber, physical, and operational risks to the security of the North American bulk power system. In addition, the department leads MRO emergency exercises and administers emergency management and business continuity initiatives for MRO, the ERO Enterprise, and the region.

2025 Areas of Focus

Key areas of focus for Situation Awareness and Infrastructure Security include:

- Continue engaging with industry, the Electricity Information Sharing and Analysis Center (E-ISAC), government partners, and the ERO Enterprise on emerging risks to BPS reliability.
- Engaging situation awareness subject matter experts in support of the work of Reliability Standards, the E-ISAC, and the RAC, and SAC to advance the security posture of the industry.
- Reviewing and curating grid reliability and security intelligence information applicable to the region ad-hoc and during weekly regional threat calls, with participation from the E-ISAC.



- Maturing capability to conduct threat hunts for malicious technology and adversaries on Information Technology (IT) and Operational Technology (OT) platforms.
- Support and participate in Cyber Risk Information Sharing Program (CRISP) program and briefings.
- Plan and execute regional activities surrounding the biennial GridEx exercise and annual MRO Reliability and Security Conference.

The Statement of Activities for this program area is shown below. See [Situation Awareness and Infrastructure Security Major Budget Drivers](#) for explanation of significant variances.

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**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2024 Budget and 2025 Budget**

SITUATION AWARENESS and INFRASTRUCTURE SECURITY

		2024	2025	Variance	
		Budget	Budget	2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
Funding					
	ERO Funding				
	NERC Assessments	\$ 1,204,612	\$ 1,213,866	\$ 9,254	
	Penalties Released	5,734	29,076	23,342	
	Interest	20	730	710	
	Total Funding (A)	\$ 1,210,366	\$ 1,243,672	\$ 33,306	2.8%
Expenses					
	Personnel Expenses				
	Salaries	\$ 496,688	\$ 548,022	\$ 51,333	
	Payroll Taxes	31,586	34,330	2,745	
	Benefits	59,432	61,544	2,113	
	Retirement Costs	89,623	80,303	(9,320)	
	Total Personnel Expenses	\$ 677,329	\$ 724,199	\$ 46,871	6.9%
	Meeting Expenses				
	Meetings	\$ -	\$ -	\$ -	
	Travel	40,500	38,000	(2,500)	
	Total Meeting Expenses	\$ 40,500	\$ 38,000	\$ (2,500)	-6.2%
	Operating Expenses				
	Consultants & Contracts	\$ 10,000	\$ 10,000	\$ -	
	Office Rent	-	-	-	
	Office Costs	16,580	12,775	(3,805)	
	Professional Services	-	-	-	
	Miscellaneous	-	-	-	
	Total Operating Expenses	\$ 26,580	\$ 22,775	\$ (3,805)	-14.3%
	Other Non-Operating Expenses	\$ -	\$ -	\$ -	
	Indirect Expenses	\$ 433,666	\$ 443,581	\$ 9,915	2.3%
	Total Expenses (B)	\$ 1,178,075	\$ 1,228,555	\$ 50,481	4.3%
	Change in Net Assets (=A - B)	\$ 32,292	\$ 15,117	\$ (17,175)	
	Fixed Asset Additions, excluding Right of Use Assets (C)	32,292	15,117	(17,175)	
	TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 1,210,366	\$ 1,243,672	\$ 33,306	2.8%
	TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	
	FTEs	2.87	2.92	0.05	-

Table 14: Situational Awareness and Infrastructure Security Budget Detail



Training and Education

Purpose and Scope

MRO is committed to its mission “to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting Highly Effective Reliability Organizations® (HEROs).” This is accomplished in part by providing outreach to industry on the implementation of the CMEP, the application of NERC Reliability Standards, and sharing information and best practices related to reliability and security of the bulk power system in MRO’s regional footprint. The Outreach Program provides training and education to registered entities through various channels like newsletter articles, publications, conferences, webinars, roundtable events, videos, and social media, as well as presentation opportunities at other industry events. Raising awareness of risk and providing lessons learned and best practices to mitigate or reduce risk directly supports MRO’s strategic plan and other ERO Enterprise initiatives.

