



MIDWEST  
RELIABILITY  
ORGANIZATION



# Midwest Reliability Organization

## 2009 Business Plan and Budget

Final and Approved

July 9, 2008 (Revised)



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## I. Background

The Midwest Reliability Organization (“MRO”) 2009 Business Plan and Budget has been developed by MRO staff. The plan and budget are subject to Board of Directors (“Board”) approval and stakeholder review.

The MRO has an approved Regional Delegation Agreement with North American Electric Reliability Corporation (“NERC”) as a Cross-Border Regional Entity (“CBRE” or “RE”). NERC operates as the international Electric Reliability Organization (“ERO”). The MRO operates under the delegated authority of the Federal Energy Regulatory Commission (“FERC” or “Commission”) in the United States and through similar arrangements in Manitoba and Saskatchewan. The MRO Region includes over 20,000,000 people and covers approximately one million square miles. The total net energy to load is nearly three hundred million megawatt hours (MWh).

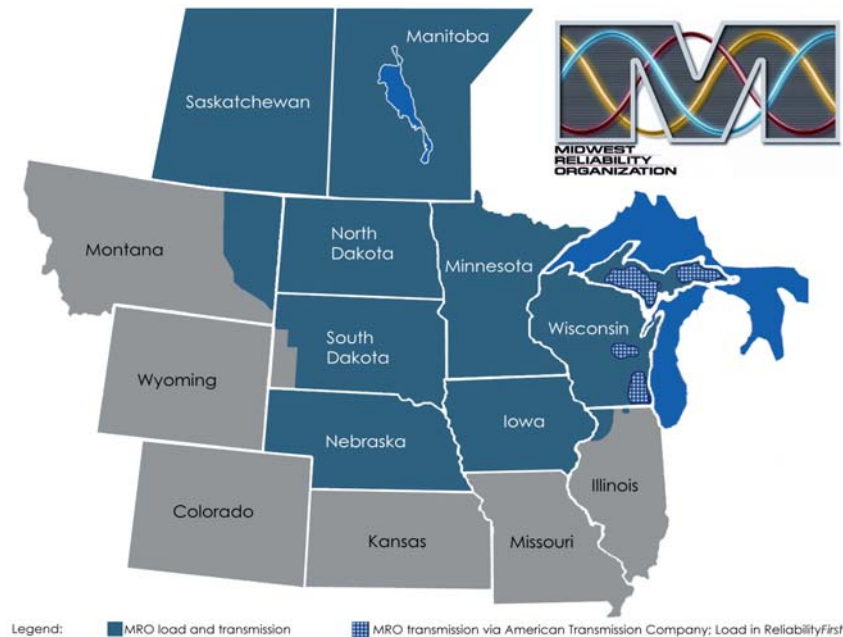
The MRO is a non-profit corporation registered in Delaware and has a 501 (c) 6 designation by the Internal Revenue Service. The MRO is licensed and registered to conduct business and operate in all the states and two Canadian provinces within its region. The MRO region is comprised of municipal utilities, cooperatives, investor-owned utilities, a federal power marketing agency, Canadian Crown Corporations, large and small end-use load organizations, and independent power producers. The MRO region spans eight states and two Canadian provinces covering roughly one million square miles. The MRO is independent of bulk power owners, users and operators of the bulk power system and is not an operator, owner, or user of the bulk power system and has no shared employees with a third or related party.

**2009 Midwest Reliability Organization Business Plan and Budget**

Below is a summary of the MRO's funding requirements:

<b>Midwest Reliability Organization</b>				
(in whole dollars)				
	2009 Budget	U.S.	Canada	Mexico
Statutory Full Time Equivalents (FTEs)	26.50			
Non-Statutory FTEs	0.00			
Total FTEs	26.50			
Statutory Expenses	\$6,405,724			
Non-Statutory Expenses	\$0	\$0	\$0	\$0
ERO Funding Assessments	\$6,376,474	\$5,391,836	\$984,638	\$0
Member Funding Assessments	\$0	\$0	\$0	\$0
Total Funding	\$6,376,474	\$5,391,836	\$984,638	\$0
NEL	272,403,444	230,339,637	42,063,807	0
NEL %	100.000%	84.558%	15.442%	0.00%





**Figure 1 - Midwest Reliability Organization Region Map**

Committees of the MRO provide recommendations, advice, and counsel to the Board and are balanced in the representation. The Board has the decision-making authority. The sectors for the Board are:

- Canadian Utility (2)
- Cooperative (2)
- Federal Power Marketing Agency (1)
- Generator and/or Power Marketer (2)
- Investor Owned Utility – Large (3)
- Investor Owned Utility – Small (2)
- Large End-Use Electricity Customer (1)
- Municipal Utility (2)
- Small End-Use Electricity Customer (1)
- Transmission System Operator (3)

Regulators are registered members in the MRO and share the same rights as members but have no vote. All meetings are open but the MRO Board of Directors reserve the right to call a meeting into Executive Session.

## 1. Statutory Functional Scope

The primary purposes of the MRO are:

1. Develop, propose, and/or adopt regional and NERC Reliability Standards.
2. Determine compliance with those standards, including enforcement mechanisms in a non-discriminatory manner consistent with the rules.
3. Perform seasonal, long-term, and other assessments of reliability.
4. Other services consistent with its reliability charter and delegation agreement such as studies.

The MRO provides a transparent, effective, and efficient reliability organization across a broad geographic region with open meetings and an inclusive standard setting process:

1. The MRO is an effective reliability organization for a region which has a long tradition of managing within and across complex, multiple seams including an interconnection seam, structured markets (MISO and PJM) to bi-lateral market seams, and an international border.
2. The MRO creates a common forum for the region regardless of transmission allegiance. Nearly half of the regional load is not in a Regional Transmission Organization ("RTO") and approximately two-thirds of the transmission is not in a RTO.
3. The MRO region has a tradition of working successfully on reliability matters despite the complexities in seams, diverse constituencies, and jurisdictions. Approximately half of the load in the MRO is public power, including Canada. The MRO is a vital link to maintain and expand existing "reliability" relationships among regulators, bulk power users, owners, and operators.
4. Because of the seam, unique power system technical configurations, such as very long distances between load and generator, stability-limited transmission, the large percentage of hydro generation, and the diversity of its constituency, the region must have the ability and means to represent its own regional reliability interests for the benefit of the users, owner, and operators of the bulk power system and the public it serves as a CBRE under the final reliability rule and consistent with the Bilateral Principles.

The 2009 Business Plan and Budget fulfills MRO's commitments related to the delegated functions from NERC, consistent with FERC and Canadian authorities:

- Implementation of compliance and enforcement programs to those subject to Reliability Standards.
- Non-discriminatory, consistent enforcement process to those subject to Reliability Standards.
- Adoption of Reliability Standards to ensure enforceability. Canadian enforceability has been sought through agreements with Saskatchewan and Manitoba.
- Ability to propose standards to benefit the reliability of the MRO region; using an open, technically valid process.
- Provide education and resources for system operators, users, and owners of the bulk electric system.
- Assess and report on regional bulk power system reliability and adequacy.
- Investigate and report on regional bulk power system events and evaluate those events for enforcement action or improvements.

## 2. Planning Cycle

<b>Week of April 28</b>	MRO Finance and Audit Committee Review
<b>May 1</b>	Initial list of Load Serving Entities (“LSE”).
<b>May 9</b>	Submittal of preliminary business plan and budget to NERC.
<b>May-June</b>	(1) NERC review of preliminary budget. (2) MRO Board and Staff review and rationalize budget – make changes to budget.
<b>May 30</b>	Submittal of complete business plan and budget to NERC.
<b>June 9</b>	Budget ready for Board approval (Board meeting June 19).
<b>July 1</b>	Final list of Load Serving Entities obligated to fund NERC and Regional Entities with estimated share of costs assigned to each entity.
<b>July 9 or prior</b>	Board approval and Final 2009 budget submittal due to NERC.

### **3. 2009 Primary Objectives**

MRO's primary objective is to carry out its responsibilities related to the Regional Delegation Agreement and the NERC rules in a consistent, predictable, transparent, professional, and non discriminatory manner within budget.

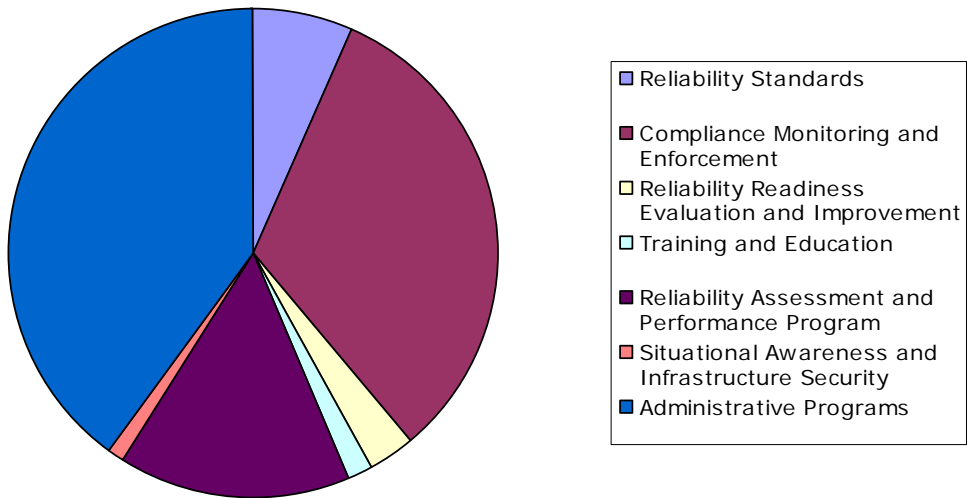
### **4. Major 2009 Cost Impacts**

The total budget cost to implement the 2009 Business Plan is \$6,405,724. This is a significant increase over 2008 budget and includes 26.50 Full Time Equivalents (FTEs), up from approximately 23.00 FTEs. The increase from 2007 to 2008 budgets was 6.2%, for comparative purposes. MRO expects that budget increases will be stable after the initial years of "start up" of handling the requirements under mandatory Reliability Standards.

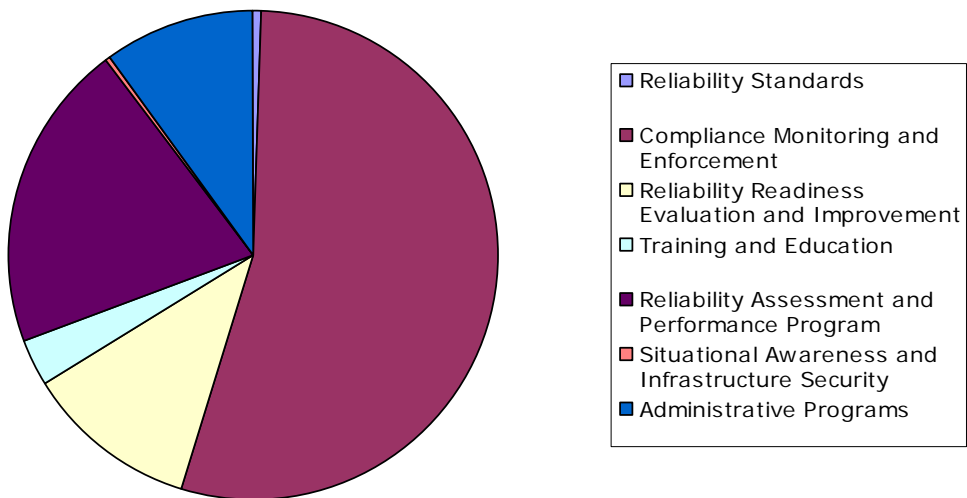
**2009 Midwest Reliability Organization Business Plan and Budget**

Operational Programs	Budget 2009	Change from 2008 Projection
Reliability Standards	\$ 422,708	\$ 4,348
Compliance Monitoring and Enforcement	2,071,510	550,789
Reliability Readiness Evaluation and Improvement	194,907	115,166
Training and Education	108,249	32,529
Reliability Assessment and Performance Program	982,029	207,225
Situational Awareness and Infrastructure Security	57,549	4,007
<b>Administrative Programs</b>	<b>2,568,773</b>	<b>100,172</b>
<b>Total Programs</b>	<b>\$ 6,405,724</b>	<b>\$ 1,014,236</b>

**2009 Budget \$6,405,724**



**2009 Budget Increase Over 2008 Budget \$1,014,236**



## 2009 Midwest Reliability Organization Business Plan and Budget

Approximately 66% of MRO's costs are in staff resources. Of the total budget, the Compliance program area, represents 32% of the total costs, while Standards and Assessment areas make up an additional 22% of the total budget. Total operational program areas account for approximately 60% of the MRO total budget. However, the Administrative program areas such as "General and Administrative" and "Legal and Regulatory" are closely aligned with the operational programs and therefore, the reader must keep this in mind when reviewing the business plan and budget.

Total Funding by Program Area	Budget 2008	Projection 2008	Change from Budget to Projection	Budget 2009	Change from Projection
<b>STATUTORY</b>					
<b>Operational Programs</b>					
Reliability Standards	\$ 336,965	\$ 418,360	\$ 81,395	\$ 422,708	\$ 4,348
Compliance Monitoring and Enforcement	1,453,770	1,520,721	66,951	2,071,510	550,789
Reliability Readiness Evaluation and Improvement	208,491	79,742	(128,750)	194,907	115,166
Training and Education	80,962	75,720	(5,242)	108,249	32,529
Reliability Assessment and Performance Program	541,741	774,804	233,063	982,029	207,225
Situational Awareness and Infrastructure Security	60,840	53,542	(7,299)	57,549	4,007
<b>Total Funding Operational Programs</b>	<b>\$ 2,682,769</b>	<b>\$ 2,922,888</b>	<b>\$ 240,119</b>	<b>\$ 3,836,951</b>	<b>\$ 914,064</b>
<b>Administrative Programs</b>					
Technical Committees and Members' Forums	\$ 328,835	\$ 340,751	\$ 11,916	\$ 184,900	\$ (155,852)
General & Administrative	612,894	557,944	(54,950)	421,753	(136,191)
Information Technology	517,274	596,546	79,272	725,649	129,103
Legal and Regulatory	512,576	338,279	(174,297)	638,654	300,375
Human Resources	-	-	-	-	-
Finance and Accounting <sup>1</sup>	677,140	635,080	(42,060)	597,817	(37,263)
<b>Total Funding Administrative Programs</b>	<b>\$ 2,648,719</b>	<b>\$ 2,468,600</b>	<b>\$ (180,119)</b>	<b>\$ 2,568,773</b>	<b>\$ 100,172</b>
<b>Total Funding</b>	<b>\$ 5,331,488</b>	<b>\$ 5,391,488</b>	<b>\$ 60,000</b>	<b>\$ 6,405,724</b>	<b>\$ 1,014,236</b>

<sup>1</sup> Human Resources included in "Finance and Accounting".

