



RELIABILITY FIRST

**2027 Business
Plan and Budget–
DRAFT**

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Introduction

ReliabilityFirst Organizational Overview

ReliabilityFirst (RF) is one of six regional organizations responsible for the reliability and security of the North American Bulk Power System (BPS). Established under the Energy Policy Act of 2005 and operating under the authority of the North American Electric Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (FERC), RF audits users, owners and operators of the BPS for compliance with mandated standards related to cybersecurity, vegetation management near vital power lines, extreme weather preparedness and more.

RF also advances grid reliability and security through outreach and training on best practices. We conduct our own analyses and projections (including resource planning) and serve as an independent source that state agencies call on for input when considering energy policy decisions.

RF is responsible for the Great Lakes and Mid-Atlantic areas of the United States, covering the BPS in all or portions of Delaware, New Jersey, Pennsylvania, Maryland, Virginia, Illinois, Wisconsin, Indiana, Ohio, Michigan, Kentucky, West Virginia, Tennessee, and the District of Columbia.



As a Regional Entity, RF performs the following statutory functions to advance its mission, consistent with its FERC-approved Delegation Agreement with NERC:

- Participating in the development and revision of North American Reliability Standards for the BPS, and as needed, developing Regional Reliability Standards and Variances applicable within the RF footprint.
- Monitoring and enforcement of approved Reliability Standards, including the registration and certification of responsible entities as needed.
- Assessing both current and future reliability, resilience, security, and risks of the BPS.
- Promoting situational awareness and the protection of critical infrastructure.
- Analyzing events and identifying lessons learned to enhance reliability.
- Providing training, education, and outreach to stakeholders in support of its performance of delegated functions.
- Participating in reliability and security activities that enhance resilience of the BPS.

Mission and Values

Our mission is to ensure that the electric grid is reliable and secure – not only for today but also for tomorrow. Our team identifies and prioritizes risks facing the electric grid and then determines mitigation strategies to work with utility companies to address these risks, both proactively and through enforcement of the mandated standards. We also develop and deploy communication and outreach strategies to drive awareness and further ensure risk resolution.

Our mission: To serve the public good and support health and safety through preserving and enhancing the reliability, security and resilience of the grid.

Our people: To foster a respectful, collaborative environment where employees can be and feel like the best version of themselves.

Our transparency: To be open and honest about what we are trying to accomplish, and why, to foster productive dialogue.

Our fairness: To be reasonable and consistent.

Our accountability: To act with integrity, take pride in our work and responsibility for our actions, and deliver exceptional results.

Our creativity: To encourage and reward innovative ideas and approaches.

Membership and Governance

Members

RF has an open and voluntary membership policy that permits participation of all industry stakeholders through their designated representatives. There are six (6) Industry Sectors: Suppliers, Transmission Companies, Regional Transmission Organizations (RTOs), Small Load Serving Entities (LSEs), Medium LSEs, and Large LSEs. Membership allows registered entities to participate in committees, subcommittees, and working groups with RF and their peers to share best practices and lessons learned, receive valuable training, workshops, newsletters and other communications, and to vote in elections for open board seats.

RF's foundation rests on the broad and active participation of volunteer technical and policy experts representing industry stakeholders within the Region who are dedicated to ensuring the reliability, security, and resiliency of the BPS. By collaborating with industry experts and maintaining an independent, skilled staff, RF achieves a cost-effective approach aligned with the industry self-regulatory model outlined by Congress in the Energy Policy Act of 2005.

Board of Directors

RF is governed by a hybrid Board composed of sixteen (16) directors: eight (8) industry stakeholders elected by Industry Sectors, three (3) at-large directors to ensure geographic balance, four (4) independent directors from outside the industry for added perspective, and RF's President and CEO as a non-voting member. This structure is designed to represent our unique history, diverse footprint, and commitment to independence and deep industry knowledge.

The Board has the following committees, each led by an independent director.

- **Talent and Compensation** – Provides oversight on behalf of the Board over RF's organizational and staffing needs, employee compensation, independent board directors compensation, employee inclusion efforts and other matters related to human resources.
- **Risk and Compliance** – Provides oversight on behalf of the Board over RF's compliance monitoring and enforcement programs, identification of regional risks, and other matters related to risk to reliability and security of the grid.
- **Finance and Audit** – Provides oversight on behalf of the Board to RF on the business plan and budgeting process, overall financial health, internal controls and other financial matters.
- **Nominating and Governance** – Provides oversight on behalf of the Board to the organization's Bylaws and policies and is the committee responsible for identifying, vetting and recommending candidates for Board Officers and committee positions for Board approval.

ERO Enterprise

Electricity is a vital component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric for the benefit of nearly 400 million North Americans. The ERO Enterprise, which consists of the North American Electric Reliability Corporation (NERC) and the six Regional Entities, works with users, owners, and operators of the BPS, government partners, and other stakeholders and industry participants, to pursue its mission of assuring the effective and efficient reduction of risks to the reliability and security of the BPS.

NERC and the Regional Entities play different, but important and complementary, roles in delivering ERO Enterprise programs. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents, while ensuring that registered entities follow NERC and Regional Reliability Standards. The ERO Enterprise is explicitly committed to its collective success in achieving its vision of a highly reliable and secure North American BPS.



Strategic & Business Planning

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 2024, the ERO Enterprise revised the [ERO Enterprise Long-Term Strategy](#). This strategy includes the following focus areas for achieving success in its vision and mission:

- Energy – Effectively leverage a broad range of data, tools, and approaches to assist stakeholders and policymakers in addressing existing BPS risks and proactively identifying and preparing for emerging and unknown risks to the grid.
- Security – Maintain cyber and physical security programs (E-ISAC, Standards, Compliance Monitoring and Enforcement Program (CMEP), technical committee work, ¹ outreach and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of industry.
- Engagement – Ensure that the increasingly diverse spectrum of stakeholders and policymakers find value in engagements with the ERO Enterprise, seek ERO Enterprise expertise to inform their decision-making, and have confidence in the integrity and independence of ERO Enterprise programs.
- Agility and Sustainability – Perform as an effective and efficient team acting in coordination, ensuring its programs and efforts deliver value for stakeholders and policymakers as they manage changing reliability and security risk within the evolving industry landscape, and capturing cost efficiencies when practical.

As part of the business planning and budgeting process, NERC and the Regional Entities each have their own priorities and strategic focus areas but continually come together to ensure alignment with the long-term strategy and that business processes and operations harmonize across the ERO Enterprise where appropriate.

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.

¹ Technical committees include the NERC Standing Committees (Compliance and Certification Committee, Personnel Certification and Governance Committee, Reliability Issues Steering Committee, Reliability and Security Technical Committee, and Standards Committee) and Regional Entity committees.

ReliabilityFirst Strategic Planning

2027 Strategic Focus Areas

The strategic plan is the culmination of a collaborative planning process. It reflects our progress over more than two decades since inception, preserves the strong foundation of our prior strategic plan, and accounts for the changing nature of our work and the grid. The 2023-2027 Strategic Plan highlights a few of the many relevant factors we considered as we look to the future, and it sets forth streamlined objectives to ensure that RF remains positioned to ensure the reliability, security and resilience of the grid.

- **Champion excellence in oversight** – RF must consistently demonstrate accountability, transparency and efficiency through our model within the ERO. We will commit resources to collaboration and security by implementing best-in-class security practices across digital and physical domains, with an emphasis on proactive threat mitigation and resilience to safeguard all data and information in our possession. We will also build deep knowledge of our entities and use it to serve our footprint so that we can help educate and serve as an independent resource to our stakeholders.
- **Cultivate a talented and engaged workforce** – Our employees are the heart of what we do, and we are committed to recruiting, retaining, and training the right people for the right roles. We will ensure our talent stays on top of this changing industry and skills are developed to adapt to these changing needs. Lastly, we have a talented workforce where employees feel they can be their authentic selves, and we continue to prioritize our positive workplace culture, making RF a workplace of choice.
- **Harness knowledge to creatively and comprehensively address risks to the grid** – We commit to quickly deploying communications to mitigate risk based on our data and perspective. We will develop targeted outreach strategies so that we reach a variety of stakeholders in meaningful ways. We pledge to enhance our value as an independent resource and broaden our reach by engaging with state legislatures, public utility commissions, and more to utilize our independent voice.

RF's Operating Plan articulates key deliverables that ensure the day-to-day operations match the objectives laid out in the Strategic Plan:

Champion Excellence in Oversight

- Manage all compliance monitoring activities in a risk-based, fair, and consistent manner, affording all entities appropriate due process using tools available to ensure thorough and collaborative compliance audits consistently with all Regions.
- Collaborate with stakeholders to develop regional resilience strategies, including Blackstart readiness and inverter-based resource (IBR) integration, and contribute to FERC and NERC technical reviews.
- Provide outreach to industry identifying themes, trends, emerging risks, and best practices associated with noncompliance issues, including identifying opportunities to share key takeaways with industry stakeholders, helping ensure the reduction of risk to BPS reliability.

Cultivate a Talented and Engaged Workforce

- Attract, develop, and retain highly skilled and engaged staff; broaden outreach channels to attract top talent.
- Promote employee engagement and empowerment by implementing programs that celebrate individual differences and promote psychological safety, inclusion, and engagement across all levels of the organization.
- Expand leadership training and mentorship programs to mature succession planning and support cross-functional collaboration.

Harness Knowledge to Creatively and Comprehensively Address Risks to the Grid

- Issue announcements, newsletters, and reports on key compliance, reliability, risk identification and mitigation, security, state policies, and resilience issues facing RF and the industry.
- Communicate key risks and risk mitigation strategies, plus lessons learned including outreach on winterization.
- Host targeted webinars including the open stakeholder calls (Technical Talk with RF) covering topics related to compliance, reliability, security, resilience, and enforcement.