External Affairs

In addition, in partnership with NERC and the other Regional Entities, MRO has expanded outreach to include engagement with state and provincial regulators to educate and inform key decision and policy makers of risks to reliability and security of the bulk power system within MRO’s regional footprint. There is an increased need for greater coordination with state and provincial regulatory agencies as the lines between electricity generation and distribution intersect with the addition of behind the meter, renewable resources. This coordination has increased workload for MRO staff resources that assist with these efforts. This outreach includes virtual and in-person interactions with both Canadian and U.S. local regulatory agencies to share information about the ERO Enterprise and important work to assess and mitigate risk to the North American bulk power system.

2025 Areas of Focus

Key areas of focus for Outreach include support related to:

- Support of internal and external meetings including stakeholder and MRO hosted.
- Outreach events and webinars, including the annual CMEP, Reliability, and Security Conferences and preparation and participation for GridEx.
- Continuing to enhance state outreach and engagement, including further developed outreach for ERO Enterprise assessments and reports, and expanding collaboration efforts with the National Association of Regulatory Utility Commissioners and government partners.

MRO continues to offer a hybrid approach to educational events that includes both in-person and virtual opportunities for participation – offering a “best of both worlds” experience for attendees. Providing this hybrid approach allows MRO to expand its audience and reach and enables industry stakeholders to participate in a way that works best for them. MRO has adapted to this hybrid outreach approach without adding any costs to outreach participants. All of MRO’s events are offered free of charge and virtual participation has the added benefit of eliminating travel costs for participants. While this hybrid format provides significant benefit to industry, it does increase the amount of time and effort required to host outreach events. MRO continues to monitor resource needs in this area and does not anticipate additional resources in 2025 related to training events.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital
2024 Budget and 2025 Budget
TRAINING and EDUCATION

			Variance 2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
	2024 Budget	2025 Budget		
Funding				
ERO Funding				
NERC Assessments	\$ 1,911,347	\$ 1,834,399	\$ (76,947)	
Penalties Released	9,110	49,788	40,678	
Interest	32	1,250	1,218	
Total Funding (A)	\$ 1,920,488	\$ 1,885,437	\$ (35,051)	-1.8%
Expenses				
Personnel Expenses				
Salaries	\$ 627,888	\$ 664,283	\$ 36,394	
Payroll Taxes	45,854	47,672	1,818	
Benefits	94,428	105,384	10,956	
Retirement Costs	129,141	114,973	(14,168)	
Total Personnel Expenses	\$ 897,312	\$ 932,312	\$ 35,001	3.9%
Meeting Expenses				
Meetings	\$ 125,000	\$ 100,000	\$ (25,000)	
Travel	60,225	45,250	(14,975)	
Total Meeting Expenses	\$ 185,225	\$ 145,250	\$ (39,975)	-21.6%
Operating Expenses				
Consultants & Contracts	\$ 50,550	\$ 7,500	\$ (43,050)	
Office Rent	-	-	-	
Office Costs	32,065	14,933	(17,132)	
Professional Services	15,000	-	(15,000)	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ 97,615	\$ 22,433	\$ (75,182)	-77%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ 689,030	\$ 759,556	\$ 70,526	10.2%
Total Expenses (B)	\$ 1,869,182	\$ 1,859,552	\$ (9,630)	-0.5%
Change in Net Assets (=A - B)	\$ 51,307	\$ 25,886	\$ (25,421)	
Fixed Asset Additions, excluding Right of Use Assets (C)	51,307	25,886	(25,421)	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 1,920,488	\$ 1,885,437	\$ (35,051)	-1.8%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ 0	
FTEs	4.56	5.00	0.44	-

Table 15: Training and Education Budget Detail



Administrative Services

Scope and Functional Description

MRO's Administrative Services area comprises the business and administrative functions of the organization, including legal and regulatory, communications, information technology, human resources, finance and accounting, and general expenses. Costs incurred for these services are allocated as an indirect expense across MRO's other program areas.

Methodology for Allocation of Administrative Services Expenses to Programs

All expenses for the Administrative Services programs, referred to as indirect expenses, are allocated to the delegated program areas based on the respective number of FTEs.

Funding Sources

The expenses related to the indirect program areas are being allocated entirely to the direct programs. Therefore, indirect program areas have no ERO assessment revenue. However, allocation of the reserves as an offset to assessments is reflected as a reduction.