Total Expense Category by Program Area	Salary Plus Benefits	Meeting Expenses: Meetings	Meeting Expenses: Travel	Meeting Expenses: WebEx/Conference Calls	Total Operating Expenses	Total Expenses
<b>Operational Programs</b>						
Reliability Standards	\$ 316,308	\$ 7,500	\$ 10,000	\$ 15,000	\$ 73,900	\$ 422,708
Compliance Monitoring and Enforcement	1,720,303	18,000	100,000	10,000	223,207	2,071,510
Reliability Readiness Evaluation and Improvement	97,483	1,440	45,000	1,440	49,544	194,907
Training and Education	72,399	29,850	2,400	1,200	2,400	108,249
Reliability Assessment and Performance Program	686,514	40,000	50,000	18,000	187,515	982,029
Situational Awareness and Infrastructure Security	54,549	600	2,400	-	-	57,549
<b>Total Expense Category Operational Programs</b>	<b>\$ 2,947,555</b>	<b>\$ 97,390</b>	<b>\$ 209,800</b>	<b>\$ 45,640</b>	<b>\$ 536,566</b>	<b>\$ 3,836,951</b>
<b>Administrative Programs</b>						
Technical Committees and Members' Forums	124,900	-	60,000	-	-	184,900
General & Administrative	301,769	22,000	22,000	-	75,984	421,753
Information Technology	211,969	-	6,000	-	507,680	725,649
Legal and Regulatory	442,334	-	4,320	4,800	187,200	638,654
Human Resources	-	-	-	-	-	-
Finance and Accounting/Human Resources	224,086	-	3,000	-	370,730	597,817
<b>Total Expense Category Administrative Programs</b>	<b>1,305,058</b>	<b>22,000</b>	<b>95,320</b>	<b>4,800</b>	<b>1,141,594</b>	<b>2,568,773</b>
<b>Total Expense Category</b>	<b>\$ 4,252,613</b>	<b>\$ 119,390</b>	<b>\$ 305,120</b>	<b>\$ 50,440</b>	<b>\$ 1,678,160</b>	<b>\$ 6,405,724</b>

## 2009 Midwest Reliability Organization Business Plan and Budget

The 2009 budget includes 26.50 full-time equivalents (FTE) in the following areas:

Total FTE's by Program Area	Budget 2008	Projection 2008	Change from Budget to Projection	Budget 2009	Change from Projection
<b>STATUTORY</b>					
<b>Operational Programs</b>					
Reliability Standards	2.15	2.75	0.60	2.50	-0.25
Compliance Monitoring and Enforcement	9.65	7.50	-2.15	10.00	2.50
Reliability Readiness Evaluation and Improvement	1.10	0.25	-0.85	0.50	0.25
Training and Education	0.45	0.50	0.05	0.50	0.00
Reliability Assessment and Performance Program	2.20	4.00	1.80	4.75	0.75
Situational Awareness and Infrastructure Security	0.35	0.25	-0.10	0.25	0.00
<b>Total FTEs Operational Programs</b>	<b>15.90</b>	<b>15.25</b>	<b>-0.65</b>	<b>18.50</b>	<b>3.25</b>
<b>Administrative Programs</b>					
Technical Committees and Members' Forums	0.45	0.75	0.30	0.75	0.00
General & Administrative	1.65	1.75	0.10	1.50	-0.25
Information Technology	1.50	2.50	1.00	2.00	-0.50
Legal and Regulatory	1.40	0.50	-0.90	1.50	1.00
Human Resources	0.00	0.00	0.00	0.00	0.00
Finance and Accounting <sup>1</sup>	2.00	2.00	0.00	2.25	0.25
<b>Total FTEs Administrative Programs</b>	<b>7.00</b>	<b>7.50</b>	<b>0.50</b>	<b>8.00</b>	<b>0.50</b>
<b>Total FTEs</b>	<b>22.90</b>	<b>22.75</b>	<b>-0.15</b>	<b>26.50</b>	<b>3.75</b>

<sup>1</sup> Human Resources included in "Finance and Accounting".

For 2009, the MRO has no non-statutory functions and has no plans to perform any at this time.

A note to the reader, MRO's role under mandatory standards is new and budgeting techniques are being refined each year across NERC. Additionally, MRO leverages its staff across multiple functional areas to assure efficiency and reduce potential conflicts; however, MRO has no shared employees with a third or related party.

2009 Business Plan and Budget Summary by program area:

### Operational Programs

- *Reliability Standards* will substantially maintain its current workload plan, but will focus on increasing stakeholder participation on NERC drafting teams.
- *Compliance Monitoring and Enforcement and Organizational Registration and Certification* will experience an increase in work due to the expanded scope of compliance monitoring, the implementation of the NERC CIP-002 through CIP-009 Reliability Standards, the continuing refinements in Regulation, and conducting follow-up and investigations on compliance matters.

- *Reliability Readiness Evaluation and Improvement* will increase the number of Readiness Evaluations from four to seven. However, MRO will rely on its volunteer stakeholders to assist on successfully completing these evaluations. The number should remain stable into the future unless there is a change made to the NERC program.

*Note: In its 2009 business plan, developed after approval of this plan by MRO, NERC has eliminated the Reliability Readiness Evaluation and Improvement Program. In the NERC approved plan, 2009 will be a transition year, during which open Readiness recommendations in the Region will be monitored to their completion and a reduced set of Evaluations will take place. Due to the uncertainty associated with the final disposition of the NERC program and the expectations delegated to MRO at the time this plan was developed and finalized, the potential for an under run of 2009 expenditures compared to budget exists, but is difficult to quantify at this time.*

- *Training and Education* reflects the staffing needed to develop training materials and implement enhancements in the training software for system operators.
- *Reliability Assessment and Performance Analysis* will have increased attention to protection and control standards, special protection scheme reviews, resource adequacy, integration of accelerated renewable generation, NERC and regulatory data requests, system modeling, and reviews of regional reliability criteria and procedures. For 2009, Event Analysis was budgeted in the Assessment area; this is a change to the budget from Compliance area.
- *Situational Awareness and Infrastructure Security* will require staff time to work with NERC and other Regional Entities ("REs") staff to implement the new situational awareness tools proposed by NERC.

### Administrative Programs

- *Technical Committees and Members Forums* reflects the resources needed to maintain representation on the NERC committees and working groups, such as the Operating and Planning Committees. MRO reimburses stakeholders for reasonable travel-related costs who represent MRO at these meetings.
- *General and Administrative* reflects the Office of the President and other administrative costs related to the Board and governance matters. No significant changes for 2009.



- *Legal and Regulatory* activities focus on regulatory filings, due process protections for those subject to Reliability Standards
- *Information Technology* was increased to reflect the elimination of non-statutory services to a third party; these resources will be used to focus on MRO-only activities.
- *Finance and Accounting/Human Resources* had no significant change as compared to 2008.

## II. Section A — 2009 Business Plan

### Part 1-Operational Programs

#### 1. Reliability Standards Program

<b>Reliability Standards Program Resources</b>			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	2.15	2.75	2.50
Total Direct Funding	\$336,965	\$418,360	\$422,708
Total Indirect Funding <sup>1</sup>	\$358,160	\$445,157	\$347,131
Total Funding	\$695,125	\$863,517	\$769,839

##### a. Background

The MRO utilizes a balanced stakeholder Standards Committee (“SC”) to administer the regional standards program and is charged with the following responsibilities:

- Assuring MRO regional Reliability Standards are consistent with NERC Reliability Standards.
- Processing all requests for new or modifications to MRO Reliability Standards using the MRO standards process.
- Maintaining MRO Reliability Standards process documentation.
- Presenting new or modifications to MRO Reliability Standards for adoption by the Board upon recommendation from the SC.
- Promoting coordination of the MRO efforts with other Regional Entities and NERC, including periodic review of Reliability Standards and their applicability to those subject to the Reliability Standards.
- Providing recommendations to the NERC standing committees or other working groups as required.
- Assigning the development of a standard to a drafting team.

<sup>1</sup> Indirect funding is calculated by allocating all administrative services funding to the operational program areas on a proportional FTE basis.

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Additionally, the MRO uses a web-based standard voting system called Reliability Standards Voting Process (“RSVP”) which maintains the records of the comments, votes, etc. of each proposed standard. This system permits easy administration and convenience for those who participate in the standards process (through the MRO Registered Ballot Body, there is no cost for participation).

**b. Program Description and Functions Performed**

MRO staff and stakeholders provide technical advice and comment to NERC in developing Reliability Standards applicable across North America and the Eastern Interconnection. In addition, MRO develops regional Reliability Standards that are applicable across the MRO region. The MRO standards process is consensus-based, technically vetted, and open to the public and bordering entities that may be impacted by a proposed regional Reliability Standard by the MRO. Once a MRO-proposed regional Reliability Standard is approved by NERC and the applicable regulatory authorities, the MRO regional Reliability Standard is enforced according to rules in the United States, Manitoba, and Saskatchewan.

MRO proposed four regional Reliability Standards through its approved standards process in 2008. MRO expects these standards to be applicable to Registrants in 2009 after regulatory approval(s).

MRO participates in NERC and MRO standards drafting teams, holds meetings and conferences to discuss standards, and is actively working with NERC on the standards development plan which includes revising NERC standards to be enforceable under Section 215 of the Federal Power Act and provincial authorities.

The following is a list of NERC Drafting Teams Projects and associated Standards that the MRO will track and participate in for 2009.

*2008-01 Voltage and Reactive Control*

VAR-001-1 Voltage and Reactive Control

VAR-002-1 Generator Operation for Maintaining Network Voltage Schedules

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*2008-02 Undervoltage Load Shedding ("UVLS")*

- PRC-010-0 Assessment of the Design and Effectiveness of UVLS Program
- PRC-022-1 Under-Voltage Load Shedding Program Performance

*2008-03 Emergency Operations*

- EOP-001-0 Emergency Operations Planning
- EOP-002-2 Capacity and Energy Emergencies
- EOP-003-1 Load Shedding Plans
- IRO-001-1 Reliability Coordination – Responsibilities and Authorities

*2009-01 Disturbance and Sabotage Reporting*

- CIP-001-0 Sabotage Reporting
- EOP-004-1 Disturbance Reporting

*2009-02 Connecting New Facilities to the Grid*

- FAC-001-0 Facility Connection Requirements
- FAC-002-0 Coordination of Plans for New Facilities

*2009-03 Interchange Information*

- INT-001-2 Interchange Transaction Tagging
- INT-003-2 Interchange Transaction Implementation
- INT-004-1 Interchange Transaction Modifications
- INT-005-2 Interchange Authority Distributes Arranged Interchange
- INT-006-2 Response to Interchange Authority
- INT-007-1 Interchange Confirmation
- INT-008-2 Interchange Authority Distributes Status
- INT-009-1 Implementation of Interchange
- INT-010-1 Interchange Coordination Exemptions

*2009-04 Modeling Data*

- MOD-010-0 Steady-State Data for Transmission System Modeling and Simulation
- MOD-011-0 Regional Steady-State Data Requirements and Reporting Procedures

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- MOD-012-0 Dynamics Data for Transmission System Modeling and Simulation
  - MOD-013-1 Maintenance and Distribution of Dynamics Data Requirements and Reporting Procedures
  - MOD-014-0 Development of Interconnection-Specific Steady State System Models
  - MOD-015-0 Development of Interconnection-Specific Dynamics System Models
  - PRC-013-0 Special Protection System Database
  - PRC-015-0 Special Protection System Data and Documentation
  - PRC-020-1 Under-Voltage Load Shedding Program Database
  - PRC-021-1 Under-Voltage Load Shedding Program Data

*2009-05 Demand Data*

- MOD-016-1 Actual and Forecast Demands, Net Energy for Load, Controllable DSM
- MOD-017-0 Aggregated Actual and Forecast Demands and Net Energy for Load
- MOD-018-0 Reports of Actual and Forecast Demand Data
- MOD-019-0 Forecasts of Interruptible Demands and DCLM Data
- MOD-020-0 Providing Interruptible Demands and DCLM Data
- MOD-021-0 Accounting Methodology for Effects of Controllable DSM in Forecasts

*2009-06 Protection Systems*

- PRC-003-1 Regional Requirements for Transmission and Generation Protection System Misoperations
- PRC-004-1 Analysis and Mitigation of Transmission and Generation Protection System Misoperations
- PRC-012-0 Special Protection System Review Procedure
- PRC-014-0 Special Protection System Assessment
- PRC-016-0 Special Protection System Misoperations

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*2009-07 Cyber Security*

CIP-002-1	Critical Cyber Asset Identification
CIP-003-1	Security Management Controls
CIP-004-1	Personnel & Training
CIP-005-1	Electronic Security Perimeter(s)
CIP-006-1	Physical Security of Critical Cyber Assets
CIP-007-1	Systems Security Management
CIP-008-1	Incident Reporting and Response Planning
CIP-009-1	Recovery Plans for Critical Cyber Assets

*2009-08 Phasor Measurement Units*

New standard

*2009-09 Resource Adequacy Assessments*

New standard

**c. 2009 Goals and Objectives**

The MRO standards goals for 2009 include the following:

- Completion of the so called “fill-in-the-blanks” project as outlined in the NERC three year plan.
- Develop and propose MRO Reliability Standards as appropriate.
- Submit MRO Reliability Standards to NERC to be recognized as enforceable under the final reliability rule (in the U.S. via FERC) and in Canadian jurisdictions.
- Establish necessary supporting documentation for MRO Reliability Standards or so called “fill in the blank” standards (“the audit trail”).
- File, as required, MRO Reliability Standards with appropriate regulatory authorities.
- Communicate new Reliability Standards to Registrants (those on the MRO Registry, also known as Registered Entities).
- Provide comments and support to other NERC and MRO SC activities.
- Identify and complete regional reliability standards development.
- Work with NERC to improve interpretation of existing Reliability Standards.
- Work with NERC to improve the process speed of Reliability Standards development.