2027 Business Plan and Budget Overview

Funding and Budget Summary

The 2027 Business Plan and Budget reflects RF's best estimate of the costs it will incur to conduct its delegated functions in support of the ERO. The RF 2027 budget is \$37,786,218, a 5.4% increase over the 2026 budget. The 2027 assessment is \$37,152,461, up 14% from 2026. Released penalties of \$780,477 help to limit this increase. (Refer to Working Capital and Operating Reserve Analysis for more information).

RF's NEL for 2025 was XXX,XXX,XXX MWh. This number is up/down slightly (X.XX%) from 2024 mostly due to above average temperatures in summer, below average temperatures in winter, and the addition of new customers.

RF believes that in 2027, it will continue to realize material efficiencies that will allow the organization to effectively perform its mission and deliver value by reducing risks to the reliability and security of the grid. RF will also continue to perform its essential mission at a cost that balances the longstanding traditions of affordable and reliable electricity across RF's footprint.

The following budget changes allow RF to accomplish the specific objectives outlined in the 2027 Business Plan and Budget.

Major Budget Drivers

- **Personnel** – RF is projecting increased medical costs due to higher medical premium renewal rates, and higher salaries and related expenses due to merit increases and market adjustments. To help offset these rising costs, RF is not adding any additional full-time employees (FTE) to the organization but has instead reallocated one open position from Training, Education, and Outreach to Compliance Monitoring and Enforcement and one FTE from Information Technology to Reliability and Risk to support the goals and deliverables set forth by these program areas.
- **Meetings and Travel** – Travel expenses are expected to increase in 2027 as RF is planning more external state outreach engagements and in-person collaboration across the ERO, combined with overall higher travel costs. Meeting expenses, however, are decreasing as RF plans to host more in-person meetings at its corporate office conference center rather than at offsite locations.
- **Office Costs, including Computer Software, Service and Maintenance** – In collaboration with the ERO Enterprise, RF is committing funds to support the multi-year Align and Secure Evidence Locker refresh project led by NERC. Additionally, RF is investing in new energy data and analytics sources that provide real-time, comprehensive monitoring of the electric grid. To support RF's cloud initiatives, the data warehouse architect migrated to a cloud solution providing a better user experience and modernized architecture, and costs are expected to increase as RF requires more cloud storage. Additionally, security software costs continue to increase.

**Statement of Activities and Capital Expenditures
2026 Budget & Projection and 2027 Budget**

STATUTORY

	2026 2026 Budget	2026 Projection	Variance 26P v 26B	2027 Budget	Variance 27B v 26B	Variance %
Funding						
Statutory Funding						
RF Assessments	\$ 32,589,878	\$ 32,589,878	\$ -	\$ 37,152,461	\$ 4,562,583	14.0%
Penalties Released	1,047,858	1,047,858	-	780,477	(267,381)	-25.5%
Total Statutory Funding	\$ 33,637,736	\$ 33,637,736	\$ -	\$ 37,932,938	\$ 4,295,202	12.8%
Interest and Investment Income	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -	0.0%
Total Funding (A)	\$ 33,787,736	\$ 33,787,736	\$ -	\$ 38,082,938	\$ 4,295,202	12.7%
Expenses						
Personnel Expenses						
Salaries	\$ 22,229,233	\$ 22,229,233	\$ -	\$ 23,175,320	\$ 946,087	4.3%
Payroll Taxes	1,430,375	1,430,375	-	1,638,122	207,747	14.5%
Benefits	3,593,942	3,270,712	(323,230)	3,800,762	206,820	5.8%
Retirement Costs	3,614,611	3,554,612	(59,999)	3,775,584	160,973	4.5%
Total Personnel Expenses	\$ 30,868,161	\$ 30,484,932	\$ (383,229)	\$ 32,389,788	\$ 1,521,627	4.9%
Meeting & Travel Expenses						
Meetings & Conference Calls	\$ 509,030	\$ 505,730	\$ (3,300)	\$ 430,440	\$ (78,590)	-15.4%
Travel	660,820	733,211	72,391	827,354	166,534	25.2%
Total Meeting & Travel Expenses	\$ 1,169,850	\$ 1,238,941	\$ 69,091	\$ 1,257,794	\$ 87,944	7.5%
Operating Expenses, excl. Depreciation						
Contractors & Consultants	\$ 689,266	\$ 836,766	\$ 147,500	\$ 741,912	\$ 52,646	7.6%
Office Rent	728,000	735,300	7,300	752,592	24,592	3.4%
Office Costs	1,544,271	1,432,821	(111,450)	1,655,059	110,788	7.2%
Professional Services	792,314	800,014	7,700	830,473	38,159	4.8%
Miscellaneous	35,260	35,260	-	38,600	3,340	9.5%
Total Operating Expenses, excl. Depreciation	\$ 3,789,111	\$ 3,840,161	\$ 51,050	\$ 4,018,636	\$ 229,525	6.1%
Total Direct Expenses	\$ 35,827,122	\$ 35,564,034	\$ (263,088)	\$ 37,666,218	\$ 1,839,096	5.1%
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ 35,827,122	\$ 35,564,034	\$ (263,088)	\$ 37,666,218	\$ 1,839,096	5.1%
Change in Net Assets (= A - B)	\$ (2,039,386)	\$ (1,776,298)	\$ 263,088	\$ 416,720	\$ 2,456,106	-120.4%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 30,000	\$ 30,000	\$ -	\$ 120,000	\$ 90,000	300.0%
TOTAL BUDGET (= B + C)	\$ 35,857,122	\$ 35,594,034	\$ (263,088)	\$ 37,786,218	\$ 1,929,096	5.4%
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ (2,069,386)	\$ (1,806,298)	\$ 263,088	\$ 296,720	\$ 2,366,106	-114.3%
FTE	106.00	106.00	-	106.00	-	0.0%

*Penalties released reflect the designated amount of funds released to offset assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

2027 Major Budget Drivers – Program Areas

Program	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Reliability Standards	\$ -	\$ -	\$ -	0.0%
Reliability and Risk	8,552,078	9,243,235	691,157	8.1%
Compliance Monitoring and Enforcement	16,010,114	17,025,485	1,015,371	6.3%
Reliability Assessment and Performance Analysis	4,461,425	4,634,684	173,259	3.9%
Training, Education, and Outreach	4,646,556	4,621,918	(24,638)	-0.5%
Situation Awareness and Infrastructure Security	2,186,949	2,260,896	73,947	3.4%
Total Program*	\$ 35,857,122	\$ 37,786,218	\$ 1,929,096	5.4%

* Includes allocated Administrative Services expenses

Reliability and Risk

- **Personnel** – Reallocated one FTE and added one contractor to support AI technology and data modeling, a key focus area for RF, and increased projected medical premiums due to higher renewal rates.

Compliance Monitoring and Enforcement

- **Personnel** – Reallocated one FTE to support increased enforcement activities and increased projected medical premiums due to higher renewal rates.
- **Office Costs** – In collaboration with the ERO Enterprise, RF is committing funds to support the multi-year Align and Secure Evidence Locker refresh project led by NERC.

2027 Major Budget Drivers – Administrative Services

Administrative Services	Direct Expenses and Fixed Assets			FTE		
	2026 Budget	2027 Budget	Variance 27B v 26B	2026 Budget	2027 Budget	Variance 27B v 26B
General and Administrative*	\$ 4,235,657	\$ 4,550,038	\$ 314,381	6.00	6.00	0.00
Legal and Regulatory	927,481	1,011,272	83,791	3.00	3.00	0.00
Information Technology	3,238,252	3,096,654	(141,598)	9.00	8.00	(1.00)
Human Resources	1,630,513	1,211,907	(418,606)	4.00	4.00	0.00
Finance and Accounting	1,080,979	1,191,553	110,574	3.00	3.00	0.00
Total Administrative Services	\$11,112,882	\$11,061,424	\$ (51,458)	25.00	24.00	(1.00)

* General and Administrative includes the CEO, Executive Assistant, Chief Security Officer, and RF's Security staff members

- **Personnel** – One FTE was reallocated from Information Technology to Reliability and Risk. One FTE in Human Resources was repurposed to a lower-cost position to meet increasing demands. We are temporarily pausing the intern program for one year. RF is also projecting increased medical premiums due to higher renewal rates.

- **Computer Software, Services and Maintenance** - To support RF's cloud initiatives, the data warehouse architect migrated to a cloud solution providing a better user experience and modernized architecture, and costs are expected to increase as RF performs more of the work in-house and requires more cloud storage. Additionally, security software costs continue to increase.

Methodology for Allocation of Administrative Services Expenses to Programs

Where applicable, operating expenses are accounted for within the related department's budget. If an expense cannot be specifically associated to a department, it is included in one of the Administrative Services programs. All expenses for the Administrative Services Programs, referred to as indirect expenses, are allocated proportionately based on FTE count to the direct programs. This allocation provides improved financial perspective for the direct program areas.