2025 Areas of Focus

Key areas of focus for Administrative Services include:

- Elevating communication efforts across the ERO Enterprise to better educate, inform, and engage current stakeholders as well as working with subject matter experts to identify and attract new stakeholder groups.
- Leadership development, new hire orientation, and confidential information training.
- Maturing internal assurance programs, including internal audit, risk management, and contingency planning.
- Implementing and supporting adaptable and sustainable technology and enhancing cyber security to focus on prevention, detection, and mitigation.
- Increasing automation and controls across the HR and Finance & Accounting areas.



General and Administrative

The General and Administrative Department is led by MRO's President and CEO. The department ensures that there is appropriate attention to the execution of MRO's strategic priorities and the day-to-day operations and risk management of the corporation, board governance, policies and procedures, proper record-keeping, and related responsibilities under applicable regulations, as well as MRO's Delegation Agreement with NERC.

Some of the external pressures that impact this budget area include escalating cyber security threats and vulnerabilities to the corporation, increased security requirements related to the handling and storage of corporate and external data, the need for greater coordination of emergency response and crisis communications across the ERO Enterprise and expanded Regional Entity oversight from NERC. Additionally, under the guidance of MRO's Board of Directors, a Corporate Risk Management function was added in 2022 to monitor operational, cyber, legal, and reputational risks to the organization. Insights in this area provide additional input into MRO's strategic planning.

Legal

MRO's Legal function provides advice to the board, the President and CEO, and staff on legal matters affecting MRO. This department is also responsible for supporting and facilitating the work of the MRO Governance and Personnel Committee, which is responsible for oversight of MRO's governance, board, and personnel matters. Corporate records for the board and organizational groups are maintained in this area. MRO may use external specialized legal resources on an as-needed basis.

Information Technology

MRO's Information Technology (IT) function is responsible for providing and supporting the technology tools and resources that staff use to perform delegated functions and other work.

As part of this function, the IT Department is also responsible for managing and securing the IT infrastructure and assets of the company. This includes providing ways for the company to preserve and protect the confidentiality, integrity, and availability of company data, and responding in a timely manner to the ever-evolving cyber threats faced by the organization. Using a risk-based approach, tailored to the company's unique IT environment and associated risks and threats, this includes designing, implementing, and maintaining internal controls and processes to protect the organization.

As the complexity of the security risks and tools utilized to meet the organization's needs continues to evolve, this function at times also utilizes highly specialized external technical resources. Their use allows MRO to be more agile and ultimately respond timelier and at a deeper technical and security level when necessary.

Human Resources

The Human Resources function designs, plans, and implements employee-related policies and procedures in adherence with applicable federal and state laws. The Human Resource Department facilitates recruiting and retention efforts, employee benefits, payroll, employee engagement initiatives, and tasks associated with employee life cycle activities, including onboarding, training, and professional development. The department engages in Diversity, Equity, and Inclusion (DEI) initiatives within the organization alongside the staff-led DEI Committee and works closely with the ERO Enterprise on similar efforts. Additionally, the



department undertakes and supports important initiatives directed by the board's Governance and Personnel Committee.

MRO has developed a People First Philosophy and culture that supports talent management and MRO's four keys to sustainable success: connection, curiosity, commitment, and competency. Training initiatives and opportunities for employee collaboration are planned throughout the year to create peer-to-peer mentorship and information and knowledge sharing, theme-focused learning, and dedicated team building. MRO continues to review and enhance its employee engagement and culture enrichment activities to positively impact all stages of the employee life cycle from candidate identification, the onboarding experience of new employees, as well as the overall corporate culture to be an "employer of choice" that attracts and retains qualified staff.

Finance and Accounting

The Finance and Accounting function directs the overall financial planning and accounting practices of the organization, oversees treasury, budget, tax, and audit activities, as well as the financial and accounting system controls and standards. This department is responsible for supporting and facilitating the work of the MRO Finance and Audit Committee, which is responsible for oversight of MRO's financial health and to monitor the component parts of the financial audit process and the integrity of financial reporting. Also, this program manages the organization's corporate risk program which assesses and mitigates key corporate risks. Identified corporate risks are prioritized and then incorporated into the strategic planning process as an opportunity to proactively address risks. This program reports the overall outcome of MRO's annual financial and corporate risk activities to the MRO Board of Directors. Additionally, staff within this function supports ERO collaboration group activities that align MRO's Finance and Corporate Risk program, including associated tools, with that of the other Regional Entities and NERC.