- Work with Event Analysis groups to identify “gaps” or improvements in existing Reliability Standards.
- Assure clear communication to Registrants on new standards that become enforceable.

**d. 2009 Work Plan**

- Revise the MRO Manual
- Revise the MRO Standards Process Manual.
- Process data submittals on a timely basis.
- Comment on all NERC SAR and draft standards.
- Communicate with stakeholders and vote on all NERC standards.
- Participate in Situational Awareness and Event Analysis projects as required.
- Continue to implement enhancements to programs and tools.
- Support and brief SC and Board on standards-related activities.
- Participate on various NERC groups and committees.
- Provide standards workshops to Registrants.
- Receive drafting team training, MRO staff training, and NERC CEH training.
- Draft Reliability Standards Worksheets (“RSAWs”) for the four proposed MRO Reliability Standards
- Assure staff is properly trained

**e. Funding Requirements — Explanation of Increase (Decrease)**

For 2009, MRO will increase its participation in the NERC drafting teams; however, there is no significant change in funding requirements from the 2008 budget.

**f. Staffing Needs**

This program area requires 2.25 FTEs.

**f.i Hiring Plans**

No additional staffing is required in this program area.

**f.ii Shared Employees**

None.

**f.iii Contractors**

For 2009, a vendor contractor will be utilized for maintenance of the RSVP system.

**g. Statement of Activities**

Funding sources and related expenses for the reliability standards section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Reliability Standards 0300</b>					
	<b>2008 Budget</b>	<b>2008 Projection</b>	<b>2008 Projection Variance to 2008 Budget Over(Under)</b>	<b>2009 Budget</b>	<b>2009 Budget Variance to 2008 Projection Over(Under)</b>
<b>Funding</b>					
ERO Assessments	\$ 336,965	\$ 418,360	\$ 81,395	\$ 422,708	\$ 4,348
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 336,965</b>	<b>\$ 418,360</b>	<b>\$ 81,395</b>	<b>\$ 422,708</b>	<b>\$ 4,348</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 185,850	\$ 247,065	\$ 61,215	\$ 222,752	\$ (24,313)
Payroll Taxes	34,271	42,001	7,730	37,868	(4,133)
Benefits	15,882	19,765	3,884	17,820	(1,945)
Retirement Costs	33,435	42,001	8,566	37,868	(4,133)
<b>Total Personnel Expenses</b>	<b>\$ 269,437</b>	<b>\$ 350,832</b>	<b>\$ 81,395</b>	<b>\$ 316,308</b>	<b>\$ (34,524)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 5,000	\$ 5,000	-	\$ 7,500	\$ 2,500
Travel	10,000	10,000	-	10,000	-
WebEx / Conference Calls	12,528	12,528	-	15,000	2,472
<b>Total Meeting Expenses</b>	<b>\$ 27,528</b>	<b>\$ 27,528</b>	<b>\$ -</b>	<b>\$ 32,500</b>	<b>\$ 4,972</b>
<b>Operating Expenses</b>					
Consultants	\$ 30,000	\$ 30,000	-	\$ 30,000	-
Contracts	-	-	-	30,000	30,000
Office Rent	-	-	-	-	-
Office Costs	10,000	10,000	-	13,900	3,900
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ 73,900</b>	<b>\$ 33,900</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 336,965</b>	<b>\$ 418,360</b>	<b>\$ 81,395</b>	<b>\$ 422,708</b>	<b>\$ 4,348</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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**g-i. Summary of 2008 Projection and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

**Funding Sources**

- ERO Assessments

**Personnel Expenses**

**Meeting Expenses** includes meeting and other travel related costs to support this program area. Below is an estimate of the meetings budgeted in 2009:

Meeting	# of Attendees	# of Meetings
Standards Committee	15	4
NERC Standards Review Subcommittee	15	2
Drafting Teams (4 teams)	15	12
Workshop	30	1

**Operating Expenses** includes consultants required to perform any additional development to the voting software ("RSVP") and other office costs.

## 2. Compliance Monitoring and Enforcement and Organization Registration and Certification Program

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources</b> (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	9.65	7.50	10.00
Total Direct Funding	\$1,453,770	\$1,520,721	\$2,071,510
Total Indirect Funding	\$1,607,556	\$1,214,066	\$1,388,525
Total Funding	\$3,061,326	\$2,734,787	\$3,460,035

### a. Background

The MRO staff will monitor, assess, and enforce compliance of Reliability Standards for each Registrant (also known as Registered Entity) that has compliance responsibilities as defined in the MRO Registry in a non-discriminatory manner with the appropriate due process. In the United States, MRO enforces Reliability Standards according to Commission-approved rules (Compliance Monitoring and Enforcement Program or "CMEP"). In Saskatchewan and Manitoba, MRO carries out its responsibilities according to agreements with the respective applicable provincial authorities.

MRO staff performs all necessary compliance and enforcement activities under the Regional Delegation Agreement. The MRO Compliance Committee ("CC") assures MRO staff carries out its responsibilities according to the rules and acts in an advisory role to staff on process and procedural matters. Additionally, the CC provides reports to the Board on trends and other facts in both a public and non-public meetings. The Board approves enforcement actions, including settlements and acts as the hearing body according to the rules.

Registration criteria and requirements are approved by NERC and FERC in the United States and MRO staff carries out those responsibilities through its Regional Delegation Agreement. Registration can found on the MRO Registry which is incorporated into the overall NERC Registry. MRO staff registers all known entities

subject to the Reliability Standards and revises the Registry as required under the rules.

Certification of those applicable functions is performed by MRO staff in conjunction with NERC under its rules.

**b. Program Description and Functions Performed**

In 2009, the MRO compliance monitoring and enforcement program includes performing CMEP activities with 113 Registrants, including eight joint registrations in the MRO region. There are a total of 587 functions performed by the 113 Registrants.

The 2009 compliance program strategy includes placing all Registrants “on notice” for all applicable regulatory approved Reliability Standards, and sets the expectation that Registrants should be compliant with applicable Standards at all times. There are 26 Balancing Authority (BA), Transmission Operator (TOP), and Reliability Coordinator (RC) entities, and 89 entities that perform “other functions”. All 113 Registrants will participate in the compliance program that includes various types of data submittal, monthly reporting, exception reporting, self-reporting, self-certification, spot check, random spot check, and surveys. All Registrants participate in compliance audits on a determined three and six-year cycle. The 26 BA, TOP, and RC entities receive an audit at least once every three-years, and the 89 “other function” entities receive an audit at least once every six-years. For 2009 there are a total of 20 compliance audits scheduled including seven BA, TOP, and RC audits, and 13 “other function” audits. Furthermore, the implementation of the compliance program for the Critical Infrastructure Protection Reliability Standards will cause an increase in workload.

In addition to the normal compliance discovery activities under the NERC CMEP, MRO staff may be involved in Event Analysis, Compliance Violation Investigations, and Hearings. These activities are also included in the business plan for 2009.

**c. 2009 Goals and Objectives**

- Implement program consistent with the RDA and NERC rules.
- Educate Registrants by providing training, lessons learned, addressing questions, and offering other help as needed to maintain compliance.
- Deliver consistent, quality program results across all discovery methods (e.g. zero false findings from audits).
- Assure professionally trained staff is available to perform the required activities under the CMEP.
- Improve productivity by increasing number of audits and random tests for compliance.
- Maintain accurate and up to date MRO registry.
- Assess all alleged violations of Reliability Standards in a fair, uniform, and systematic manner in the determination of enforcement mechanism.
- Assess all mitigation plans in a fair, uniform, and systematic manner to ensure the violation and root causes are mitigated.
- Provide for fair due process to all Registrants so that MRO experiences no remands from a Regulatory authority.

**d. 2009 Work Plan**

- Revise the CMEP Manual upon regulatory approval of the NERC CMEP.
- Develop, implement, and administer the 2009 regional annual CMEP program that includes 113 Registrants.
- Timely review, process, and validate Mitigation Plans as required.
- Continue entity registration process and administration of the MRO Registry.
- Perform entity certification processes.
- Perform compliance assessment for 113 Registrants.
- Perform 21 compliance audits.
- Participate in coordinated audits where the operation of an entity crosses regional boundaries.
- Process data submittals on a timely basis.
- Perform monthly reporting, exception reporting, self-reporting, self-certification, spot check, random spot check, and surveys.
- Implement and process compliance enforcement actions.
- Participate in Situational Awareness projects as required.
- Participate in Regional Delegation Agreement audit.

- Perform Compliance Violation Investigations as needed.
- Continue to implement enhancements to programs and tools.
- Support CC and Board activities.
- Participate on various NERC groups and committees as assigned.
- Provide CMEP and CIP workshops and training to Registrants.
- Receive special auditor training, MRO staff training, and NERC CEH training.

**e. Funding Requirements — Explanation of Increase (Decrease)**

For 2009, MRO will experience an increase in work due to the expanded scope of compliance monitoring, the implementation of the NERC CIP-002 through CIP-009 Reliability Standards, refinements to the Registration process, and increases in follow-up/investigation of alleged violations.

**f. Staffing Needs**

The program area will include 10.00 FTEs.

**f-i. Hiring Plans**

MRO will increase the staffing by approximately 2.0 FTEs.

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

MRO has budgeted outsourced resources for CIP audit support and investigation support as needed.

**g. Statement of Activities**

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Compliance and Organization Registration and Certification 0400</b>					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
<b>Funding</b>					
ERO Assessments	\$ 1,453,770	\$ 1,460,721	\$ 6,951	\$ 2,071,510	\$ 610,789
Membership Dues			-		-
Testing Fees			-		-
Services & Software		60,000	60,000		(60,000)
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 1,453,770</b>	<b>\$ 1,520,721</b>	<b>\$ 66,951</b>	<b>\$ 2,071,510</b>	<b>\$ 550,789</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 931,758	\$ 859,583	\$ (72,176)	\$ 1,211,481	\$ 351,899
Payroll Taxes	172,626	146,129	(26,497)	205,952	59,823
Benefits	79,997	68,767	(11,231)	96,918	28,152
Retirement Costs	168,416	146,129	(22,287)	205,952	59,823
<b>Total Personnel Expenses</b>	<b>\$ 1,352,797</b>	<b>\$ 1,220,607</b>	<b>\$ (132,190)</b>	<b>\$ 1,720,303</b>	<b>\$ 499,696</b>
<b>Meeting Expenses</b>					
Meetings	\$ 12,000	\$ 12,000	\$ -	\$ 18,000	\$ 6,000
Travel	47,795	47,795	-	100,000	52,205
WebEx / Conference Calls	4,278	4,278	-	10,000	5,722
<b>Total Meeting Expenses</b>	<b>\$ 64,073</b>	<b>\$ 64,073</b>	<b>\$ -</b>	<b>\$ 128,000</b>	<b>\$ 63,927</b>
<b>Operating Expenses</b>					
Consultants	\$ 15,000	\$ 214,141	\$ 199,141	\$ 110,600	\$ (103,541)
Contracts	-	-	-	35,000	35,000
Office Rent	-	-	-	-	-
Office Costs	21,900	21,900	-	17,607	(4,293)
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	60,000	60,000
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 36,900</b>	<b>\$ 236,041</b>	<b>\$ 199,141</b>	<b>\$ 223,207</b>	<b>\$ (12,834)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 1,453,770</b>	<b>\$ 1,520,721</b>	<b>\$ 66,951</b>	<b>\$ 2,071,510</b>	<b>\$ 550,789</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**g-i. Summary of 2008 Projection and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments.

**Personnel Expenses** increases are for .35 additional FTEs over the 2008 Budget and incremental increases in salary for existing staff.

**Meeting Expenses** includes meeting and travel related costs to support this program area. MRO expects to hold four workshops in 2009.

**Operating Expenses** includes CIP audit support consultants; contract to support compliance information system, and other office costs.

### 3. Reliability Readiness Evaluation and Improvement Program

Reliability Readiness Evaluation and Improvement Program Resources			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	1.10	.25	.50
Total Direct Funding	\$208,491	\$79,742	\$194,907
Total Indirect Funding	\$183,245	\$40,469	\$69,426
Total Funding	\$391,736	\$120,211	\$264,333

#### a. Background

*Note: In its 2009 business plan, developed after approval of this plan by MRO, NERC has eliminated the Reliability Readiness Evaluation and Improvement Program. In the NERC approved plan, 2009 will be a transition year, during which open Readiness recommendations in the Region will be monitored to their completion and a reduced set of Evaluations will take place. Due to the uncertainty associated with the final disposition of the NERC program and the expectations delegated to MRO at the time this plan was developed and finalized, the potential for an under run of 2009 expenditures compared to budget exists, but is difficult to quantify at this time.*

The NERC Reliability Readiness Evaluation and Improvement Program will continue to conduct evaluations of BAs, TOs, RCs, and other key entities that support the reliable operation of the BPS. The purpose of this program is to assess the preparedness of the aforementioned Registrants to meet their assigned reliability responsibilities.

Readiness Evaluations are designed to ensure operators of the BPS have adequate tools, processes, procedures, and infrastructure in place to operate reliably. The MRO has provided technical resources to support reliability readiness since the inception of the Readiness program. It is anticipated that seven readiness evaluations will be conducted in the MRO region in 2009 and MRO will rely on stakeholders to help with completing the evaluations, in addition to staff and external contractors.



**b. Program Description and Functions Performed**

The Reliability Readiness Evaluation and Improvement Program provides for readiness evaluations of the Registrants across North America on a three-year cycle and tracks Registrant's progress in implementing the evaluation team's recommendations, if applicable.

Readiness teams typically include three representatives from within the MRO and three from other Regional Entities of NERC. Each evaluation is an in-depth evaluation of a Registrant's policies, practices, tools, personnel and processes that pertain to its functions. The evaluation considers the quality of virtually all aspects of an entity's operation. A Readiness Evaluation reviews current operations to determine the likelihood of future performance.