Personnel Analysis and Expenses

Total FTE by Program Area	2026 Budget	2027 Budget	Variance 27B v 26B
STATUTORY			
Operational Programs			
Reliability Standards	0.00	0.00	0.00
Reliability and Risk	19.00	20.00	1.00
Compliance Monitoring and Enforcement	38.00	39.00	1.00
Reliability Assessment and Performance Analysis	9.00	9.00	0.00
Training, Education, and Outreach	10.00	9.00	-1.00
Situation Awareness and Infrastructure Security	5.00	5.00	0.00
Total FTE Operational Programs	81.00	82.00	1.00
Administrative Programs			
General and Administrative	6.00	6.00	0.00
Legal and Regulatory Affairs	3.00	3.00	0.00
Information Technology	9.00	8.00	-1.00
Human Resources	4.00	4.00	0.00
Finance and Accounting	3.00	3.00	0.00
Total FTE Administrative Programs	25.00	24.00	-1.00
Total FTE	106.00	106.00	0.00

Personnel Expenses			Variance	
	2026 Budget	2027 Budget	27B v 26B	Variance %
Total Salaries	\$ 22,229,233	\$ 23,175,320	\$ 946,087	4.3%
Total Payroll Taxes	\$ 1,430,375	\$ 1,638,122	\$ 207,747	14.5%
Total Benefits	\$ 3,593,942	\$ 3,800,762	\$ 206,820	5.8%
Total Retirement	\$ 3,614,611	\$ 3,775,584	\$ 160,973	4.5%
Total Personnel Costs	\$ 30,868,161	\$ 32,389,788	\$ 1,521,627	4.9%
FTE	106.00	106.00	0.00	0.0%
Cost per FTE				
Salaries	\$ 209,710	\$ 218,635	\$ 8,925	4.3%
Payroll Taxes	13,494	15,454	1,960	14.5%
Benefits	33,905	35,856	1,951	5.8%
Retirement	34,100	35,619	1,519	4.5%
Total Cost per FTE	\$ 291,209	\$ 305,564	\$ 14,355	4.9%

Explanation of Significant Variances

- The overall increase in Personnel Expenses is due to a 4.5% merit and market adjustment increase and higher medical premium renewal rates. More information can be found in the following sections: Major Budget Drivers – Program Areas and Major Budget Drivers – Administrative Services.

Contractors and Consultants

Contractors & Consultants			Variance	
	2026 Budget	2027 Budget	27B v 26B	Variance %
Reliability Standards	\$ -	\$ -	\$ -	-
Reliability and Risk	19,000	125,004	106,004	557.9%
Compliance Monitoring and Enforcement	-	-	-	-
Reliability Assessment and Performance Analysis	120,365	152,773	32,408	26.9%
Training, Education, and Outreach	60,300	59,600	(700)	-1.2%
Situation Awareness and Infrastructure Security	-	-	-	-
Administrative Services	489,601	404,535	(85,066)	-17.4%
Total Contractors & Consultants	\$ 689,266	\$ 741,912	\$ 52,646	7.6%

Explanation of Significant Variances

- **Reliability and Risk** - RF plans to use a contractor to support AI technology and data modeling, a key focus area for the organization.
- **Information Technology** – In lieu of using contractors, RF is performing more cloud-related work in-house.

Fixed Assets

Fixed Assets			Variance	
	2026 Budget	2027 Budget	27B v 26B	Variance %
Computer Hardware	\$ 30,000	\$ 100,000	\$ 70,000	233.3%
Computer Software	-	20,000	20,000	-
Furniture & Fixtures	-	-	-	-
Equipment	-	-	-	-
Leasehold Improvements	-	-	-	-
Total Fixed Assets	\$ 30,000	\$ 120,000	\$ 90,000	300.0%

Explanation of Significant Variances

- Overall computer hardware and related software costs will increase as a result of replacing critical back-up servers approaching end-of-life.

Working Capital and Operating Reserve Analysis

Working Capital and Operating Reserve Analysis 2026 - 2027				
STATUTORY				
	Total	Working Capital and Working Capital Reserve	Unreleased Penalties	Operating Reserve
Beginning Working Capital Per Audit, December 31, 2025	\$ 7,713,728			
Beginning Reserve Balances, January 1, 2026	\$ 7,713,728	\$ 5,581,693	\$ 1,132,035	\$ 1,000,000
Plus: Penalty Funds Released from Restriction January 1, 2026	-	1,047,858	(1,047,858)	-
Plus: Penalty Sanctions Received January 1 - June 30, 2026	696,300	-	696,300	-
Plus: 2026 ReliabilityFirst Funding (from LSEs or designees)	32,589,878	32,589,878	-	-
Plus: 2026 Other Funding Sources	150,000	150,000	-	-
Less: 2026 Projected Expenses & Capital Expenditures	(35,594,034)	(35,594,034)	-	-
Projected Working Capital and Operating Reserves, December 31, 2026	\$ 5,555,872	\$ 3,775,395	\$ 780,477	\$ 1,000,000
Targeted Working Capital and Operating Reserves, December 31, 2027 ²	\$ 5,072,115	\$ 4,072,115	\$ -	\$ 1,000,000
Less: Projected Working Capital and Operating Reserves, December 31, 2026	(5,555,872)	(3,775,395)	(780,477)	(1,000,000)
Total Adjustments to Reserves	\$ (483,757)	\$ 296,720	\$ (780,477)	\$ -
2027 Expenses and Capital Expenditures	\$ 37,786,218			
Less: Penalty Sanctions ¹	(780,477)			
Less: Other Funding Sources	(150,000)			
Adjustment to Achieve Reserve Balances	296,720			
2027 ReliabilityFirst Assessment	\$ 37,152,461			

¹ Represents penalty sanctions collected from July 1, 2025 to June 30, 2026.

² The Operating Reserve were approved by the ReliabilityFirst Board of Directors on March 30, 2026.

Working Capital Reserve

Historically, the working capital reserve has consisted of the amount necessary to satisfy projected cash flow needs for daily operations. To manage assessments more effectively over a three-to-five-year period, the working capital reserve was initially increased in amount such that additional funds were available to achieve stabilization of future assessments. For 2027, the working capital reserve will be increased by \$296,720 to meet the Board-approved target reserve of \$4,072,115 on December 31, 2027. The Targeted Working Capital balance of \$4,072,115 will be used to stabilize assessments in future years.

Operating Reserve

The amount of the operating reserve is determined and recommended for approval by the Board of Directors during the annual budget process. On March 31, 2026, the RF Board approved a \$1,000,000 operating reserve, which is consistent with RF's policy. RF budgeted the same amount in the 2026 Business Plan and Budget for any unbudgeted and unexpected expenditures of the organization.

Penalty Sanctions

Pursuant to the NERC ROP 1107.2, all funds from financial penalties assessed in the United States received by the entity initiating the compliance monitoring and enforcement process shall be applied as a general offset to the entity's budget requirements for the subsequent fiscal year, if received by July 1, or for the second subsequent fiscal year, if received on or after July 1. RF expects to collect \$780,477 in penalty sanctions between July 1, 2025, and June 30, 2026, that will be used to offset RF's 2027 budget.

Penalty monies received have been allocated based upon the number of FTEs to the following direct programs to reduce assessments:

- Reliability and Risk
- Compliance Monitoring and Enforcement
- Reliability Assessment and Performance Analysis
- Training, Education, and Outreach; and
- Situation Awareness and Infrastructure Security

Three Year Projections

Statement of Activities and Capital Expenditures 2028 and 2029 Projections							
	2027	2028	27 v 28	27 v 28	2029	28 v 29	28 v 29
	Budget	High Projection	\$ Change	% Change	High Projection	\$ Change	% Change
Funding							
Statutory Funding							
RF Assessments	\$ 37,152,461	\$ 41,424,994	\$ 4,272,533	11.5%	\$ 44,531,868	\$ 3,106,875	7.5%
Penalties Released	780,477	-	(780,477)	-100.0%	-	-	-
Total Statutory Funding	\$ 37,932,938	\$ 41,424,994	\$ 3,492,056	9.2%	\$ 44,531,868	\$ 3,106,875	7.5%
Interest and Investment Income	\$ 150,000	\$ 150,000	\$ -	0.0%	\$ 150,000	\$ -	0.0%
Total Funding (A)	\$ 38,082,938	\$ 41,574,994	\$ 3,492,056	9.2%	\$ 44,681,868	\$ 3,106,875	7.5%
Expenses							
Personnel Expenses							
Salaries	\$ 23,175,320	\$ 24,953,517	\$ 1,778,197	7.7%	\$ 26,625,525	\$ 1,672,008	6.7%
Payroll Taxes	1,638,122	1,759,697	121,575	7.4%	1,877,219	117,521	6.7%
Benefits	3,800,762	4,784,127	983,365	25.9%	5,376,496	592,370	12.4%
Retirement Costs	3,775,584	4,125,492	349,908	9.3%	4,402,191	276,699	6.7%
Total Personnel Expenses	\$ 32,389,788	\$ 35,622,833	\$ 3,233,045	10.0%	\$ 38,281,431	\$ 2,658,598	7.5%
Meeting & Travel Expenses							
Meetings & Conference Calls	\$ 430,440	\$ 460,571	\$ 30,131	7.0%	\$ 492,811	\$ 32,240	7.0%
Travel	827,354	910,089	82,735	10.0%	1,001,098	91,009	10.0%
Total Meeting & Travel Expenses	\$ 1,257,794	\$ 1,370,660	\$ 112,866	9.0%	\$ 1,493,909	\$ 123,249	9.0%
Operating Expenses, excl. Depreciation							
Contractors & Consultants	\$ 741,912	\$ 793,846	\$ 51,934	7.0%	\$ 849,415	\$ 55,569	7.0%
Office Rent	752,592	767,644	15,052	2.0%	782,997	15,353	2.0%
Office Costs	1,655,059	1,770,913	115,854	7.0%	1,894,877	123,964	7.0%
Professional Services	830,473	880,301	49,828	6.0%	933,119	52,818	6.0%
Miscellaneous	38,600	40,530	1,930	5.0%	42,557	2,027	5.0%
Total Operating Expenses, excl. Depreciation	\$ 4,018,636	\$ 4,253,234	\$ 234,598	5.8%	\$ 4,502,965	\$ 249,731	5.9%
Total Direct Expenses	\$ 37,666,218	\$ 41,246,727	\$ 3,580,510	9.5%	\$ 44,278,305	\$ 3,031,577	7.3%
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses (B)	\$ 37,666,218	\$ 41,246,727	\$ 3,580,510	9.5%	\$ 44,278,305	\$ 3,031,577	7.3%
Change in Net Assets (= A - B)	\$ 416,720	\$ 328,266	\$ (88,454)	-21.2%	\$ 403,563	\$ 75,297	22.9%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 120,000	\$ 150,000	\$ 30,000	25.0%	\$ 187,500	\$ 37,500	25.0%
TOTAL BUDGET (= B + C)	\$ 37,786,218	\$ 41,396,727	\$ 3,610,510	9.6%	\$ 44,465,805	\$ 3,069,077	7.4%
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ 296,720	\$ 178,266	\$ (118,454)	-39.9%	\$ 216,063	\$ 37,797	21.2%
FTE	106.00	110.00	4.00	3.8%	113.00	3.00	2.7%

2028 and 2029 Budget Projections

RF forecasts a low and high budget projection for each subsequent year when doing the two-year forecast. The biggest driver of each range is the FTEs needed for the budget year as personnel comprise most of our budget costs. Other major differences are outlined below.