Internal Oversight

The Internal Oversight team performs the coordination and facilitation of responding to external oversight and audit requests. The primary objective of internal oversight is to ensure that external data requests are organized and recorded in response to external oversight activities and audits. MRO staff have a primary point of contact and liaison with NERC/FERC staff as well as administrative support to ensure a timely response.

Corporate Risk Management

The Corporate Risk Management (CRM) area focuses on corporate financial, operational, legal, regulatory, and compliance risks. In coordination with Internal Oversight, CRM also conducts dynamic enterprise risk management, which is based on the Committee of Sponsoring Organization of the Treadway Commission (COSO) framework. CRM also works with the Regional Entities to enhance the ERO Enterprise-wide corporate risk identification and risk mitigation efforts, resulting in more streamlined and coordinated reports and harmonized assessment of ERO Enterprise risks and processes.

Communications

The Communications Department promotes consistency of messaging on various ERO-wide initiatives, maintains crisis and strategic communications plans, creates and supports internal and external communications strategies, helps to raise awareness of risk through a variety of communication mediums,



and provides a wide range of communications support across the organization. These efforts support MRO's vision, mission and strategic plan.

The Statement of Activities for Administrative Services is shown below. See [Administrative Service Major Budget Drivers](#) for explanation of significant variances.

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Statement of Activities, Fixed Assets Expenditures and Change in Working Capital				
2024 Budget and 2025 Budget				
ADMINISTRATIVE SERVICES				
	2024	2025	Variance	
	Budget	Budget	2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
Funding				
ERO Funding				
NERC Assessments	\$ (1,182,052)	\$ (880,281)	\$ 301,771	
Penalties Released	-	-	-	
Total Funding (A)	\$ (1,182,052)	\$ (880,281)	\$ 301,771	-26%
Expenses				
Personnel Expenses				
Salaries	\$ 3,818,997	\$ 4,468,743	\$ 649,746	
Payroll Taxes	225,287	245,014	19,727	
Benefits	427,206	434,394	7,188	
Retirement Costs	664,670	616,172	(48,498)	
Total Personnel Expenses	\$ 5,136,160	\$ 5,764,324	\$ 628,164	12.2%
Meeting Expenses				
Meetings	\$ 52,000	\$ 62,025	\$ 10,025	
Travel	137,000	113,461	(23,539)	
Total Meeting Expenses	\$ 189,000	\$ 175,486	\$ (13,514)	-7.2%
Operating Expenses				
Consultants & Contracts	\$ 958,948	\$ 1,009,780	\$ 50,832	
Office Rent	1,171,880	1,136,000	(35,880)	
Office Costs	949,001	846,854	(102,148)	
Professional Services	566,000	545,300	(20,700)	
Miscellaneous	-	-	-	
Total Operating Expenses	\$ 3,645,829	\$ 3,537,934	\$ (107,896)	-3.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	
Indirect Expenses	\$ (8,970,989)	\$ (9,477,743)	\$ (506,754)	5.6%
Total Expenses (B)	\$ -	\$ -	\$ -	-
Change in Net Assets (=A - B)	\$ (1,182,052)	\$ (880,281)	\$ 301,771	
Fixed Asset Additions, excluding Right of Use Assets (C)	-	-	-	
Computer & Software CapEx	668,000	283,000	(385,000)	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	40,000	40,000	
Allocation of Fixed Assets	(668,000)	(323,000)	345,000	
Inc(Dec) in Fixed Assets (C)	\$ -	\$ -	\$ -	
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ -	\$ -	\$ -	-
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ (1,182,052)	\$ (880,281)	\$ 301,771	-26%
FTEs	20.63	20.61	(0.02)	

Table 16: Administrative Services Budget Detail



NON-STATUTORY ACTIVITY

MRO has no non-statutory activities.