The purpose of evaluations is threefold:

1. to ensure the reliability of the BPS by ascertaining the ability of entities to perform the functions for which they are responsible,
2. to identify and make public all best practices that may be beneficial to others, and
3. to provide recommendations for improvements that will enhance the overall reliability of the entities operations and of the BPS.

**c. 2009 Goals and Objectives**

In 2009 the MRO readiness evaluation process will include seven evaluations within the MRO footprint: 4 TOs and 3 combination BAs/TOs. Anticipated MRO representation on each of the teams includes one MRO staff person or MRO consultant and one stakeholder volunteer. The program tracks all recommendations resulting from the evaluations.

**d. 2009 Workplan**

- Complete 7 Readiness Evaluations on 4 TOs and 3 BA/TOs

**e. Funding Requirements — Explanation of Increase (Decrease)**

The number of Readiness Evaluations has varied from year to year as the NERC evaluation process made the transition to its present state. Steps have been taken

to normalize the workload from year to year, and beginning in 2009, seven evaluations are expected. MRO will strive to involve more stakeholders in the evaluations for 2009 and this is reflected in the reduction of the FTE as compared with 2008 budget.

**f. Staffing Needs**

No additional staffing required.

**f-i. Hiring Plans**

No additional FTE's required.

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

Contractors will be used to support the Readiness Evaluation program.

**g. Statement of Activities**

Funding sources and related expenses for the reliability readiness audits and improvement section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Reliability Readiness Evaluation and Improvement 0700</b>					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
<b>Funding</b>					
ERO Assessments	\$ 208,491	\$ 79,743	\$ (128,749)	\$ 194,907	\$ 115,165
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 208,491</b>	<b>\$ 79,743</b>	<b>\$ (128,749)</b>	<b>\$ 194,907</b>	<b>\$ 115,165</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 122,052	\$ 34,325	\$ (87,727)	\$ 68,650	\$ 34,325
Payroll Taxes	22,730	5,835	(16,895)	11,671	5,835
Benefits	10,533	2,746	(7,787)	5,492	2,746
Retirement Costs	22,176	5,835	(16,340)	11,671	5,835
<b>Total Personnel Expenses</b>	<b>\$ 177,491</b>	<b>\$ 48,742</b>	<b>\$ (128,750)</b>	<b>\$ 97,483</b>	<b>\$ 48,742</b>
<b>Meeting Expenses</b>					
Meetings	\$ 1,200	\$ 1,200	\$ -	\$ 1,440	\$ 240
Travel	21,000	21,000	-	45,000	24,000
WebEx / Conference Calls	1,200	1,200	-	1,440	240
<b>Total Meeting Expenses</b>	<b>\$ 23,400</b>	<b>\$ 23,400</b>	<b>\$ -</b>	<b>\$ 47,880</b>	<b>\$ 24,480</b>
<b>Operating Expenses</b>					
Consultants	\$ 4,000	\$ 4,000	\$ -	\$ 48,000	\$ 44,000
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	3,600	3,600	-	1,544	(2,056)
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 7,600</b>	<b>\$ 7,600</b>	<b>\$ -</b>	<b>\$ 49,544</b>	<b>\$ 41,944</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 208,491</b>	<b>\$ 79,743</b>	<b>\$ (128,749)</b>	<b>\$ 194,907</b>	<b>\$ 115,165</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**g-i. Summary of 2008 projection and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments

**Personnel Expenses** includes incremental salary increases for existing staff.

**Meeting Expenses** includes meeting related costs to support the program area.

**Operating Expenses** include consultant costs to support this program area and office related costs.

#### 4. Training, Education, and Operator Certification Program

<b>Training, Education, and Operator Certification Program Resources</b>			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	.45	.50	.50
Total Direct Funding	\$80,962	\$75,720	\$108,249
Total Indirect Funding	\$74,964	\$80,938	\$69,426
Total Funding	\$155,926	\$156,658	\$177,675

##### a. Background

The MRO has identified areas for training in order to ensure staff has the knowledge and capabilities to carry out its functions. For members and those subject to the standards, MRO will rely on NERC and others to develop the training materials. MRO will lead training efforts in its region related to those entities subject to the standards and will closely coordinate with other regional entities to share resources on training.

##### b. Program Description and Functions Performed

One area that MRO has started is the hosting of system operating training software. System Operating Training Software ("SOTS") main function is to provide training materials that can be accessed through the internet. This will increase the efficiencies in the following:

- Consistency of training materials.
- Tracking of training courses taken.
- Allows a larger training library to be compiled using fewer resources.
- Access to training records.

The release of 2008 NERC CEH Training requirements for recertification of current Power System Operators contain the following training requirements:

- 32 Hours of Emergency Operations Training annually.
- 30 Hours of NERC Standards Training every three years.
- 30 Hours of training including the use of a simulator every three years.

Much of this training can be standardized to minimize replication among Registrants. This also provides an added reliability benefit, as all operators within a region will have not only a minimum standard of training, but will also have a consistent method of training. The following are some of the modules that will be available:

- NERC Standards and Policies
- OSHA
- FERC Orders and Policies
- Electrical Theory
- Others: Code of Conduct

MRO has contracted to host a Learning Management System (“LMS”) using a web-based environment. The system will contain a library of available training modules, and provide a media for the user to access the training of their choice, ranging from Technical, Management and Professional Development to non-credit adult continuing education. This LMS will also be linked to a centralized database to track user selection of modules and NERC CEH criteria. These modules will allow the user access to quality, consistent training from anywhere at anytime, as long as the user has internet access. This system will be self-supporting as the user fees will net with the expenses needed to maintain it.

**c. 2009 Goals and Objectives**

The MRO Work Plan for 2009 details the training and operator certification plan approved by the Board in 2008. Based on the proposed plan, the following activities are expected to be completed in 2009:

- Develop training for staff, including enforcement and auditor training.

**d. 2009 Work Plan**

- Revise the training modules as required.
- Continue to implement enhancements to programs and tools.
- Conduct SOTS workshops.

**e. Funding Requirements — Explanation of Increase (Decrease)**

The decrease reflects the staffing needed to develop training materials and implement enhancements in the training software.

**f. Staffing Needs**

MRO is adequately staffed for this program area..

**f-i. Hiring Plan**

No additional FTEs are required in this program area's

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

A contractor will be used for maintenance and enhancements to the training system. Fees will be collected from the participants in the system which will off-set the costs of maintenance and enhancements.



**g. Statement of Activities**

Funding sources and related expenses for the training, education, and operator certification section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Training and Education 0900</b>					
	<b>2008 Budget</b>	<b>2008 Projection</b>	<b>2008 Projection Variance to 2008 Budget Over(Under)</b>	<b>2009 Budget</b>	<b>2009 Budget Variance to 2008 Projection Over(Under)</b>
<b>Funding</b>					
ERO Assessments	\$ 80,962	\$ 75,720	\$ (5,242)	\$ 78,999	\$ 3,279
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-	29,250	29,250
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 80,962</b>	<b>\$ 75,720</b>	<b>\$ (5,242)</b>	<b>\$ 108,249</b>	<b>\$ 32,529</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 51,122	\$ 48,676	\$ (2,446)	\$ 50,985	\$ 2,309
Payroll Taxes	9,528	8,275	(1,253)	8,667	393
Benefits	4,416	3,894	(522)	4,079	185
Retirement Costs	9,296	8,275	(1,021)	8,667	393
<b>Total Personnel Expenses</b>	<b>\$ 74,362</b>	<b>\$ 69,120</b>	<b>\$ (5,242)</b>	<b>\$ 72,399</b>	<b>\$ 3,279</b>
<b>Meeting Expenses</b>					
Meetings	\$ 600	\$ 600	\$ -	\$ 29,850	\$ 29,250
Travel	2,400	2,400	-	2,400	-
WebEx / Conference Calls	1,200	1,200	-	1,200	-
<b>Total Meeting Expenses</b>	<b>\$ 4,200</b>	<b>\$ 4,200</b>	<b>\$ -</b>	<b>\$ 33,450</b>	<b>\$ 29,250</b>
<b>Operating Expenses</b>					
Consultants	\$ 2,400	\$ 2,400	\$ -	\$ 2,400	\$ -
Contracts			-		-
Office Rent			-		-
Office Costs			-		-
Professional Services			-		-
Computer Purchase & Maintenance			-		-
Furniture & Equipment			-		-
Miscellaneous			-		-
Contingency			-		-
<b>Total Operating Expenses</b>	<b>\$ 2,400</b>	<b>\$ 2,400</b>	<b>\$ -</b>	<b>\$ 2,400</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 80,962</b>	<b>\$ 75,720</b>	<b>\$ (5,242)</b>	<b>\$ 108,249</b>	<b>\$ 32,529</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

**Funding Sources**

- Fee-based Workshops which are new in 2009 Business Plan and Budget.
- ERO Assessments

**Personnel Expenses** includes incremental salary increases for existing staff.

**Meeting Expenses** includes fee-based workshops (new self-funding program) and conference room(s), food, internet, phone, travel, and WebEx/conference calls.

**Operating Expenses** includes some consulting costs for training system enhancements.

## 5. Reliability Assessment and Performance Analysis Program

<b>Reliability Assessment and Performance Analysis Program Resources</b>			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	2.20	4.00	4.75
Total Direct Funding	\$541,741	\$774,804	\$982,029
Total Indirect Funding	\$366,489	\$647,502	\$659,549
Total Funding	\$908,230	\$1,422,306	\$1,641,578

### a. Background

The MRO analyzes, assesses, and reports on reliability and adequacy in the past, present, and future. This includes the long-term and seasonal assessments developed by the Reliability Assessment Committee (“RAC”) and its subcommittees as required by the RDA. In 2008, NERC added a fourth assessment, called the Scenario Assessment, to its requirements. This fourth assessment will be performed every one to two years in conjunction with the Long-Term Assessment. The RAC has balanced stakeholder representation and like the other MRO committees, reports to the Board.

### b. Program Description and Functions Performed

The RAC reviews and consolidates the reports of the overall reliability of the MRO region, both existing and planned. The RAC verifies that assessments performed within the MRO region conform to MRO and NERC Reliability Standards.

In 2009, increased attention will be given to protection and control standards, special protection scheme reviews, resource adequacy, integration of accelerated renewable generation, NERC and regulatory data requests, system modeling, and reviews of regional reliability criteria and procedures.

In addition to assessments, NERC and the Regional Entities analyze significant system events that occur on the BPS, identify the causes of such events, disseminate findings to the electric industry, and develop reliability performance benchmarks.

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Analyses of significant system events will be conducted by teams comprised of professional and technical staffs of NERC and REs, along with volunteers from the electric industry, government, and academia who possess appropriate technical competencies. This work is carried out through conference calls, exchanges of information through e-mail, Web site postings, other means of electronic communications, and meetings.

**c. 2009 Goals and Objectives**

- Assess the bulk electric system using the MRO and NERC Reliability Standards and provide assessments to the Board and NERC.
- Annually assess the overall reliability of the MRO region and interregional BPS plans over a five-year and ten-year horizon and report such results to the Board and NERC.
- Seasonally (summer and winter) assess the overall reliability of the MRO region and interregional BPS from an operational planning perspective and report results to the Board and NERC.
- Annually (or as often as required by NERC) assess the MRO region for an emerging issue/scenario as determined by NERC and report results to the Board and NERC.
- Perform special reliability assessments on a Regional, Interregional, and Interconnection basis as conditions warrant, or as directed by the Board or NERC, and report results to the Board and NERC.
- Coordinate with NERC on system event type analyses on a Regional, Interregional, and Interconnection basis as conditions warrant, and report results to the Board and NERC.
- Participate in and support all MRO Subcommittees, Working Groups and Task Forces that report to the RAC.
- Participate in and support the ERAG Management Committee, Steering Committees and Working Groups that report to the ERAG.
- Participate in and represent the MRO region in all NERC groups, as required, that report to the NERC Planning Committee ("PC") and Operating Committee ("OC").
- Support Event Analysis and other disturbance analysis as required.

**d. 2009 Workplan**

- Complete 2009 Summer Assessment
- Complete 2009 Winter Assessments
- Complete long term and scenario assessments
- Conduct studies as required
- Support ERAG and NERC committees and other working groups
- Support Event Analyses as needed
- Participate in improving the long term assessment under NERC's leadership
- Annually prepare a MRO set of powerflow and dynamics models as determined by the Model Building Subcommittee ("MBS"). Provide these models to the Eastern Interconnection Reliability Assessment Group ("ERAG") Multi-Regional Modeling Working Group ("MMWG") for use in interconnection-wide model building.
- Perform all RE responsibilities associated with the Protection and Control Standards, including mis-operations, review of special protection schemes, Under Frequency Load Shedding ("UFLS") criteria, disturbance monitoring criteria, etc.
- Perform all RE responsibilities associated with the existing and future TPL and MOD Standards, as they apply to Reliability Assessments.

**e. Funding Requirements — Explanation of Increase (Decrease)**

MRO expects an increase in funding in this area. MRO also would like to emphasize that stakeholder involvement is crucial to the success of this program area. In an April 9, 2008 letter from the NERC PC Chairperson to the NERC Member Representatives Committee Chairperson, it was stated that:

*"At the Member Representatives Committee's (MRC) February 11, 2008 meeting, I was gratified to hear support for the Planning Committee's (PC) ongoing effort to improve NERC's Seasonal and Long-Term Reliability Assessments. At that time I raised a key concern — the need for all industry stakeholders to allocate the human resources required to gather the data and information that will allow us to improve NERC's reliability assessments.*

*During its March 2008 meeting, the PC took a vital next step toward improving the NERC reliability assessments when it approved a 2008-2010 enhancement plan, which incorporates: 1) scenario analyses; 2) additional metrics to assess bulk power system*

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*reliability; 3) integration of new bulk power system resources (i.e. variable generation and demand response); and 4) collection of more granular data. These improvements provide a foundation from which all industry stakeholders can equitably discuss and document reliability issues, and together address industry needs to help ensure the future reliability of the bulk power system.*

*We expect the execution of the enhancement plan will require increased human resources. The NERC assessments will, as always, only be as good as the data and information we receive. We are concerned that understaffed assessment programs may not result in the high quality final product we all envision and expect. It is therefore essential that all levels of our organizations support this cause by making adequate human resources available.*

*Therefore, I request that the MRC reach out to the industry community, particularly by writing the NERC Regional Entities, EEI, APPA, NRECA, EPISA, CEA, and other electric industry trade associations, in support of the reliability assessment enhancement plan and ask them to encourage their members to provide the necessary human resources. Achieving our goal to improve NERC's reliability assessments requires collaborative support from the MRC and its industry constituents."*

As stated above, the Chairperson of the PC has indicated that Regional Entities, their Registrants and members, and the industry as a whole should plan on increasing the resources to adequately support the ever-demanding workload in the Reliability Assessments area. In addition to the increased focus on Reliability Assessments, there has been an increase in NERC and Regulatory data requests and additional staffing is needed to expedite and manage these data requests in a timely manner. NERC also has been increasing the number of stakeholder groups that report to the NERC PC and OC and these groups need to be staffed by MRO stakeholders and/or staff. MRO reimburses those individuals who represent MRO in the PC and OC stakeholders (these costs are reflected in the "NERC Forums" area).