The following is a breakdown of the projected budget range increases for 2028:

Low projection

On the low end of our budget projection for 2027, RF anticipates a budget increase of \$2,154,097 or 5.7% from the 2027 budget.

High projection

RF projects to increase its 2028 operating budget \$3,610,510 or 9.6% from the 2027 budget. The 2028 projected assessment of \$41,424,994 represents an increase of 11.5% (\$4,272,533) from the 2027 projected assessment.

Major Budget Drivers 2028

- **Staffing:** RF plans to increase its FTE count and bring on 2 – 4 new FTEs in 2028. These roles were deferred from 2027 and will help support RF’s strategic objectives by focusing on critical areas in Training, Education, and Outreach (a Legislative Analyst and Communications Manager) and Administrative Services (a Security Analyst and Process Coordinator/Front Desk support). These roles are critical to several key areas:
 - Strategic outreach and stakeholder engagement
 - Maturing our security posture and controls
 - Overall administrative support
- **Personnel Expenses:** RF plans to increase employee benefits with merit increases ranging from 3 – 4.5% in 2028. In addition, we project medical premium expenses increase 10 – 20% from the 2027 rates. RF will continue to upskill its employees by focusing on training and education for staff and maintain a training budget to allow employees to maintain and build the skills necessary to succeed in our rapidly changing environment.
- **Meeting and Travel Expenses:** Increases in meeting and travel expenses are anticipated to be in line with inflation and growth of the organization. We anticipate seeing a combined increase of 4 – 9% in meetings and travel in 2028, consistent with 2027.
- **Operating Expenses:** The largest cost driver would be in computer software, services, and maintenance where we anticipate a 6 – 7%% increase in cost from 2027. These costs include continuation of our cloud strategy, technology enablement for the organization and innovation of tools and services across the company.

The following is a breakdown of the projected budget range increases for 2029²:

Low projection

In 2029, on the low end of the budget projection, RF’s budget would increase \$1,375,699 or 3.4%. In this forecast, we do not anticipate any staffing changes to the organization.

High projection

Forecasting on the high end, the budget would increase \$3,069,077 or 7.4%. The forecasted assessments would increase to \$44,531,868, an increase of \$3,106,875 or 7.5%.

² 2029 projections % increases/(decreases) are compared to the 2028 high projection.

Major Budget Drivers 2029

- **Staffing:** All forecasted staffing needs in 2029 are tied to our delegated responsibilities and potential growth in volume in auditing and enforcement case dispositions. With the changes to the IBR registration requirements, the impact of the compliance changes on entities is unclear and therefore internally the impact on volume of audits and case work filing are uncertain.
- **Personnel Expenses:** RF plans to allocate a merit increases ranging from 3 – 4.5% in 2029. In addition, we project medical premium expenses increasing from 10 – 20% from projected high forecasted rates in 2028. RF will continue to upskill its employees by focusing on training and education for staff and maintain a training budget to allow employees to maintain and build the skills necessary to succeed in our rapidly changing environment.
- **Meeting and Travel Expenses:** Increases in meeting and travel expenses are anticipated to be in line with inflation and growth of the organization. We anticipate seeing a combined increase of 4 – 9% in meetings and travel in 2029, consistent with 2028.
- **Operating Expenses:** RF anticipates modest increases in operating expenses from the 2028 budget, primarily tied to additional contractor needs and increased costs of professional services and computer software, services, and maintenance.

2027 Program Area and Department Detail

Reliability Standards

Reliability Standards				
	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Total FTEs	0.00	0.00	0.00	
Direct Expenses	\$ -	\$ -	\$ -	-
Indirect Expenses	\$ -	\$ -	\$ -	-
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -	-
Total Funding Requirement	\$ -	\$ -	\$ -	-

Purpose and Scope

RF participates in the NERC Reliability Standards development and amendment processes to ensure standards adequately mitigate relevant risks, especially those affecting the RF region. More stringent Regional Reliability Standards may be created to address regional issues not covered by NERC standards. To date, RF has developed one FERC-approved Regional Standard (Planning Resource Adequacy Analysis, Assessment and Documentation, standard BAL-502-RF-03, approved by FERC on October 16, 2017). Regional criteria may also be developed to promote good utility practices used to enhance grid reliability, but these criteria are not enforceable standards. RF has no current plans to develop new Regional Standards or criteria in 2027.

2027 Areas of Focus

Key areas of focus for the Reliability Standards program include:

- Reviewing and providing feedback on potential reliability, security, resiliency, or efficiency concerns associated with existing NERC Reliability Standards and Reliability Standard Audit Worksheets and those under development.
- Supporting the ERO Enterprise as needed to develop, modify, and conduct periodic reviews of Reliability Standards to ensure Standards are written clearly and structured properly for existing and emerging risks.

In 2015, RF shifted resources and expenses from the Reliability Standards program to Reliability and Risk Analysis and Compliance Monitoring due to reduced activity. If new standards or criteria are needed, resources will be temporarily reassigned from these areas.

Compliance Monitoring and Enforcement; Organization Registration and Certification

The Compliance Monitoring and Enforcement program (CMEP) is designed to ensure that compliance monitoring, risk assessment, mitigation, and enforcement activities are conducted in accordance with the NERC Rules of Procedure and the Amended and Restated Delegation Agreement between NERC and RF, with a focus on risk and reliability. RF has organized CMEP into two areas: (1) Reliability and Risk Analysis and (2) Compliance Monitoring and Enforcement.

Reliability and Risk Analysis

Purpose and Scope

The Reliability and Risk Analysis area comprises three subgroups: Risk Analysis and Mitigation, Analytic Services, and Entity Engagement. The key functions for each area include:

Risk Analysis and Mitigation (RAM)

- Conducting risk-harm analyses of potential entity non-compliances.
- Developing Compliance Oversight Plans (COP) that establish tailored compliance monitoring activities for NERC Reliability Standards and the appropriate intervals for these activities. This process incorporates the Inherent Risk Assessment, which identifies risks unique to each entity, along with entity performance, to inform the COP.
- Reviewing and approving entity mitigation activities to ensure that corrective actions are taken and recurrences are prevented to protect BPS reliability.
- Registering applicable owners, operators, and users of the BPS to ensure compliance with Reliability Standards.

Analytic Services

- Developing, maintaining, and growing the RF Data Warehouse for information storage and retrieval.
- Expanding data quality management initiatives to ensure that data consumed for analysis is AI ready.
- Implementing and supporting generative AI usage aided with best practices/training for RF stakeholders. These AI tools will help automate routine tasks, analyze large datasets for insight, and improve decision-making processes.
- Creating advanced analytics and reporting to support the activities of other CMEP areas and drive insight and business decisions by providing data visualizations.
- Performing quantitative assessments of data models, using statistical tools and technical analysis to help identify risk to the grid.

Entity Engagement

- Assisting Registered Entities to improve compliance programs and organizational reliability, risk identification and mitigation, security, and resilience.
- Working closely with entities to assist stakeholders in achieving operational excellence and improve organizational culture and overall program maturity.
- Certifying applicable entities.
- Executing a winterization program to assist entities with preparation for extreme weather conditions.
- Facilitating training and continuous improvement opportunities through outreach, including onboarding education for new entities.

2027 Areas of Focus

Key areas of focus for the Reliability and Risk Analysis area include:

- Processing all registration requests in a timely manner, and identifying and implementing process improvements to streamline and drive efficiency as the volume and complexity of registrations continues to increase based on the changing resource mix and modification to the registration criteria to include non-BPS IBRs.
- Supporting development and integration of advanced analytical capabilities for identifying and determining reliability risks and conducting various risk assessments (i.e., Regional Risk Assessments, Inherent Risk Assessments/Compliance Oversight Plans, Risk-Harm Assessments, and explorative Probabilistic Risk Assessment).
- Leading/participating in the annual Winter Preparedness program designed to help ensure the readiness of generating units to perform during extreme cold weather.
- Facilitating the administration of the RF Regional Standards Development Process for any potential Regional Standard revisions.
- Performing additional Assist Visits, outreach, and training to help mature and enhance registered entity programs based on the development of new and modified Standards that tackle changing risks in our footprint (e.g., IBRs, winterization, physical security, supply chain, virtualization, and cloud computing).
- Investing in new infrastructure and architecture to support cloud migration of the data warehouse, generative AI, and enhanced dashboards in Microsoft's Azure environment will enable the development of predictive analytics and result in greater visibility of risks to the grid.
- Increasing certification reviews and readiness evaluations of registered entities based on FERC order 881, as well as entities more frequently making changes to their Energy Management Systems.
- Implementing new and modified standards to address FERC Order 901 integrating IBRs.