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ORGANIZATION CHART

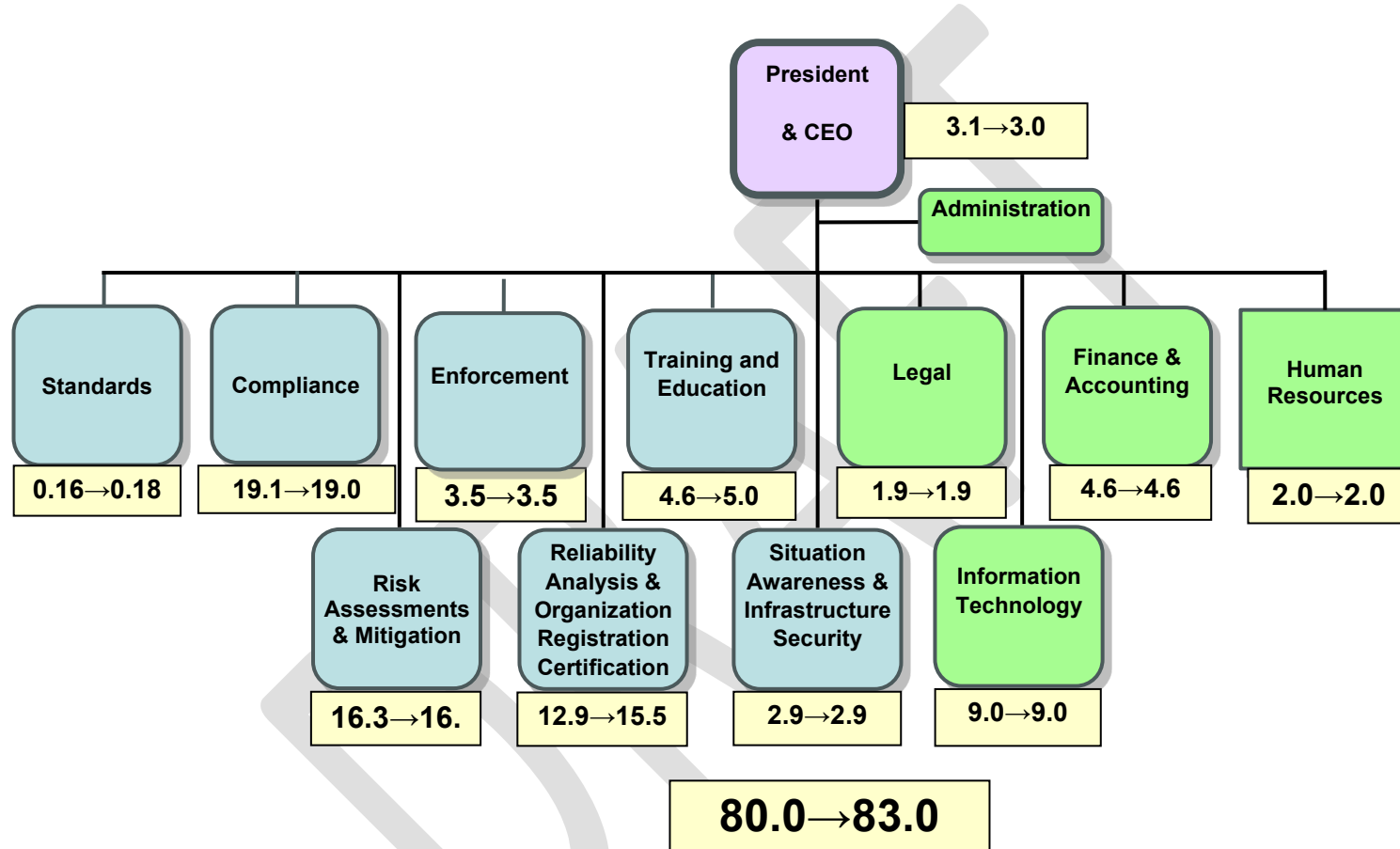


Figure 1: 2024 to 2025 Full Time Equivalent (FTE) Comparison Organization Chart

CONSOLIDATED STATEMENT OF ACTIVITIES BY PROGRAM

	Functions in Delegation Agreement											
Statement of Activities and Capital Expenditures by Program 2025 Business Plan and Budget	Statutory Total	Reliability Standards (Section 300)	Compliance (Section 400)	Reliability Analysis and Organization Registration and Certification (Section 800 & 500)	Training and Education (Section 600&900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding												
ERO Funding												
NERC Assessments	25,234,203	75,595	16,237,666	6,752,957	1,834,399	1,213,866		(880,281)				
Assessment Stabilization Adjustment	621,250	1,792	386,153	154,441	49,788	29,076						
Membership Dues	-											
Testing Fees	-											
Services & Software	-											
Workshops & Miscellaneous Revenue	-											
Interest & Investment Income	15,600	45	9,696	3,878	1,250	730						
Total Funding (A)	25,871,053	77,433	16,633,515	6,911,276	1,885,437	1,243,672	-	(880,281)	-	-	-	-
Expenses												
Personnel Expenses												
Salaries	16,663,420	37,629	7,728,094	3,216,649	664,283	548,022	-	1,467,759	473,411	1,334,554	354,277	838,742
Payroll Taxes	1,057,570	2,468	515,057	213,030	47,672	34,330	-	50,662	24,105	95,313	23,972	50,963
Benefits	1,744,112	3,794	817,361	321,633	105,384	61,544	-	63,652	40,046	189,903	43,208	97,586
Retirement Costs	2,365,061	5,266	1,103,473	444,874	114,973	80,303	-	157,113	61,855	218,486	53,873	124,846
Total Personnel Expenses	21,830,163	49,157	10,163,985	4,196,185	932,312	724,199	-	1,739,186	599,417	1,838,255	475,330	1,112,137
Meeting Expenses												
Meetings	182,275	-	11,250	9,000	100,000	-	-	60,000	525	-	-	1,500
Travel	494,711	-	174,000	124,000	45,250	38,000	-	80,000	7,500	9,000	2,000	14,961
Total Meeting Expenses	676,986	-	185,250	133,000	145,250	38,000	-	140,000	8,025	9,000	2,000	16,461
Operating Expenses												
Consultants & Contracts	1,196,080	-	50,000	118,800	7,500	10,000	-	30,000	-	848,330	115,200	16,250
Office Rent	1,136,000	-	-	-	-	-	-	1,136,000	-	-	-	-
Office Costs	1,043,805	-	142,393	26,850	14,933	12,775	-	93,650	19,423	255,650	227,673	250,458
Professional Services	545,300	-	-	-	-	-	-	411,000	50,000	-	-	84,300