**f. Staffing Needs**

The 2009 Budget requires 4.75 FTEs.

**f-i. Hiring Plan**

MRO will increase the FTEs in this program area by 2.55 over the 2008 Budget FTEs. Please note that Event Analysis was included in the Compliance program area. In the 2009 budget, Event Analysis is included in this program area.

**f-ii Shared Employees**

None

**f-iii. Contractors**

MRO has budgeted to use contractors to supplement staff in this program area.

**g. Statement of Activities**

Funding sources and related expenses for the reliability assessment and performance analysis section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Reliability Assessment and Performance Analysis 0800</b>					
	<b>2008 Budget</b>	<b>2008 Projection</b>	<b>2008 Projection Variance to 2008 Budget Over(Under)</b>	<b>2009 Budget</b>	<b>2009 Budget Variance to 2008 Projection Over(Under)</b>
<b>Funding</b>					
ERO Assessments	\$ 541,741	\$ 774,804	\$ 233,063	\$ 982,029	\$ 207,225
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 541,741</b>	<b>\$ 774,804</b>	<b>\$ 233,063</b>	<b>\$ 982,029</b>	<b>\$ 207,225</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 188,664	\$ 356,725	\$ 168,061	\$ 483,461	\$ 126,736
Payroll Taxes	34,777	60,643	25,866	82,188	21,545
Benefits	16,116	28,538	12,422	38,677	10,139
Retirement Costs	33,929	60,643	26,714	82,188	21,545
<b>Total Personnel Expenses</b>	<b>\$ 273,486</b>	<b>\$ 506,549</b>	<b>\$ 233,063</b>	<b>\$ 686,514</b>	<b>\$ 179,965</b>
<b>Meeting Expenses</b>					
Meetings	\$ 15,000	\$ 15,000	\$ -	\$ 40,000	\$ 25,000
Travel	8,000	8,000	-	50,000	42,000
WebEx / Conference Calls	14,278	14,278	-	18,000	3,722
<b>Total Meeting Expenses</b>	<b>\$ 37,278</b>	<b>\$ 37,278</b>	<b>\$ -</b>	<b>\$ 108,000</b>	<b>\$ 70,722</b>
<b>Operating Expenses</b>					
Consultants	\$ 215,000	\$ 215,000	\$ -	\$ 155,860	\$ (59,140)
Contracts	-	-	-	18,000	18,000
Office Rent	-	-	-	-	-
Office Costs	15,977	15,977	-	13,655	(2,322)
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 230,977</b>	<b>\$ 230,977</b>	<b>\$ -</b>	<b>\$ 187,515</b>	<b>\$ (43,462)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 541,741</b>	<b>\$ 774,804</b>	<b>\$ 233,063</b>	<b>\$ 982,029</b>	<b>\$ 207,225</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan section of this document:

**Funding Sources**

- ERO Assessments

**Personnel Expenses** increases are for additional FTEs over the 2008 Budget and incremental increases in salary for existing staff.

**Meeting Expenses** include the costs for meetings, travel, and other related costs and support the following groups:

- Reliability Assessment Committee
- Transmission Assessment Subcommittee
- Resource Assessment Subcommittee
- Model Building Subcommittee
- Protective Relay Subcommittee
- SPS Review Team
- Scenario Assessment Task Force
- Wind Generation Modeling Task Force
- Generator Testing Review Task Force

**Operating Expenses** includes consultants, contracts (model building contract with Midwest ISO), and office costs.

## 6. Situational Awareness and Infrastructure Security Program

<b>Situational Awareness and Infrastructure Security Program Resources</b>			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	.35	.25	.25
Total Direct Funding	\$60,840	\$53,542	\$57,549
Total Indirect Funding	\$58,305	\$40,469	\$34,713
Total Funding	\$119,145	\$94,011	\$92,262

### a. Background

The term "Situational Awareness" became relevant after the August 14, 2003 blackout. The subsequent investigation and the release of the joint U.S. - Canadian Task Force report identified the lack of Situational Awareness as a cause of the blackout. The report directed the industry to improve Situational Awareness at all levels in the monitoring and control of the BPS. FERC asked NERC and the Regional Entities to report Situational Awareness information on a routine basis.

A single definition of Situational Awareness ("SA") does not exist. Rather, its meaning depends on the role and responsibility of an organization with respect to BPS operations. For NERC, in its role as the international ERO, Situational Awareness means the following:

To be aware of the overall situation and condition of the interconnections in North America in order to anticipate problems before they happen and to communicate to government agencies (FERC, DOE, DHS, NRC, PSC, Provincials, Canadian) and to the industry.<sup>2</sup>

This definition implies the type of information and the degree of detail suitable to meet NERC's SA needs. Because the role of government agencies with respect to SA

<sup>2</sup> NERC/Regional Entity Situation Awareness Communication Team Work Plan

is evolving, the entire scope of what SA information is needed has not been determined.

Conditions on the BPS are constantly changing. The information requirements to maintain SA under “normal” conditions will most likely not be enough to understand deteriorating conditions. Furthermore, SA information exchange in a post-contingency environment may be the most challenging of all as the focus is on restoration and recovery rather than reporting.

SA information must remain in the hands of people with a “need to know” and used for SA purposes only. The information will be treated as non-public and confidential to the extent that the Registrant (system operators or RC) does not make the information publicly available.

Standardized tools for SA data collection, reporting, and visualization do not exist and MRO is relying on NERC to develop a suite of SA tools to be used by the Regional Entity.

**b. Program Description and Functions Performed**

NERC interprets its role in this area to:

1. Maintain a high level awareness of conditions on the BPS and rapidly communicate substantive changes in those conditions to relevant parties.
2. Understand emerging threats and vulnerabilities to the reliability of the BPS and direct activities to mitigate them.
3. Develop and maintain tools that meet the needs of our overall reliability mission as the international ERO.

**c. 2009 Situational Awareness Goals and Objectives**

Work with NERC to clarify the roles and responsibilities on a going-forward basis.

1. Compile a list of SA information currently collected by NERC, REs, and others such as ISOs/RTOs. Define what is currently shared with FERC and in what form.
2. Share the catalog of information to FERC and describe the benefits and drawbacks of the SA information. With FERC, identify the information necessary to meet its SA needs.

3. Develop protocols and procedures to accomplish the SA information exchange with FERC, with a careful eye to protecting confidential information.
4. Evaluate existing SA tools and recommend rapid deployment alternatives. Consider the proposed NERC SA tool for this purpose.
5. Implement a feedback mechanism to ensure the goals of the SA information exchange continue to be met.

**d. 2009 Work Plan**

- Work with NERC staff to successfully implement the SA Tool. Resources to support this initiative will include staff time and computer support.
- Produce the “Morning Report.” The appropriate level of resources will depend on whether the RC prepare the report and pass it along to the REs for review and delivery to FERC, or the RE prepares the report on behalf of its RCs. Should the RE develop the report, additional resources may be allocated to automate the collection and aggregation of data received from the Reliability Coordinators.
- Continue to participate in the NERC/RE Situation Awareness Communication team to ensure plans and protocols for communicating SA information between and among NERC, FERC, Regions, and other relevant stakeholders are consistent and coordinated. Resource requirements will be limited to staff time.
- For the MRO, the support for NERC’s Critical Infrastructure Protection Committee (“CIPC”) and its 2009 work plan has been moved to the Compliance budget.
- Identify and deploy applications necessary to rapidly exchange SA-related information and foster collaboration with information sharing partners. Examples include working with NERC to develop and implement an industry notification system, creating and maintaining e-mail lists organized by subject matter expertise, and working with CIPC to define and implement a new web-based threat and incident reporting system. Resources to support this area of work will likely be staff time and travel and computer support.

**e. Funding Requirements — Explanation of Increase (Decrease)**

For 2009, MRO expects a relatively flat funding requirement. MRO will await NERC's determination on what functions a Regional Entity should have for this program area before any additional investments are made by MRO.

**f. Staffing Needs**

MRO is adequately staffed for this program area.

**f-i. Hiring Plans**

No additional staffing is required in this program area.

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

None.

**g. Statement of Activities**

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Situational Awareness and Infrastructure Security 1000</b>					
	<b>2008 Budget</b>	<b>2008 Projection</b>	<b>2008 Projection Variance to 2008 Budget Over(Under)</b>	<b>2009 Budget</b>	<b>2009 Budget Variance to 2008 Projection Over(Under)</b>
<b>Funding</b>					
ERO Assessments	\$ 60,840	\$ 53,542	\$ (7,299)	\$ 57,549	\$ 4,008
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 60,840</b>	<b>\$ 53,542</b>	<b>\$ (7,299)</b>	<b>\$ 57,549</b>	<b>\$ 4,008</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 38,539	\$ 34,325	\$ (4,214)	\$ 38,415	\$ 4,090
Payroll Taxes	7,175	5,835	(1,340)	6,531	695
Benefits	3,325	2,746	(579)	3,073	327
Retirement Costs	7,000	5,835	(1,165)	6,531	695
<b>Total Personnel Expenses</b>	<b>\$ 56,040</b>	<b>\$ 48,742</b>	<b>\$ (7,299)</b>	<b>\$ 54,549</b>	<b>\$ 5,807</b>
<b>Meeting Expenses</b>					
Meetings	\$ 1,200	\$ 1,200	\$ -	\$ 600	\$ (600)
Travel	2,400	2,400	-	2,400	-
WebEx / Conference Calls	1,200	1,200	-	-	(1,200)
<b>Total Meeting Expenses</b>	<b>\$ 4,800</b>	<b>\$ 4,800</b>	<b>\$ -</b>	<b>\$ 3,000</b>	<b>\$ (1,800)</b>
<b>Operating Expenses</b>					
Consultants			\$ -		\$ -
Contracts			-		-
Office Rent			-		-
Office Costs			-	-	-
Professional Services			-		-
Computer Purchase & Maintenance			-		-
Furniture & Equipment			-		-
Miscellaneous			-		-
Contingency			-		-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>			<b>\$ -</b>		<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 60,840</b>	<b>\$ 53,542</b>	<b>\$ (7,299)</b>	<b>\$ 57,549</b>	<b>\$ 4,007</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments

**Personnel Expenses** includes incremental salary increases for existing staff.

**Meeting Expenses** includes meeting and travel related costs to support this program area.

**Operating Expenses**

## Part 2 - Administrative Programs

### 7. Technical Committees and Members' Forums

<b>Technical Committees and Members' Forums Resources</b>			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	.45	.75	.75
Total Funding	\$328,835	\$340,751	\$184,900

#### a. Background

The success of the NERC programs will depend on the active and direct participation of industry stakeholders, including its members and Registrants. The stakeholders are the source of expertise in the industry, and provide the "hand" that raises the bar for enhancing reliability through technical excellence.

NERC has established and facilitates the PC and OC that serves the interests of stakeholders within a specific NERC sector, and general, technical committees that integrate the "deliverables" of NERC programs. The 2009 budget supports MRO's participation on NERC standing committees and subcommittees.

#### b. Program Description and Functions Performed

The MRO has adopted a policy to reimburse travel costs for participants in NERC and MRO Committee and related work groups who represent the MRO. The costs for these reimbursements were budgeted for \$60,000.

#### c. 2009 Goals and Objectives

The goal and objective is to assure that the members of MRO and Registrants representing the MRO at NERC meetings, communicate the NERC policy and practices and provide comments on how any such changes or additions would impact the MRO region. Although MRO operates within the Eastern Interconnection, it has some unique technical (e.g. distance from generation to load) and political (e.g. Canadian registrants and high percentage of public power) aspects which need some level of deference and understanding from time to time.



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**d. 2009 Work Plan**

- MRO staff will participate in the NERC related committees and working groups.
- MRO staff will work with stakeholders to assure MRO has adequate stakeholder representation on NERC committees and working groups.

**e. Funding Requirements — Explanation of Increase (Decrease)**

MRO expects this program to be relatively flat in terms of activities as compared with 2008; however because MRO expects a decrease in travel cost reimbursements for MRO stakeholder participation at meetings, the funding requirements have decreased.

**f. Staffing Needs**

MRO has budgeted .75 FTEs in this program area.

**f-i. Hiring Plans**

MRO does not expect material additional staffing increases in this area.

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

None.