Statement of Activities and Capital Expenditures 2026 Budget and 2027 Budget

Reliability and Risk

	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Funding				
Statutory Funding				
RF Assessments	\$ 8,271,099	\$ 9,016,289	\$ 745,190	9.0%
Penalties Released	245,794	190,360	(55,434)	-22.6%
Total Statutory Funding	\$ 8,516,893	\$ 9,206,650	\$ 689,756	8.1%
Interest and Investment Income	\$ 35,185	\$ 36,585	\$ 1,400	4.0%
Total Funding (A)	\$ 8,552,078	\$ 9,243,235	\$ 691,157	8.1%
Expenses				
Personnel Expenses				
Salaries	\$ 4,163,842	\$ 4,462,884	\$ 299,042	7.2%
Payroll Taxes	267,350	318,115	50,765	19.0%
Benefits	599,290	678,844	79,554	13.3%
Retirement Costs	659,333	706,189	46,856	7.1%
Total Personnel Expenses	\$ 5,689,815	\$ 6,166,032	\$ 476,217	8.4%
Meeting & Travel Expenses				
Meetings & Conference Calls	\$ 10,800	\$ 7,700	\$ (3,100)	-28.7%
Travel	120,300	143,900	23,600	19.6%
Total Meeting & Travel Expenses	\$ 131,100	\$ 151,600	\$ 20,500	15.6%
Operating Expenses, excl. Depreciation				
Contractors & Consultants	\$ 19,000	\$ 125,004	\$ 106,004	557.9%
Office Rent	-	-	-	-
Office Costs	104,478	101,491	(2,987)	-2.9%
Professional Services	-	-	-	-
Miscellaneous	960	1,200	240	25.0%
Total Operating Expenses, excl. Depreciation	\$ 124,438	\$ 227,695	\$ 103,257	83.0%
Total Direct Expenses	\$ 5,945,353	\$ 6,545,327	\$ 599,974	10.1%
Indirect Expenses	\$ 2,599,688	\$ 2,668,640	\$ 68,952	2.7%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ 8,545,041	\$ 9,213,967	\$ 668,925	7.8%
Change in Net Assets (= A - B)	\$ 7,037	\$ 29,268	\$ 22,231	315.9%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 7,037	\$ 29,268	\$ 22,231	315.9%
TOTAL BUDGET (= B + C)	\$ 8,552,078	\$ 9,243,235	\$ 691,157	8.1%
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ -	\$ -	\$ -	-
FTE	19.00	20.00	1.00	5.3%

Compliance Monitoring and Enforcement

Compliance Monitoring

Purpose and Scope

The Compliance Monitoring group ensures adherence to NERC Reliability Standards among RF's registered entities through a variety of risk-based activities. These efforts are critical for maintaining grid reliability, security, and resiliency, ensuring entities have effective controls in place and are following the requirements of the Reliability Standards. Key activities include:

- Conducting audits, spot checks, self-certifications, and data submittal requests based on risk, with more frequent monitoring for higher-risk entities and using focused self-certifications for targeted risks.
- Assessing entity internal controls and system events to identify and mitigate potential risks.
- Serving as subject matter experts and technical resources for RF and the ERO.
- Performing Periodic Data Submittal (PDS) and Attestation reviews to meet the ERO Enterprise PDS Schedule and address the risks entities are experiencing with cold weather events and IBRs.

2027 Areas of Focus

Key areas of focus for the Compliance Monitoring group include:

- Seeking and implementing efficiencies in compliance monitoring processes through continued auditor training, development and enhancement of auditor tools, and continuous improvements.
- Applying a risk-based methodology to determine the appropriate Compliance Monitoring techniques based on identified risks and the characteristics of the entities under review.
- Contributing to the development of the risk-based annual CMEP Implementation Plan, which directs oversight activities and highlights common risks and reliability concerns.
- Supporting the ERO Enterprise with the planned improvements of Align and the Secure Evidence Locker to continue to drive efficiency.
- Implementing a risk-based monitoring approach for performing oversight of the new IBRs.
- Maintaining more frequent, robust touchpoints across RF's footprint, reducing the scope of individual engagements while effectively managing an increased number of engagements annually.
- Keeping abreast of new and emerging technologies and maintaining professional certifications to uphold subject matter expertise. Ensuring all auditors receive comprehensive training in accordance with NERC auditor requirements.

Enforcement

Purpose and Scope

The Enforcement group performs RF's delegated function to enforce compliance with Reliability Standards. This effort involves ensuring that the selected resolution and disposition method for any noncompliance is consistent with the risk posed by the noncompliance; is adequately supported by the record; and promotes desired entity behaviors to enhance reliability. Some key Enforcement functions include:

- Transparent, consistent, and efficient disposition of noncompliance matters.
- Educating entity stakeholders to help understand potential noncompliance trends and themes that may be early indicators of programmatic or systemic challenges.
- Working collaboratively with FERC, NERC, the other Regions, and industry to shape risk-based, effective enforcement policies that drive desired entity behavior.

2027 Areas of Focus

Key areas of focus for the Enforcement group include:

- Continuing to resolve enforcement actions in a thoughtful, risk-based, reliability-focused manner while ensuring that decisions are repeatable and consistent with NERC directives and FERC orders, rules, and regulations.
- Increasing efficiency, through process improvements, in dispositioning enforcement actions and preparing related documentation.
- Continuing to process and reduce backlog of aging violations.
- Providing outreach to industry identifying themes, trends, emerging risks, and best practices associated with noncompliance issues and opportunities to share key takeaways with industry stakeholders, helping ensure the reduction of risk to BPS reliability.
- Maturing Enforcement processes to proactively identify noncompliance risks and emerging violation trends to reduce the likelihood of higher risk violations before they occur, and, when appropriate, hold registered entities accountable for higher risk violations with monetary and/or non-monetary penalties commensurate with the risk posed to the security and reliability of the BPS.
- Serving frequently as the lead Region for Multi Regional Registered Entities (MRRE) and continuing to support other Regions when RF is the affected Region. The disposition of MRRE non-compliances takes additional time to coordinate dispositions, review mitigation, and negotiate acceptable solutions with affected Regions.

Statement of Activities and Capital Expenditures 2026 Budget and 2027 Budget

Compliance Monitoring and Enforcement

	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Funding				
Statutory Funding				
RF Assessments	\$ 15,448,156	\$ 16,582,941	\$ 1,134,785	7.3%
Penalties Released	491,588	371,202	(120,385)	-24.5%
Total Statutory Funding	\$ 15,939,743	\$ 16,954,144	\$ 1,014,400	6.4%
Interest and Investment Income	\$ 70,370	\$ 71,341	\$ 971	1.4%
Total Funding (A)	\$ 16,010,114	\$ 17,025,485	\$ 1,015,371	6.3%
Expenses				
Personnel Expenses				
Salaries	\$ 7,536,215	\$ 8,083,744	\$ 547,529	7.3%
Payroll Taxes	507,917	583,015	75,098	14.8%
Benefits	1,214,007	1,313,416	99,409	8.2%
Retirement Costs	1,194,118	1,275,909	81,791	6.8%
Total Personnel Expenses	\$ 10,452,257	\$ 11,256,084	\$ 803,827	7.7%
Meeting & Travel Expenses				
Meetings & Conference Calls	\$ 14,400	\$ 11,000	\$ (3,400)	-23.6%
Travel	261,964	322,200	60,236	23.0%
Total Meeting & Travel Expenses	\$ 276,364	\$ 333,200	\$ 56,836	20.6%
Operating Expenses, excl. Depreciation				
Contractors & Consultants	\$ -	\$ -	\$ -	-
Office Rent	-	-	-	-
Office Costs	63,342	170,580	107,238	169.3%
Professional Services	-	-	-	-
Miscellaneous	4,700	4,700	-	0.0%
Total Operating Expenses, excl. Depreciation	\$ 68,042	\$ 175,280	\$ 107,238	157.6%
Total Direct Expenses	\$ 10,796,663	\$ 11,764,564	\$ 967,901	9.0%
Indirect Expenses	\$ 5,199,377	\$ 5,203,848	\$ 4,471	0.1%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ 15,996,040	\$ 16,968,412	\$ 972,372	6.1%
Change in Net Assets (= A - B)	\$ 14,074	\$ 57,073	\$ 42,999	305.5%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 14,074	\$ 57,073	\$ 42,999	305.5%
TOTAL BUDGET (= B + C)	\$ 16,010,114	\$ 17,025,485	\$ 1,015,371	6.3%
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ -	\$ -	\$ -	-
FTE	38.00	39.00	1.00	2.6%

Reliability Assessment and Performance Analysis

Purpose and Scope

The Engineering and System Performance (ESP) group at RF executes the Reliability Assessment and Performance Analysis (RAPA) program, which plays a vital role in identifying and evaluating risks to the BPS within the region and across the ERO Enterprise. Key functions include:

- Independently analyzing, assessing, and reporting on the reliability and adequacy of the BPS within the RF footprint.
- Conducting transmission analysis and assessments; carrying out resource and energy adequacy studies; performing special analyses as needed; and sharing and reporting data and findings.
- Supplying resources and data for technical analyses and supporting risk-based activities throughout the organization and across the ERO Enterprise.
- Facilitating stakeholder advisory and technical committees and several other industry discussion groups.