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	3,921,185	-	192,393	145,650	22,433	22,775	-	1,670,650	69,423	1,103,980	342,873	351,008
Total Direct Expenses	26,428,333	49,157	10,541,628	4,474,835	1,099,995	784,974	-	3,549,836	676,865	2,951,235	820,202	1,479,606
Indirect Expenses	-	27,344	5,891,119	2,356,144	759,556	443,581	-	(3,549,836)	(676,865)	(2,951,235)	(820,202)	(1,479,606)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	26,428,333	76,501	16,432,747	6,830,979	1,859,552	1,228,555	-	-	-	-	-	-
Change in Net Assets	(557,281)	932	200,768	80,297	25,886	15,117	-	(880,281)	-	-	-	-
Fixed Assets												
Allocation of Fixed Assets	-	932	200,768	80,297	25,886	15,117	-	-	-	(283,000)	-	(40,000)
Inc(Dec) in Fixed Assets (C)	323,000	932	200,768	80,297	25,886	15,117	-	-	-	-	-	-
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	26,751,333	77,433	16,633,515	6,911,276	1,885,437	1,243,672	-	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	(880,281)	0	-	-	0	-	-	(880,281)	-	-	-	-
FTEs	83.00	0.18	38.78	15.51	5.00	2.92		3.02	1.90	9.01	2.05	4.63

ACRONYMS

This section lists acronyms in this document.

Acronym	Definition
ASR	Assessment Stabilization Reserve
BES	Bulk Electric System
BPS	Bulk Power System
CMEP	Compliance Monitoring and Enforcement Program
CMEPAC	Compliance Monitoring and Enforcement Program Advisory Council
COP	Compliance Oversight Plan
DADS	Demand Response Availability Data System
E-ISAC	Electricity Information Sharing and Analysis Center
ERAG	Eastern Interconnection Reliability Assessment Group
ERO	Electric Reliability Organization
FAC	Finance and Audit Committee
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GADS	Generating Availability Data System
GPC	Governance & Personnel Committee
HERO	Highly Effective Reliability Organization
HRO	Highly Reliable Organization
IRA	Inherent Risk Assessment
IT	Information Technology

MRO	Midwest Reliability Organization
NEL	Net-Energy-for-Load
NERC	North American Electric Reliability Corporation
OGOC	Organizational Group Oversight Committee
RAC	Reliability Advisory Council
RAM	Risk Assessment and Mitigation
RE	Regional Entity
RISC	Reliability Issues Steering Committee
SAC	Security Advisory Council
SAG	Standard Application Guide
SOA	Statement of Activities
TADS	Transmission Availability Data System