**g. Statement of Activities**

Funding sources and related expenses for this program of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>						
<b>2008 Budget &amp; Projection, and 2009 Budget</b>						
<b>Technical Committees and Member Forums 1100</b>						
	<b>2008 Budget</b>	<b>2008 Projection</b>	<b>2008 Projection Variance to 2008 Budget Over(Under)</b>	<b>2009 Budget</b>	<b>2009 Budget Variance to 2008 Projection Over(Under)</b>	
<b>Funding</b>						
ERO Assessments	\$ 328,835	\$ 340,751	\$ 11,916	\$ 184,900	\$ (155,851)	
Membership Dues			-		-	
Testing Fees			-		-	
Services & Software			-		-	
Workshops			-		-	
Interest			-		-	
Miscellaneous			-		-	
<b>Total Funding</b>	<b>\$ 328,835</b>	<b>\$ 340,751</b>	<b>\$ 11,916</b>	<b>\$ 184,900</b>	<b>\$ (155,851)</b>	
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 81,920	\$ 92,642	\$ 10,722	\$ 87,958	\$ (4,684)	
Payroll Taxes	15,463	15,749	286	\$ 14,953	(796)	
Benefits	7,166	7,411	245	\$ 7,037	(375)	
Retirement Costs	15,086	15,749	663	\$ 14,953	(796)	
<b>Total Personnel Expenses</b>	<b>\$ 119,635</b>	<b>\$ 131,551</b>	<b>\$ 11,916</b>	<b>\$ 124,900</b>	<b>\$ (6,652)</b>	
<b>Meeting Expenses</b>						
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -	
Travel	209,200	209,200	-	60,000	(149,200)	
WebEx / Conference Calls	-	-	-	-	-	
<b>Total Meeting Expenses</b>	<b>\$ 209,200</b>	<b>\$ 209,200</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>\$ (149,200)</b>	
<b>Operating Expenses</b>						
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	
Contracts			-		-	
Office Rent			-		-	
Office Costs			-		-	
Professional Services			-		-	
Computer Purchase & Maintenance			-		-	
Furniture & Equipment			-		-	
Miscellaneous			-		-	
Contingency			-		-	
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses</b>	<b>\$ 328,835</b>	<b>\$ 340,751</b>	<b>\$ 11,916</b>	<b>\$ 184,900</b>	<b>\$ (155,852)</b>	
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments

**Personnel Expenses**

**Meeting Expenses** includes meeting reimbursements for stakeholders who represent MRO at the NERC committees and working groups.

**Operating Expenses**

**8. General and Administrative**

<b>General and Administrative Resources</b>			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	1.65	1.75	1.50
Total Funding	\$612,894	\$557,944	\$421,753

**a. Background**

The administrative functions of the MRO will be provided by a full-time President and administrative personnel.

**b. Program Description and Functions Performed**

The Office of the President and the related administrative support carry out the administrative and organizational duties of MRO. In addition, MRO includes its communications costs in this budget and, in 2009 MRO, NERC and other regions will continue with communication efforts and work to establish joint communication plans. Additionally MRO will continue to reach out to U.S. and Canadian trade associations and maintain its existing good relations with these groups. MRO is already a member of the Canadian – U.S. business council and regularly participates in meetings with the Canadian consulate in Minneapolis.

**c. 2009 Goals and Objectives**

The following activities will be performed in 2009:

- Maintain and evaluate work plans that meet the business plan objectives with clear, deliverables and milestones and implement these plans according to schedule; revise as required.
- Maintain adequate insurance.
- Maintain dispute resolution procedures.
- Lead committee, Registered Entity, Board, and statutory activities resulting in policy for the MRO region.
- Provide easy, low cost, responsive means of participation in the MRO by maintaining an easy to use web site, up-to-date email addresses, web casts and conference calls.

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- Monitor activities of, and maintain contacts with, appropriate governmental offices and committees that deal with electricity reliability and security; closely coordinate MRO activities with NERC.
  - Conduct drills, as needed, of MRO's crisis communications plan and improve, as needed.
  - Assure that the organization maintains a balance of resources of priorities
  - Provide transparency to the stakeholders and Registrants on activities conducted by MRO and NERC.
  - Assure the work environment is "world class" and professional to promote retention of employees and attract top talent to the organization.

**d. 2009 Workplan**

Refer to above "Goals and Objectives"

**e. Funding Requirements — Explanation of Increase (Decrease)**

Contingency dollars were eliminated from the budget and, as a result, there is a decrease in the program area.

**f. Staffing Needs**

MRO is adequately staffed in this area.

**f-i. Hiring Plans**

No additional staffing required in this program area.

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

MRO has budgeted an external consultant for communication matters.

**g. Statement of Activities**

Funding sources and related expenses for this program section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>General and Administrative 2000</b>					
Funding	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
ERO Assessments	\$ 612,894	\$ 557,944	\$ (54,950)	\$ 421,753	\$ (136,191)
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 612,894</b>	<b>\$ 557,944</b>	<b>\$ (54,950)</b>	<b>\$ 421,753</b>	<b>\$ (136,191)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 248,753	\$ 216,781	\$ (31,972)	\$ 212,514	\$ (4,268)
Payroll Taxes	46,751	36,853	(9,898)	36,127	(725)
Benefits	21,665	17,342	(4,322)	17,001	(341)
Retirement Costs	45,610	36,853	(8,758)	36,127	(725)
<b>Total Personnel Expenses</b>	<b>\$ 362,779</b>	<b>\$ 307,829</b>	<b>\$ (54,950)</b>	<b>\$ 301,769</b>	<b>\$ (6,060)</b>
<b>Meeting Expenses</b>					
Meetings	\$ 20,000	\$ 20,000	\$ -	\$ 22,000	\$ 2,000
Travel	20,400	20,400	-	22,000	1,600
WebEx / Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 40,400</b>	<b>\$ 40,400</b>	<b>\$ -</b>	<b>\$ 44,000</b>	<b>\$ 3,600</b>
<b>Operating Expenses</b>					
Consultants	\$ 8,000	\$ 8,000	\$ -	\$ 15,000	\$ 7,000
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	43,768	43,768	-	60,984	17,216
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	157,947	157,947	-	-	(157,947)
<b>Total Operating Expenses</b>	<b>\$ 209,715</b>	<b>\$ 209,715</b>	<b>\$ -</b>	<b>\$ 75,984</b>	<b>\$ (133,731)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 612,894</b>	<b>\$ 557,944</b>	<b>\$ (54,950)</b>	<b>\$ 421,753</b>	<b>\$ (136,191)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments

**Personnel Expenses** includes .25 FTE reduction and incremental salary increases for existing staff.

**Meeting Expenses** includes meetings and other related costs to support the Board and the President.

**Operating Expenses** includes consultants and office costs.

## 9. Legal and Regulatory

<b>Legal and Regulatory Resources</b> (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	1.40	.50	1.50
Total Funding	\$512,576	\$338,279	\$638,654

### a. Background

In 2007, MRO became responsible for conducting hearings, delivering regulatory proceedings and other regulatory affairs. As a result, MRO needs resources in this area to assure that proceedings, notices, and related due processes are carried out in accordance with MRO and NERC rules.

### b. Program Description and Functions Performed

See Background above.

### c. 2009 Goals and Objectives

- Assure hearings and other due process procedures are properly documented.
- Meet with commissioners and senior staff of federal and state regulators (U.S. and Canada) to keep them apprised of key MRO programs and activities.
- Solicit greater attendance of federal, provincial, and state government agencies to attend and participate in MRO meetings.
- Participate in public policy forums to provide MRO expertise and policy perspectives on reliability-related matters.
- Maintain by-laws and other procedures filed with regulators to ensure that they are current and up to date.

### d. 2009 Workplan

See Goals and Objectives above.

### e. Funding Requirements — Explanation of Increase (Decrease)

Increase as a result of higher costs for hearings and other administrative proceeding anticipated in 2009 as the complexity and reach of compliance increases.



**f. Staffing Needs**

MRO is adequately staffed in this program area as compared with 2008 budget.

**f-i. Hiring Plans**

Minimal additional staffing required in this program area.

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

MRO outsources its hearing officers to conduct hearings and retains outside counsel which are included in Consultant Costs and Professional Services.

**g. Statement of Activities**

Funding sources and related expenses for this program section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Legal and Regulatory 2200</b>					
	<b>2008 Budget</b>	<b>2008 Projection</b>	<b>2008 Projection Variance to 2008 Budget Over(Under)</b>	<b>2009 Budget</b>	<b>2009 Budget Variance to 2008 Projection Over(Under)</b>
<b>Funding</b>					
ERO Assessments	\$ 512,576	\$ 338,279	\$ (174,297)	\$ 638,654	\$ 300,375
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 512,576</b>	<b>\$ 338,279</b>	<b>\$ (174,297)</b>	<b>\$ 638,654</b>	<b>\$ 300,375</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 222,875	\$ 106,253	\$ (116,623)	\$ 311,503	\$ 205,250
Payroll Taxes	41,943	18,063	(23,880)	52,955	34,893
Benefits	19,437	8,500	(10,937)	24,920	16,420
Retirement Costs	40,920	18,063	(22,857)	52,955	34,893
<b>Total Personnel Expenses</b>	<b>\$ 325,176</b>	<b>\$ 150,879</b>	<b>\$ (174,297)</b>	<b>\$ 442,334</b>	<b>\$ 291,455</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	3,600	3,600	-	4,320	720
WebEx / Conference Calls	4,000	4,000	-	4,800	800
<b>Total Meeting Expenses</b>	<b>\$ 7,600</b>	<b>\$ 7,600</b>	<b>\$ -</b>	<b>\$ 9,120</b>	<b>\$ 1,520</b>
<b>Operating Expenses</b>					
Consultants	\$ 75,000	\$ 75,000	\$ -	\$ 80,000	\$ 5,000
Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	4,800	4,800	-	4,800	-
Professional Services	100,000	100,000	-	102,400	2,400
Computer Purchase & Maintenance	-	-	-	-	-
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 179,800</b>	<b>\$ 179,800</b>	<b>\$ -</b>	<b>\$ 187,200</b>	<b>\$ 7,400</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 512,576</b>	<b>\$ 338,279</b>	<b>\$ (174,297)</b>	<b>\$ 638,654</b>	<b>\$ 300,375</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments.

**Personnel Expenses** increases are for additional FTEs over the 2008 Budget and incremental increases in salary for existing staff.

**Meeting Expenses** includes meeting and related costs to support this program area.

**Operating Expenses** includes the costs of hearing officers and other consultation costs.

## 10. Information Technology

<b>Information Technology Resources</b>			
(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	1.50	2.50	2.00
Total Funding	\$517,274	\$596,546	\$725,649

### a. Background

This department provides support and guidance to the technologies deployed at the MRO. Technologies would include computers, office equipment such as copiers and faxes, servers to support our connected and shared resources, printers, handheld devices, telephony, remote access and conference solutions as well as networking and security.

### b. Program Description

IT aims to provide leadership in using technology effectively and securely. In doing so, our users are more productive. This results in a keen focus on maintenance, investigation, and deployment.

Maintenance is the corner stone to an effective IT department. These activities proactively seek out issues that may cause loss of productivity, security breach or system outages. By knowing the state of each system and scheduling time to assess the health within the mean time to failure ensures system availability with less unplanned outages.

Investigation leads us to better use of technology as well as avoidance of immaturely released technology going into the production environment. A healthy IT department spends time in assessing patches, service packs, and upgrades in a semi-controlled environment, a few select users, or within the department to assess whether the technology would provide an added benefit for the organization.

Deployment of technology is considered a key element to the department. A deployment of technology should focus on minimizing the impact on the user and show added benefits to the organization. A correctly deployed technology will

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identify who uses the technology, supports it, the availability, a plan for recovery and backup, and a vendor who can provide technical support. The effective IT department must balance all three areas to be successful.

**c. 2009 Goals and Objectives**

- 99.81% uptime on all systems.
- Provide 24 × 7 support for critical office systems and 8 × 5 for all other systems.

**d. 2009 Workplan**

See "Goals and Objectives".

**e. Funding Requirements — Explanation of Increase (Decrease)**

The increase expenditures are due to maintenance of CIP Standards on MRO related systems and reflects that MRO will no longer provide non statutory services to a third party; instead, MRO will focus all of its IT resources on MRO-only activities

**f. Staffing Needs**

MRO anticipates 2.00 FTE's for the Information Technology area.

**f-i. Hiring Plans**

No additional staffing is budgeted in this program area.

**f-ii. Shared Employees**

None.

**f-iii. Contractors**

MRO uses consultants to augment its staff and maintain software/hardware.

**g. Statement of Activities**

Funding sources and related expenses for the information technology section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Information Technology 2300</b>					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
<b>Funding</b>					
ERO Assessments	\$ 517,274	\$ 596,546	\$ 79,272	\$ 725,649	\$ 129,103
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 517,274</b>	<b>\$ 596,546</b>	<b>\$ 79,272</b>	<b>\$ 725,649</b>	<b>\$ 129,103</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 124,617	\$ 182,982	\$ 58,365	\$ 149,274	\$ (33,708)
Payroll Taxes	22,937	31,107	8,169	25,377	(5,730)
Benefits	10,630	14,639	4,009	11,942	(2,697)
Retirement Costs	22,378	31,107	8,729	25,377	(5,730)
<b>Total Personnel Expenses</b>	<b>\$ 180,562</b>	<b>\$ 259,834</b>	<b>\$ 79,272</b>	<b>\$ 211,969</b>	<b>\$ (47,865)</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	4,200	4,200	-	6,000	1,800
WebEx / Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 4,200</b>	<b>\$ 4,200</b>	<b>\$ -</b>	<b>\$ 6,000</b>	<b>\$ 1,800</b>
<b>Operating Expenses</b>					
Consultants	\$ 63,600	\$ 63,600	\$ -	\$ 75,000	\$ 11,400
Contracts	-	-	-	26,500	26,500
Office Rent	-	-	-	-	-
Office Costs	31,026	31,026	-	91,180	60,154
Professional Services	-	-	-	-	-
Computer Purchase & Maintenance	237,886	237,886	-	257,400	19,514
Furniture & Equipment	-	-	-	57,600	57,600
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 332,512</b>	<b>\$ 332,512</b>	<b>\$ -</b>	<b>\$ 507,680</b>	<b>\$ 175,168</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 517,274</b>	<b>\$ 596,546</b>	<b>\$ 79,272</b>	<b>\$ 725,649</b>	<b>\$ 129,103</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments

**Personnel Expenses** includes a reduction in FTEs and incremental salary increases for existing staff.

**Meeting Expenses** includes meeting and related travel costs to support this program area.

**Operating Expenses** includes contract software maintenance and consultant costs to support IT and computer-related purchases. The 2008 Budget included the contract software maintenance costs in computer purchase and maintenance.

**11. Human Resources**

Human Resources costs are included in the Finance and Accounting department below.

**12. Finance and Accounting**

<b>Finance and Accounting/Human Resources</b> (in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	2.00	2.00	2.25
Total Funding	\$677,140	\$635,080	\$597,817

**a. Background**

The finance function will maintain the integrity of the financials and assure proper accounting. In addition, this function will be the primary interface on budget and financial inquiries, payments, etc. Indirect funding is derived from the non-statutory functions.