2027 Areas of Focus

Key areas of focus for the RAPA program include:

- Conducting seasonal risk analyses of projected resource and energy adequacy for PJM Interconnection, LLC (PJM) and Midcontinent Independent System Operator (MISO), the two Regional Transmission Organizations (RTO) within RF's area.
- Conducting seasonal and long-term power-flow analyses (both steady-state and dynamic) and generating assessment reports on the results.
- Enhancing analysis capabilities with the development of short circuit, electromagnetic transient (EMT), and other specialized techniques.
- Enhancing capabilities with data collection, verification, and validation techniques related to ERO and RF studies and performance analysis.
- Through participation in the ERO Reliability Assessment (RA) and Models and Study Team (MAST) groups, providing technical support for the ERO Enterprise's expanded and enhanced system studies and performing analyses as needed.
- Implementing the ERO MAST three-year work plan to perform studies and assessments related to transfer analysis, frequency availability and response, "weak grid" conditions, case quality metrics, and other high priority areas.
- Supporting risk-based activities with the development and review of lessons learned, best practices, and guidance documentation across the ERO Enterprise and industry.
- Working with neighboring Regional Entities within the Eastern Interconnection Reliability Assessment Group (ERAG) to perform Eastern Interconnection assessment studies and produce reports. Monitoring the development of power-flow cases with case quality metrics, recommended improvements, and outreach. Reviewing the use of quality models through participation in the Acceptable Models Working Group (AWWG). Continuing to actively participate in and broaden the scope of work within ERAG and the Multiregional Modeling Working Group (MMWG).

- Reviewing protective relay misoperation data and corrective actions from the NERC MIDAS system; coordinating peer review with the RF Protection Subcommittee and performing one-on-one outreach with struggling Registered Entities within the RF footprint.
- Supporting and expanding stakeholder involvement through various regional technical groups, including the Reliability Committee (a technical advisory body to the RF Board of Directors) and its subcommittees (i.e., Protection Subcommittee, Transmission Performance Subcommittee, Generation Subcommittee).
- Providing Registered Entities with training and interaction through recurring workshops, including human performance and protection system workshops.
- Supplying knowledge, techniques, and data input in support of RF's risk-based activities, including the Inherent Risk Assessment and Regional Risk Assessment efforts, as well as supporting state outreach activities.

Statement of Activities and Capital Expenditures 2026 Budget and 2027 Budget

Reliability Assessment and Performance Analysis

	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Funding				
Statutory Funding				
RF Assessments	\$ 4,328,329	\$ 4,532,558	\$ 204,229	4.7%
Penalties Released	116,429	85,662	(30,767)	-26.4%
Total Statutory Funding	\$ 4,444,758	\$ 4,618,220	\$ 173,462	3.9%
Interest and Investment Income	\$ 16,667	\$ 16,463	\$ (203)	-1.2%
Total Funding (A)	\$ 4,461,425	\$ 4,634,684	\$ 173,259	3.9%
Expenses				
Personnel Expenses				
Salaries	\$ 2,013,662	\$ 2,131,064	\$ 117,402	5.8%
Payroll Taxes	129,660	151,908	22,248	17.2%
Benefits	279,746	304,671	24,925	8.9%
Retirement Costs	317,845	336,704	18,859	5.9%
Total Personnel Expenses	\$ 2,740,913	\$ 2,924,347	\$ 183,434	6.7%
Meeting & Travel Expenses				
Meetings & Conference Calls	\$ 6,300	\$ 8,650	\$ 2,350	37.3%
Travel	80,056	75,000	(5,056)	-6.3%
Total Meeting & Travel Expenses	\$ 86,356	\$ 83,650	\$ (2,706)	-3.1%
Operating Expenses, excl. Depreciation				
Contractors & Consultants	\$ 120,365	\$ 152,773	\$ 32,408	26.9%
Office Rent	-	-	-	-
Office Costs	279,026	259,855	(19,171)	-6.9%
Professional Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses, excl. Depreciation	\$ 399,391	\$ 412,628	\$ 13,237	3.3%
Total Direct Expenses	\$ 3,226,660	\$ 3,420,625	\$ 193,965	6.0%
Indirect Expenses	\$ 1,231,431	\$ 1,200,888	\$ (30,543)	-2.5%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ 4,458,091	\$ 4,621,513	\$ 163,422	3.7%
Change in Net Assets (= A - B)	\$ 3,333	\$ 13,171	\$ 9,837	295.1%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 3,333	\$ 13,171	\$ 9,837	295.1%
TOTAL BUDGET (= B + C)	\$ 4,461,425	\$ 4,634,684	\$ 173,259	3.9%
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ -	\$ -	\$ -	-
FTE	9.00	9.00	-	0.0%

Training, Education, and Outreach

Purpose and Scope

The RF Training, Education, and Outreach Program provides essential communication, education and training for registered entities, state policy makers and officials, critical infrastructure interdependencies, and other electric industry stakeholders to obtain essential knowledge of BPS operations, reliability, and security. These programs are offered in a variety of venues, formats, and channels (webinars, newsletters, workshops, meetings and testimonies) to ensure accessible options for everyone.

The Training and Education area offers programs focused on grid reliability and security, sharing lessons learned, trends, and best practices across topics such as compliance, internal controls, protection systems, cyber and physical security, and human performance. This area also creates content for outreach, training, and education and works collaboratively across RF program areas to publish content.

Outreach efforts target state legislators, public utility commissioners, energy offices, and governor's offices by offering expertise and updates on emerging reliability and security risks. RF serves as an independent resource for state stakeholders, utilizing its expertise in power system engineering, control room operations, planning, and cyber and physical security.

RF does not provide system operator certification training since it is offered by the Regional Transmission Organizations within the region.

2027 Areas of Focus

Key areas of focus for the Training, Education, and Outreach program include:

- Broadening State Outreach efforts by participating in more hearings, testimonies, and regulatory panels, and meeting with states. This also includes engaging with chambers of commerce and consumer advocate groups to discuss reliability and security issues.
- Implementing generative AI tools to streamline work activities and drive efficiency across teams.
- Continuing to enhance internal and external training tools, processes, and outreach offerings such as workshops, webinars, and resources available on the RF website to address new and modified NERC standards, new registration requirements, risks associated with energy assurance, IBRs, and new cybersecurity risks.
- Assisting NERC with the coordination, planning, delivery, and management of training and outreach activities across the ERO Enterprise alongside Region-specific training and outreach activities.
- Organizing targeted webinars, including open stakeholder calls (Technical Talk with RF), on subjects concerning compliance, reliability, security, resilience, and enforcement.
- Conducting targeted workshops to help with specific reliability and security concerns (e.g., Low Impact Workshop, Energy 101 bootcamps, Internal Controls, Misoperations, or other risk topics tied back to the Regional Risk Assessment).
- Overseeing the publishing and platforming of content and digital engagement for public and targeted audiences.

- Promoting stakeholder engagement through groups such as the Compliance Users Group (CUG) and Critical Infrastructure Protection Committee (CIPC).

Statement of Activities and Capital Expenditures
2026 Budget and 2027 Budget
Training, Education, and Outreach

	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Funding				
Statutory Funding				
RF Assessments	\$ 4,498,672	\$ 4,519,792	\$ 21,120	0.5%
Penalties Released	129,365	85,662	(43,703)	-33.8%
Total Statutory Funding	\$ 4,628,037	\$ 4,605,454	\$ (22,583)	-0.5%
Interest and Investment Income	\$ 18,519	\$ 16,463	\$ (2,055)	-11.1%
Total Funding (A)	\$ 4,646,556	\$ 4,621,918	\$ (24,638)	-0.5%
Expenses				
Personnel Expenses				
Salaries	\$ 2,065,294	\$ 2,151,075	\$ 85,781	4.2%
Payroll Taxes	119,152	142,503	23,351	19.6%
Benefits	284,899	305,074	20,175	7.1%
Retirement Costs	318,531	339,750	21,219	6.7%
Total Personnel Expenses	\$ 2,787,876	\$ 2,938,402	\$ 150,526	5.4%
Meeting & Travel Expenses				
Meetings & Conference Calls	\$ 285,350	\$ 226,190	\$ (59,160)	-20.7%
Travel	74,200	133,004	58,804	79.3%
Total Meeting & Travel Expenses	\$ 359,550	\$ 359,194	\$ (356)	-0.1%
Operating Expenses, excl. Depreciation				
Contractors & Consultants	\$ 60,300	\$ 59,600	\$ (700)	-1.2%
Office Rent	-	-	-	-
Office Costs	66,869	48,663	(18,206)	-27.2%
Professional Services	-	-	-	-
Miscellaneous	-	2,000	2,000	-
Total Operating Expenses, excl. Depreciation	\$ 127,169	\$ 110,263	\$ (16,906)	-13.3%
Total Direct Expenses	\$ 3,274,595	\$ 3,407,859	\$ 133,264	4.1%
Indirect Expenses	\$ 1,368,257	\$ 1,200,888	\$ (167,369)	-12.2%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ 4,642,852	\$ 4,608,747	\$ (34,105)	-0.7%
Change in Net Assets (= A - B)	\$ 3,704	\$ 13,171	\$ 9,467	255.6%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 3,704	\$ 13,171	\$ 9,467	255.6%
TOTAL BUDGET (= B + C)	\$ 4,646,556	\$ 4,621,918	\$ (24,638)	-0.5%
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ -	\$ -	\$ -	-
FTE	10.00	9.00	(1.00)	-10.0%

Situation Awareness and Infrastructure Security

Purpose and Scope

The RF Operational Analysis & Awareness (OAA) department focuses on Event Analysis (EA), Situational Awareness (SA), Threat Intelligence (TI), and operational RF and ERO initiatives. These activities support Registered Entities and RF staff in understanding potential threats to the electricity sector, maintaining an awareness of conditions on the BPS, and identifying potential and emerging threats to the BPS. Key functions include:

- Performing EA for system disturbances and events by analyzing the root causes of system events, completing event analysis reports, and communicating the resulting information and lessons learned to the industry.
- Monitoring the performance and trends of the BPS while identifying potential threats to maintain SA.