The Human Resources function maintains employee information and administers benefits. It also acts as liaison between the employees and the various benefits providers and administrators in addition to coordinating annual enrollment and periodic changes to benefits.

**b. Program Description and Functions Performed**

See Background above.

**c. 2009 Goals and Objectives**

- Timely, accurate, a complete financial reporting.
- Unqualified audit opinion on 2009 financials.
- Responsive customer and employee needs.
- Ensure MRO is consistent with other regions in terms of reporting practices and procedures.
- Support NERC's efforts to present seamless financial information to FERC.



**d. 2009 Workplan**

Refer to the “Goals and Objectives” above.

**e. Funding Requirements — Explanation of Increase (Decrease)**

MRO anticipates a reduction in consultant and professional fees and therefore, the 2009 budget will be less than 2008.

**f. Staffing Needs**

This program area requires 2.25 FTE’s.

**f-i. Hiring Plans**

No additional staffing needed in this program area.

**f-ii Shared Employees**

None.

**f-iii Contractors**

None.

**g. Statement of Activities**

Funding sources and related expenses for this program section of the 2009 business plan are shown in the table below.

<b>Statement of Activities</b>					
<b>2008 Budget &amp; Projection, and 2009 Budget</b>					
<b>Finance and Accounting 2500</b>					
	<b>2008 Budget</b>	<b>2008 Projection</b>	<b>2008 Projection Variance to 2008 Budget Over(Under)</b>	<b>2009 Budget</b>	<b>2009 Budget Variance to 2008 Projection Over(Under)</b>
<b>Funding</b>					
ERO Assessments	\$ 677,140	\$ 677,140	\$ -	\$ 597,817	\$ (79,324)
Membership Dues			-		-
Testing Fees			-		-
Services & Software			-		-
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 677,140</b>	<b>\$ 677,140</b>	<b>\$ -</b>	<b>\$ 597,817</b>	<b>\$ (79,324)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 162,850	\$ 136,500	\$ (26,350)	\$ 157,808	\$ 21,307
Payroll Taxes	29,946	23,205	(6,741)	\$ 26,827	3,622
Benefits	13,878	10,920	(2,958)	\$ 12,625	1,705
Retirement Costs	29,216	23,205	(6,011)	\$ 26,827	3,622
<b>Total Personnel Expenses</b>	<b>\$ 235,890</b>	<b>\$ 193,830</b>	<b>\$ (42,060)</b>	<b>\$ 224,087</b>	<b>\$ 30,256</b>
<b>Meeting Expenses</b>					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	6,000	6,000	-	3,000	(3,000)
WebEx / Conference Calls	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 6,000</b>	<b>\$ 6,000</b>	<b>\$ -</b>	<b>\$ 3,000</b>	<b>\$ (3,000)</b>
<b>Operating Expenses</b>					
Consultants	\$ 88,000	\$ 88,000	\$ -	\$ 38,000	\$ (50,000)
Contracts	-	-	-	-	-
Office Rent	180,000	180,000	-	170,000	(10,000)
Office Costs	84,700	84,700	-	110,200	25,500
Professional Services	-	-	-	52,530	52,530
Computer Purchase & Maintenance	82,550	82,550	-	-	(82,550)
Furniture & Equipment	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contingency	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 435,250</b>	<b>\$ 435,250</b>	<b>\$ -</b>	<b>\$ 370,730</b>	<b>\$ (64,520)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 677,140</b>	<b>\$ 635,080</b>	<b>\$ (42,060)</b>	<b>\$ 597,817</b>	<b>\$ (37,264)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ 42,060</b>	<b>\$ 42,060</b>	<b>\$ -</b>	<b>\$ (42,060)</b>

**g-i. Summary of 2008 and 2009 Budgeted Funding and Expenses**

Funding and expenses in this section provide for the following items to meet the objectives as defined in the business plan.

**Funding Sources**

- ERO Assessments

**Personnel Expenses** increases are additional FTEs over the 2008 Budget and incremental increases in salary for existing staff.

**Meeting Expenses** includes meeting and travel related costs to support this program area.

**Operating Expenses** includes office rent and professional services costs (e.g. Audit). The 2008 Budget Consulting Fees included accounting and actuarial fees. In the 2009 Budget, these fees were moved into Professional Services.

### III. Section B — 2009 MRO Budget

#### 1. 2008 Budget and Projection and 2009 Budget Comparisons

Table 1

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
STATUTORY					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
<b>Funding</b>					
ERO Funding	\$ 5,331,488	\$ 5,331,488	\$ -	\$ 6,376,474	1,044,986
Membership Dues/Non-Stat Assessments	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	60,000	60,000	-	(60,000)
Workshops	-	-	-	29,250	29,250
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 5,331,488</b>	<b>\$ 5,391,488</b>	<b>\$ 60,000</b>	<b>\$ 6,405,724</b>	<b>\$ 1,014,236</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 2,359,000	\$ 2,315,855	\$ (43,145)	\$ 2,994,799	\$ 678,944
Payroll Taxes	438,149	393,695	(44,453)	509,116	115,420
Benefits	203,044	185,268	(17,776)	239,584	54,315
Retirement Costs	427,462	393,695	(33,767)	509,116	115,420
<b>Total Personnel Expenses</b>	<b>\$ 3,427,655</b>	<b>\$ 3,288,514</b>	<b>\$ (139,141)</b>	<b>\$ 4,252,614</b>	<b>\$ 964,100</b>
<b>Meeting Expenses</b>					
Meetings	\$ 55,000	\$ 55,000	\$ -	\$ 119,390	\$ 64,390
Travel	334,995	334,995	-	305,120	(29,875)
Conference Calls	38,684	38,684	-	50,440	11,756
<b>Total Meeting Expenses</b>	<b>\$ 428,679</b>	<b>\$ 428,679</b>	<b>\$ -</b>	<b>\$ 474,950</b>	<b>\$ 46,271</b>
<b>Operating Expenses</b>					
Consultants	\$ 501,000	\$ 700,141	\$ 199,141	\$ 554,860	\$ (145,281)
Contracts	-	-	-	109,500	109,500
Office Rent	180,000	180,000	-	170,000	(10,000)
Office Costs	215,771	215,771	-	313,870	98,099
Professional Services	100,000	100,000	-	154,930	54,930
Computer Purchase & Maint.	320,436	320,436	-	317,400	(3,036)
Furniture & Equipment	-	-	-	57,600	57,600
Miscellaneous	-	-	-	-	-
Contingency	157,947	157,947	-	-	(157,947)
<b>Total Operating Expenses</b>	<b>\$ 1,475,154</b>	<b>\$ 1,674,295</b>	<b>\$ 199,141</b>	<b>\$ 1,678,160</b>	<b>\$ 3,865</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 5,331,488</b>	<b>\$ 5,391,488</b>	<b>\$ 60,000</b>	<b>\$ 6,405,724</b>	<b>\$ 1,014,236</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 2. Personnel Analysis

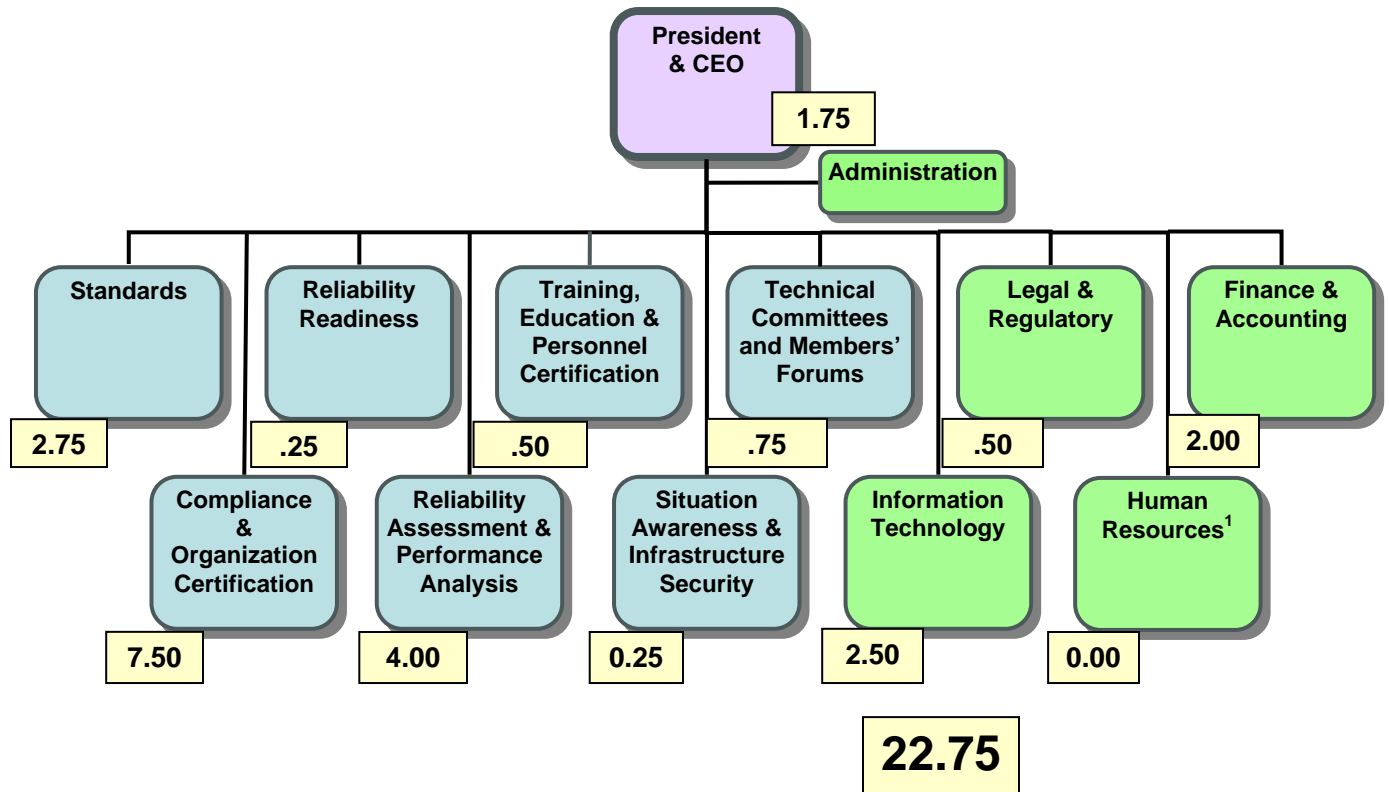
Table 2

Total FTE's by Program Area	Budget 2008	Projection 2008	Change from Budget to Projection	Budget 2009	Change from Projection
<b>STATUTORY</b>					
<b>Operational Programs</b>					
Reliability Standards	2.15	2.75	0.60	2.50	-0.25
Compliance Monitoring and Enforcement	9.65	7.50	-2.15	10.00	2.50
Reliability Readiness Evaluation and Improvement	1.10	0.25	-0.85	0.50	0.25
Training and Education	0.45	0.50	0.05	0.50	0.00
Reliability Assessment and Performance Program	2.20	4.00	1.80	4.75	0.75
Situational Awareness and Infrastructure Security	0.35	0.25	-0.10	0.25	0.00
<b>Total FTEs Operational Programs</b>	<b>15.90</b>	<b>15.25</b>	<b>-0.65</b>	<b>18.50</b>	<b>3.25</b>
<b>Administrative Programs</b>					
Technical Committees and Members' Forums	0.45	0.75	0.30	0.75	0.00
General & Administrative	1.65	1.75	0.10	1.50	-0.25
Information Technology	1.50	2.50	1.00	2.00	-0.50
Legal and Regulatory	1.40	0.50	-0.90	1.50	1.00
Human Resources	0.00	0.00	0.00	0.00	0.00
Finance and Accounting <sup>1</sup>	2.00	2.00	0.00	2.25	0.25
<b>Total FTEs Administrative Programs</b>	<b>7.00</b>	<b>7.50</b>	<b>0.50</b>	<b>8.00</b>	<b>0.50</b>
<b>Total FTEs</b>	<b>22.90</b>	<b>22.75</b>	<b>-0.15</b>	<b>26.50</b>	<b>3.75</b>

<sup>1</sup> Human Resources included in "Finance and Accounting".

3. Projection 2008 - Organizational Chart

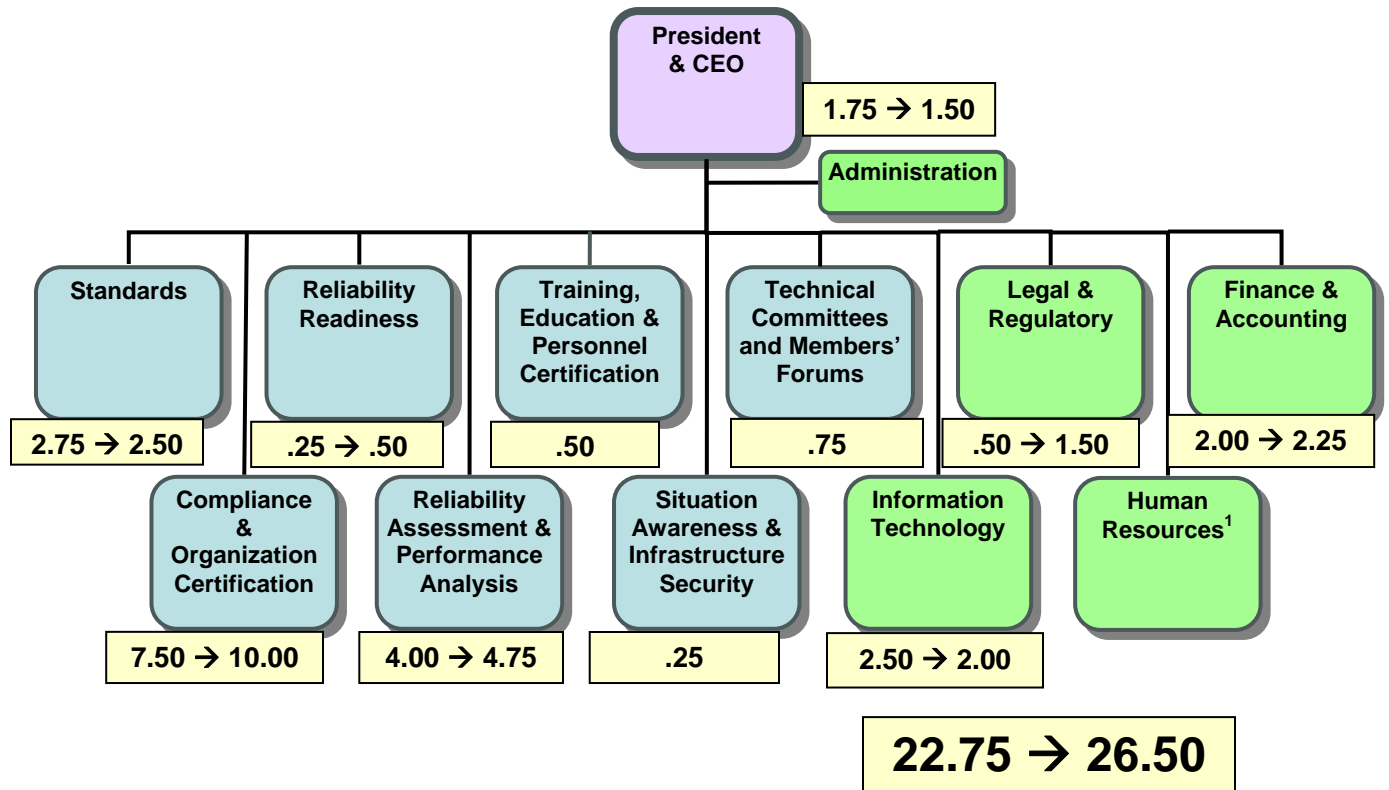
Table 3



<sup>1</sup>Human Resources included in Finance.