2027 Areas of Focus

Key areas of focus for the Situational Awareness program include:

- Providing information on cyber and physical security and operational issues by being a conduit from agencies such as E-ISAC, U.S. Department of Homeland Security, and others.
 - Helping to develop messaging and share information with these agencies about realized events and emerging or suspected events posing potential threats to the electricity sector.
- Ongoing monitoring of BPS health using a variety of tools and techniques, while collaborating with the ERO Enterprise and industry experts to share best practices, lessons learned, and analysis results.
- Evolving and facilitating the RF Threat Intelligence Program by collecting and analyzing data and information, leveraging the Analytic Services program and AI to better identify and quantify emerging threats to the BPS, and providing additional input to RF staff and stakeholders for various initiatives and projects.
- Engaging in and contributing to ERO biennial GridEx and annual GridSecCon activities.
- Collecting, validating, reviewing, and analyzing data from system events and disturbances in a timely manner ensuring root causes, corrective actions, lessons learned, and recommendations are identified and reports are generated and shared across the ERO Enterprise and the industry, by and with the appropriate groups (e.g., FERC, NERC, State Outreach).
- Participating in the FERC-NERC grid performance assessments.
- Monitoring and evaluating cyber and physical related threats, events, and vulnerabilities for sharing information with RF staff and stakeholders.
- Providing technical subject matter expertise and support for regional outreach activities, and other initiatives as identified within RF and/or the ERO that address the ERO Event Analysis Program, Monitoring and Situational Awareness, Energy Management Systems, Analytics, Human Performance, Cybersecurity, Physical Security, and Grid Security.

Statement of Activities and Capital Expenditures 2026 Budget and 2027 Budget

Situation Awareness and Infrastructure Security

	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Funding				
Statutory Funding				
RF Assessments	\$ 2,113,008	\$ 2,204,160	\$ 91,152	4.3%
Penalties Released	64,683	47,590	(17,093)	-26.4%
Total Statutory Funding	\$ 2,177,690	\$ 2,251,750	\$ 74,060	3.4%
Interest and Investment Income	\$ 9,259	\$ 9,146	\$ (113)	-1.2%
Total Funding (A)	\$ 2,186,949	\$ 2,260,896	\$ 73,947	3.4%
Expenses				
Personnel Expenses				
Salaries	\$ 1,008,354	\$ 1,056,930	\$ 48,576	4.8%
Payroll Taxes	68,984	77,372	8,388	12.2%
Benefits	163,554	169,373	5,819	3.6%
Retirement Costs	159,781	167,084	7,303	4.6%
Total Personnel Expenses	\$ 1,400,673	\$ 1,470,759	\$ 70,086	5.0%
Meeting & Travel Expenses				
Meetings & Conference Calls	\$ 3,500	\$ 2,500	\$ (1,000)	-28.6%
Travel	33,600	47,500	13,900	41.4%
Total Meeting & Travel Expenses	\$ 37,100	\$ 50,000	\$ 12,900	34.8%
Operating Expenses, excl. Depreciation				
Contractors & Consultants	\$ -	\$ -	\$ -	-
Office Rent	-	-	-	-
Office Costs	63,196	65,660	2,464	3.9%
Professional Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses, excl. Depreciation	\$ 63,196	\$ 65,660	\$ 2,464	3.9%
Total Direct Expenses	\$ 1,500,969	\$ 1,586,419	\$ 85,450	5.7%
Indirect Expenses	\$ 684,129	\$ 667,160	\$ (16,969)	-2.5%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ 2,185,098	\$ 2,253,579	\$ 68,481	3.1%
Change in Net Assets (= A - B)	\$ 1,852	\$ 7,317	\$ 5,465	295.1%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 1,852	\$ 7,317	\$ 5,465	295.1%
TOTAL BUDGET (= B + C)	\$ 2,186,949	\$ 2,260,896	\$ 73,947	3.4%
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ -	\$ -	\$ -	-
FTE	5.00	5.00	-	0.0%

Administrative Services

RF's Administrative Services includes all business and administrative functions of the organization:

- General and Administrative
- Legal and Regulatory
- Information Technology
- Human Resources
- Finance and Accounting

General and Administrative

Purpose and Scope

The General and Administrative department includes the President and CEO, Chief Security Officer (CSO), Senior Executive Assistant, and three security personnel. Responsibilities include overseeing and managing all RF activities, maintaining communication with the Board of Directors and other Regional Entity Management Groups, and managing relationships with government agencies, regulators, members, stakeholders, and industry organizations. The CSO and Security Governance team are tasked with developing and maintaining security policies, conducting security awareness training, and implementing incident response and disaster recovery plans to ensure the overall security of the organization.

2027 Areas of Focus

Key areas of focus for the General and Administrative department include:

- Performing comprehensive annual cyber vulnerability assessments to uncover previously undetected vulnerabilities, evaluate the effectiveness of security controls, assess security maturity, and reduce enterprise risk.
- Maintaining and regularly testing the Incident Response Plan.
- Collaborating with the Information Technology department to monitor and issue alerts regarding security events on RF networks and devices.
- Conducting statewide tabletop drills and smaller regional exercises to assess stakeholder responsiveness to cyber or physical security events.
- Maintaining and maturing Information Technology and Security National Institute of Standards and Technology (NIST) Cybersecurity framework and strategy.
- Providing reports and coordinating with the RF President and CEO and the Board of Directors on the maturity of the RF security program and the residual risk to the organization following the implementation of security controls.

Legal and Regulatory Affairs

Purpose and Scope

RF maintains an in-house legal team responsible for the following functions:

- Advising the President and CEO and the Board of Directors and serving as Corporate Secretary.
- Overseeing corporate governance initiatives, including Board of Directors' elections, training, and supporting all Board, Member, and Board Committee meetings.
- Ensuring compliance with all applicable legal and regulatory requirements, managing organizational policies and the code of conduct, and supporting relevant training programs.
- Providing comprehensive legal counsel to departments and supporting strategic initiatives.
- Drafting, reviewing, negotiating, and managing the corporation's contracts, agreements, and intellectual property policies and procedures and governance documentation.
- Monitoring regulatory developments and managing communication with FERC, NERC, and state regulatory agencies regarding relevant issues and RF's delegated functions.
- Supporting internal and external audits of the corporation and overseeing legal risk management including policy and procedure development, regulatory filings, and engagements.
- Selecting, retaining, and managing outside legal services and managing legal claims, including coordination with counsel and overseeing settlements and responses as necessary.

2027 Areas of Focus

Key areas of focus for the Legal and Regulatory Affairs department include:

- Incorporating the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.
- Continuing to support legal and regulatory needs of the corporation.
- Collaborating with the ERO to ensure consistent legal practices and share best practices.
- Continuing training and education for attorneys on relevant and emerging topics.

Information Technology

Purpose and Scope

The Information Technology (IT) department supports the organization by providing users with cost-effective IT tools and delivering technologies to assist departments in meeting their goals, objectives, and deliverables. The IT department has adopted a cloud-first strategy and continues to migrate on-premises solutions to cloud infrastructure. The IT team manages controls, systems, programs, and tools to maintain a robust security posture that minimizes RF's cybersecurity risks and includes:

- IT and Infrastructure Operations and
- Security Operations

RF supports the ERO Enterprise's efforts to implement, operate, and maintain software tools supporting common enterprise-wide IT operations. RF is committed to working collaboratively with NERC and the other Regions to minimize duplication of effort and investments and improve operational efficiency.

NERC's business plan and budget will include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity approved enterprise-wide applications. Funding for these applications will be subject to the budget and funding limits set forth in NERC's approved business plan and budget. If implementation of these applications is delayed or otherwise not available as planned, RF

could incur additional costs to conduct operations pending the availability of these applications. RF assumes agreed-upon ERO Enterprise applications will be available and has only included appropriate funding for applications and supporting systems necessary to satisfy its business needs that are not within the mutually agreed-upon scope of the ERO Enterprise-wide applications funded by NERC.

The IT and Infrastructure Operations function supports the organization through the design and maintenance for all of RF's computer and network infrastructure, support of computer hardware and software, and project management of technology-related projects.

The Security Operations function is responsible for implementing and improving cyber and physical security controls to minimize risk. They collaborate with the CSO and Security team to deploy tools and technology that protect RF. They provide the necessary services to ensure efficient and effective controls are in place to protect the confidentiality, integrity, and availability of RF's IT infrastructure, business critical assets, and data.

2027 Areas of Focus

Key areas of focus for the IT department include:

- Streamlining tasks within IT core work and prioritized business projects to enhance overall business efficiency.
- Integrating machine learning and AI capabilities into key business processes for improved performance and innovation.
- Continuing the enhancements in the development, integration, and expansion of databases and applications into a unified corporation-wide Information Management System.
- Maintaining and maturing database architecture to support Data Warehousing and Analytics efforts to move to the cloud to allow for improved risk analysis and decision-making.
- Improving cyber and physical security controls to defend against emerging threats.
- Collaborating with the Security team to maintain and mature Information Technology and Security National Institute of Standards and Technology (NIST) Cybersecurity framework and strategy.
- Guiding and implementing ERO initiatives of developing, testing, and deploying collaboration solutions.
- Continuing to identify opportunities to implement common processes and solutions across the ERO Enterprise to achieve shared cost savings and efficiencies.

Human Resources

Purpose and Scope

RF recognizes that engaged, talented employees are its greatest assets, making recruitment, development, and retention top priorities for the organization. The Human Resources department's key functions include:

- Aligning mission, values, and strategy with organizational design, analysis, succession planning, leadership coaching, and change management.
- Attracting and retaining a talented and engaged workforce.

- Facilitating employee development through training at all levels.
- Fostering employee engagement by promoting inclusion and ensuring everyone feels valued and authentic.
- Developing and enforcing employment policies, ensuring legal compliance.
- Managing compensation and benefits.

2027 Areas of Focus

Key areas of focus for the Human Resources department include:

- Attracting, developing and retaining highly skilled and engaged staff.
- Promoting employee engagement and empowerment by providing opportunities for staff to engage with each other for collaboration and community in our hybrid work environment.
- Maturing the succession planning process and continuing to develop future leaders within RF who have been identified within the plan.
- Identifying and developing the skills needed for future roles for RF to successfully achieve its goals and mission.

Finance and Accounting

Purpose and Scope

The Finance and Accounting department manages RF's budgeting, accounting, payroll, and financial reporting processes to ensure funding for strategic goals, fiscal responsibility, and compliance with applicable regulations. Key responsibilities include:

- Creating the annual budget and monitoring actual-vs-budget spending to ensure alignment with organizational objectives and maintain financial health.
- Establishing and updating accounting policies, procedures, and internal controls in accordance with GAAP to adapt to the evolving business environment and needs.
- Preparing monthly, quarterly, and annual financial statements.
- Overseeing external audits of RF's financial and retirement accounts and ensuring timely filings.
- Managing accounts payable, accounts receivable, payroll, and fixed assets.
- Collaborating with the ERO to standardize accounting practices across NERC and the Regions.
- Maintaining banking relationships and managing cash flow, retirement, and corporate investment activities.
- Performing the Corporate Treasury function.

2027 Areas of Focus

Key areas of focus for the Finance and Accounting department include:

- Providing detailed, actionable reporting and financial analysis to RF's leadership team, Board of Directors, Finance and Audit Committee, NERC, and stakeholders to ensure RF exercises fiscal responsibility.
- Identifying opportunities to create efficiencies through new processes, procedures, and the use of technology.
- Maximizing the capabilities of accounting technology to ensure effective financial controls.

- Collaborating with the ERO Finance Group to develop best practices and commonality within accounting, budgeting, and financial reporting.

Statement of Activities and Capital Expenditures 2026 Budget and 2027 Budget

Administrative Services

	2026 Budget	2027 Budget	Variance 27B v 26B	Variance %
Funding				
Statutory Funding				
RF Assessments	\$ (2,069,386)	\$ 296,720	\$ 2,366,106	-114.3%
Penalties Released	-	-	-	-
Total Statutory Funding	\$ (2,069,386)	\$ 296,720	\$ 2,366,106	-114.3%
Interest and Investment Income	\$ -	\$ -	\$ -	-
Total Funding (A)	\$ (2,069,386)	\$ 296,720	\$ 2,366,106	-114.3%
Expenses				
Personnel Expenses				
Salaries	\$ 5,441,866	\$ 5,289,623	\$ (152,243)	-2.8%
Payroll Taxes	337,312	365,209	27,897	8.3%
Benefits	1,052,446	1,029,384	(23,062)	-2.2%
Retirement Costs	965,003	949,948	(15,055)	-1.6%
Total Personnel Expenses	\$ 7,796,627	\$ 7,634,164	\$ (162,463)	-2.1%
Meeting & Travel Expenses				
Meetings & Conference Calls	\$ 188,680	\$ 174,400	\$ (14,280)	-7.6%
Travel	90,700	105,750	15,050	16.6%
Total Meeting & Travel Expenses	\$ 279,380	\$ 280,150	\$ 770	0.3%
Operating Expenses, excl. Depreciation				
Contractors & Consultants	\$ 489,601	\$ 404,535	\$ (85,066)	-17.4%
Office Rent	728,000	752,592	24,592	3.4%
Office Costs	967,360	1,008,810	41,450	4.3%
Professional Services	792,314	830,473	38,159	4.8%
Miscellaneous	29,600	30,700	1,100	3.7%
Total Operating Expenses, excl. Depreciation	\$ 3,006,875	\$ 3,027,110	\$ 20,235	0.7%
Total Direct Expenses	\$ 11,082,882	\$ 10,941,424	\$ (141,458)	-1.3%
Indirect Expenses	\$(11,082,882)	\$(10,941,424)	\$ 141,458	-1.3%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-
Total Expenses (B)	\$ -	\$ -	\$ -	-
Change in Net Assets (= A - B)	\$ (2,069,386)	\$ 296,720	\$ 2,366,106	-114.3%
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ -	\$ -	\$ -	-
TOTAL BUDGET (= B + C)	\$ -	\$ -	\$ -	-
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ (2,069,386)	\$ 296,720	\$ 2,366,106	-114.3%
FTE	25.00	24.00	(1.00)	-4.0%

Non-Statutory Activities

This section is not applicable as RF does not perform non-statutory activities.

Appendix A: Consolidated Statement of Activities

Statement of Activities and Capital Expenditures by Program	Statutory Total	Reliability Standards	Reliability & Risk	Compliance Monitoring & Enforcement	Reliability Assessment & Performance Analysis	Training & Education	Situation Awareness & Infrastructure Security	Administrative Services
2027 Budget								
Statutory Funding								
RF Assessments	\$ 37,152,461	\$ -	\$ 9,016,289	\$ 16,582,941	\$ 4,532,558	\$ 4,519,792	\$ 2,204,160	\$ 296,720
Penalties Released	780,477	-	190,360	371,202	85,662	85,662	47,590	-
Total Statutory Funding	\$ 37,932,938	\$ -	\$ 9,206,650	\$ 16,954,144	\$ 4,618,220	\$ 4,605,454	\$ 2,251,750	\$ 296,720
Interest and Investment Income	\$ 150,000	\$ -	\$ 36,585	\$ 71,341	\$ 16,463	\$ 16,463	\$ 9,146	\$ -
Total Funding (A)	\$ 38,082,938	\$ -	\$ 9,243,235	\$ 17,025,485	\$ 4,634,684	\$ 4,621,918	\$ 2,260,896	\$ 296,720
Expenses								
Personnel Expenses								
Salaries	\$ 23,175,320	\$ -	\$ 4,462,884	\$ 8,083,744	\$ 2,131,064	\$ 2,151,075	\$ 1,056,930	\$ 5,289,623
Payroll Taxes	1,638,122	-	318,115	583,015	151,908	142,503	77,372	365,209
Benefits	3,800,762	-	678,844	1,313,416	304,671	305,074	169,373	1,029,384
Retirement Costs	3,775,584	-	706,189	1,275,909	336,704	339,750	167,084	949,948
Total Personnel Expenses	\$ 32,389,788	\$ -	\$ 6,166,032	\$ 11,256,084	\$ 2,924,347	\$ 2,938,402	\$ 1,470,759	\$ 7,634,164
Meeting & Travel Expenses								
Meetings & Conference Calls	\$ 430,440	\$ -	\$ 7,700	\$ 11,000	\$ 8,650	\$ 226,190	\$ 2,500	\$ 174,400
Travel	827,354	-	143,900	322,200	75,000	133,004	47,500	105,750
Total Meeting & Travel Expenses	\$ 1,257,794	\$ -	\$ 151,600	\$ 333,200	\$ 83,650	\$ 359,194	\$ 50,000	\$ 280,150
Operating Expenses, excl. Depreciation								
Contractors & Consultants	\$ 741,912	\$ -	\$ 125,004	\$ -	\$ 152,773	\$ 59,600	\$ -	\$ 404,535
Office Rent	752,592	-	-	-	-	-	-	752,592
Office Costs	1,655,059	-	101,491	170,580	259,855	48,663	65,660	1,008,810
Professional Services	830,473	-	-	-	-	-	-	830,473
Miscellaneous	38,600	-	1,200	4,700	-	2,000	-	30,700
Total Operating Expenses, excl. Depreciation	\$ 4,018,636	\$ -	\$ 227,695	\$ 175,280	\$ 412,628	\$ 110,263	\$ 65,660	\$ 3,027,110
Total Direct Expenses	\$ 37,666,218	\$ -	\$ 6,545,327	\$ 11,764,564	\$ 3,420,625	\$ 3,407,859	\$ 1,586,419	\$ 10,941,424
Indirect Expenses	\$ -	\$ -	\$ 2,668,640	\$ 5,203,848	\$ 1,200,888	\$ 1,200,888	\$ 667,160	\$ (10,941,424)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 37,666,218	\$ -	\$ 9,213,967	\$ 16,968,412	\$ 4,621,513	\$ 4,608,747	\$ 2,253,579	\$ -
Change in Net Assets (= A - B)	\$ 416,720	\$ -	\$ 29,268	\$ 57,073	\$ 13,171	\$ 13,171	\$ 7,317	\$ 296,720
Fixed Asset Additions, excl. Right of Use Assets (C)	\$ 120,000	\$ -	\$ 29,268	\$ 57,073	\$ 13,171	\$ 13,171	\$ 7,317	\$ -
TOTAL BUDGET (= B + C)	\$ 37,786,218	\$ -	\$ 9,243,235	\$ 17,025,485	\$ 4,634,684	\$ 4,621,918	\$ 2,260,896	\$ -
TOTAL CHANGE IN WORKING CAPITAL (= A - B - C)	\$ 296,720	\$ -	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0	\$ 296,720
FTE	106.00	-	20.00	39.00	9.00	9.00	5.00	24.00

Appendix B: 2026-2027 Organization Chart