4. 2009 Organizational Chart  
(Budget to Budget)

Table 4



<sup>1</sup>Human Resources included in Finance.

## 5. Reserve Balance

Table 5

Reserve Analysis 2008-2009 STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2007 <sup>1</sup>	109,443
Plus: 2008 ERO Funding (from LSEs or designees)	5,331,488
Plus: 2008 Other funding sources (Cash basis)	60,000
	<u>5,500,931</u>
2008 Projected expenses (Cash basis)	5,391,488
Less: 2008 Projected other funding sources	
<b>Total Cash Needed 2008</b>	<u><b>5,391,488</b></u>
<b>Projected Working Capital Reserve (Deficit), December 31, 2008</b>	<u><b>109,443</b></u>
Desired Cash Balance, December 31, 2009 (Current level at 6 Operating Days.) <sup>2</sup>	109,443
Less: Projected Cash Balance December 31, 2008	109,443
<b>Increase(decrease) in assessments to achieve desired Working Capital Reserve</b>	<u><b>(0)</b></u>
2009 Assessment for Expenses and Capital Expenditures, excluding Working Capital Reserve (Cash Basis)	6,405,724
2009 Assessment (Non-Operating Expenses)	0
Less: 2009 Other funding sources	(29,250)
Adjustment to achieve desired Working Capital Reserve	(0)
<b>2009 Assessment</b>	<u><b>6,376,474</b></u>

<sup>1</sup> Update reserves available to reflect NERC's opinion to change from cash on hand to a working capital. NERC has taken the position that a measure of the company's liquidity (current assets less current liabilities) is a more accurate measure of what dollars are available to the regions in the event that the unexpected happens.

<sup>2</sup> As documented in the June 19, 2008 minutes, the MRO FAC recommended and the BOD approved the reserve balance of 45 days. Based on the 2009 Budget, a 45 day reserve would be an amount of \$789,750. The current budget has a reserve of \$109,443 which is the 2007 budget underage and was the beginning cash balance January 1, 2008. Considering MRO has a line of credit of \$2.0m and is paid in advance from NERC, 45 days appears to be prudent.

Currently MRO is below the recommended and approved reserve \$680,307 in the 2009 Budget. The FAC recommended and the BOD approved not increasing the current budget to meet this higher reserve requirement. Staff anticipates a leveling out in 2010 for increases, unless there are unforeseen regulatory requirements or other unexpected development.



## 6. Breakdown by Statement of Activity Sections

The following detailed schedules support of Table 1 above and any significant variances have been disclosed by program area in the preceding pages.

### a. Supplemental Funding<sup>3</sup>

**Table B-1**

Outside Funding Breakdown By Program (excluding ERO Assessments)	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
<b>Reliability Standards and Compliance</b>					
Compliance System Software	\$ -	\$ 60,000	\$ -	\$ -	-100.00%
<b>Total</b>	\$ -	\$ 60,000	\$ -	\$ -	-100.00%
<b>Training and Education</b>					
Training workshops	\$ -	\$ -	\$ 29,250	\$ -	
<b>Total</b>	\$ -	\$ -	\$ 29,250	\$ -	
<b>Situational Awareness and Infrastructure Security</b>					
	\$ -	\$ -	\$ -	\$ -	
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	
<b>Technical Committees and Member Forums</b>					
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	
<b>General and Administrative</b>					
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	
<b>Total Outside Funding</b>	\$ -	\$ 60,000	\$ 29,250	\$ -	-51.25%

<sup>3</sup> The nature of supplemental funding is considered "statutory".

## b. Personnel Expenses

Table B-2

Personnel Expenses	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
<b>Salaries</b>					
Salary	\$ -	\$ -	\$ -	\$ -	
	-	-	-	-	
	-	-	-	-	
<b>Total Salaries</b>	<b>\$ 2,359,000</b>	<b>\$ 2,315,855</b>	<b>\$ 2,994,799</b>	<b>\$ 678,944</b>	<b>29.32%</b>
<b>Payroll Taxes</b>					
FICA	\$ -	\$ -	\$ -	\$ -	
Medicare	-	-	-	-	
SUI	-	-	-	-	
FUI	-	-	-	-	
<b>Total Payroll Taxes</b>	<b>\$ 438,149</b>	<b>\$ 393,695</b>	<b>\$ 509,116</b>	<b>\$ 115,420</b>	<b>29.3%</b>
<b>Benefits</b>					
Workers Compensation	\$ -	\$ -	\$ -	\$ -	
Medical Insurance	-	-	-	-	
Life-LTD Insurance	-	-	-	-	
Education	-	-	-	-	
Relocation	-	-	-	-	
<b>Total Benefits</b>	<b>\$ 203,044</b>	<b>\$ 185,268</b>	<b>\$ 239,584</b>	<b>\$ 54,315</b>	<b>29.3%</b>
<b>Retirement</b>					
401K	\$ -	\$ -	\$ -	\$ -	
Pension	-	-	-	-	
Post Retirement Medical	-	-	-	-	
<b>Total Retirement</b>	<b>\$ 427,462</b>	<b>\$ 393,695</b>	<b>\$ 509,116</b>	<b>\$ 115,420</b>	<b>29.3%</b>
<b>Total Personnel Costs</b>	<b>\$ 3,427,655</b>	<b>\$ 3,288,514</b>	<b>\$ 4,252,614</b>	<b>\$ 964,100</b>	<b>29.3%</b>

## c. Meeting Expenses

Table B-3

Meeting Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Year Over Year Budget Variance	Variance %
Reliability Standards	\$ 5,000	\$ 5,000	\$ 7,500	\$ 2,500	50.00%
Compliance and Organization Registration and Certification	12,000	12,000	18,000	6,000	50.00%
Reliability Readiness Evaluations and Improvement	1,200	1,200	1,440	240	20.00%
Reliability Assessment and Performance Analysis	15,000	15,000	40,000	25,000	166.67%
Training and Education <sup>1</sup>	600	600	29,850	29,250	4875.00%
Situational Awareness and Infrastructure Security	1,200	1,200	600	(600)	-50.00%
Committee and Member Forums	-	-	-	-	-
General and Administrative	20,000	20,000	22,000	2,000	10.00%
Legal and Regulatory	-	-	-	-	-
Information Technology	-	-	-	-	-
Human Resources	-	-	-	-	-
Finance and Accounting	-	-	-	-	-
<b>Total Meeting Expenses</b>	<b>\$ 55,000</b>	<b>\$ 55,000</b>	<b>\$ 119,390</b>	<b>\$ 64,390</b>	<b>117.07%</b>

Travel Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	0.00%
Compliance and Organization Registration and Certification	47,795	47,795	100,000	52,205	109.23%
Reliability Readiness Evaluations and Improvement	21,000	21,000	45,000	24,000	114.29%
Reliability Assessment and Performance Analysis	8,000	8,000	50,000	42,000	525.00%
Training and Education	2,400	2,400	2,400	-	0.00%
Situational Awareness and Infrastructure Security	2,400	2,400	2,400	-	0.00%
Committee and Member Forums <sup>2</sup>	209,200	209,200	60,000	(149,200)	-71.32%
General and Administrative	20,400	20,400	22,000	1,600	7.84%
Legal and Regulatory	3,600	3,600	4,320	720	20.00%
Information Technology	4,200	4,200	6,000	1,800	42.86%
Human Resources	-	-	-	-	-
Finance and Accounting	6,000	6,000	3,000	(3,000)	-50.00%
<b>Total Travel Expenses</b>	<b>\$ 334,995</b>	<b>\$ 334,995</b>	<b>\$ 305,120</b>	<b>\$ (29,875)</b>	<b>-8.92%</b>

WebEx Conference Call Expenses by Business Plan Category	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Reliability Standards	\$ 12,528	\$ 12,528	\$ 15,000	\$ 2,472	19.73%
Compliance and Organization Registration and Certification	4,278	4,278	10,000	5,722	133.75%
Reliability Readiness Evaluations and Improvement	1,200	1,200	1,440	240	20.00%
Reliability Assessment and Performance Analysis	14,278	14,278	18,000	3,722	26.07%
Training and Education	1,200	1,200	1,200	-	0.00%
Situational Awareness and Infrastructure Security	1,200	1,200	-	(1,200)	-100.00%
Committee and Member Forums	-	-	-	-	-
General and Administrative	-	-	-	-	-
Legal and Regulatory	4,000	4,000	4,800	800	20.00%
Information Technology	-	-	-	-	-
Human Resources	-	-	-	-	-
Finance and Accounting	-	-	-	-	-
<b>Total WebEx Conference Calls</b>	<b>\$ 38,684</b>	<b>\$ 38,684</b>	<b>\$ 50,440</b>	<b>\$ 11,756</b>	<b>30.39%</b>

<b>Total Meeting Expenses</b>	<b>\$ 428,679</b>	<b>\$ 428,679</b>	<b>\$ 474,950</b>	<b>\$ 46,271</b>	<b>10.79%</b>
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<sup>1</sup>Costs offset by fees collected - see Table B-1<sup>2</sup>Reimbursement to MRO participants in NERC Committees and workshops.

## d. Operating Expenses

Table B-4

Consultants	Budget 2008	Projection 2008	Budget 2009	Year Over Year Budget Variance	Variance %
<b>Consultants</b>					
Reliability Standards	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	0.00%
Compliance and Organization Registration and Certification	15,000	214,141	110,600	(103,541)	-48.35%
Reliability Readiness Evaluations and Improvement	4,000	4,000	48,000	44,000	1100.00%
Reliability Assessment and Performance Analysis	215,000	215,000	155,860	(59,140)	-27.51%
Training and Education	2,400	2,400	2,400	-	0.00%
Situational Awareness and Infrastructure Security	-	-	-	-	
General and Administrative	8,000	8,000	15,000	7,000	
Legal and Regulatory (Hearing Officers)	75,000	75,000	80,000	5,000	
Information Technology	63,600	63,600	75,000	11,400	17.92%
Member Forum Consultants	-	-	-	-	
Accounting and Finance	88,000	88,000	38,000	(50,000)	-56.82%
<b>Consultants Total</b>	<b>\$ 501,000</b>	<b>\$ 700,141</b>	<b>\$ 554,860</b>	<b>\$ (145,281)</b>	<b>-20.75%</b>

Table B-5

Contracts	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
<b>Contracts - Software</b>					
Great Plains			\$ 8,000	\$ 8,000	
Cisco			7,500	7,500	
Barracuda			1,100	1,100	
Crow Canyon			200	200	
Facilities / Security			6,000	6,000	
Lyris			2,500	2,500	
Other			1,200	1,200	
<b>Contracts - Software Total (2008 Budget included in Software \$s)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,500</b>	<b>\$ 26,500</b>	
<b>Contract</b>					
Reliability Standards (RSVP)	\$ -	\$ -	\$ 30,000	\$ 30,000	
Compliance and Organization Registration and Certification (Compliance System)	-	-	35,000	35,000	
Reliability Assessment and Performance Analysis (Modell Building)	-	-	18,000	18,000	
<b>Contracts - Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 83,000</b>	<b>\$ 83,000</b>	
<b>Education and Training</b>					
			\$ -	\$ -	
<b>Education and Training Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Contracts Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 109,500</b>	<b>\$ 109,500</b>	

Table B-6

Office Rent	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Office Rent	\$ 180,000	\$ 180,000	\$ 170,000	\$ (10,000)	-5.56%
Utilities					
Maintenance					
Security					
<b>Total Office Rent</b>	<b>\$ 180,000</b>	<b>\$ 180,000</b>	<b>\$ 170,000</b>	<b>\$ (10,000)</b>	<b>-5.56%</b>

Table B-7

Office Costs	Budget 2008	Projection 2008	Budget 2009	Year Over Year Budget Variance	Variance %
Employee Related Expense (Drug Testing, Finder Fees Etc)	\$ 1,500	\$ 1,500	\$ 6,000	\$ 4,500	300.00%
Employee / Member Events	15,000	15,000	15,000	-	0.00%
Supplies-Promotional	0	0	4,800	4,800	
Data Circuit (qmoe)	\$ 25,440	\$ 25,440	20,400	(5,040)	-19.81%
Data Circuit (dsl)			1,560	1,560	
Inbound long distance			10,800	10,800	
Voice Circuits			32,400	32,400	
Business Cable			1,200	1,200	
Building Maint/Facility Repairs	0	0	10,000	10,000	
Utilities	1,500	1,500	12,000	10,500	700.00%
Office Cleaning	21,000	21,000	27,000	6,000	28.57%
Waste Management	3,600	3,600	3,600	-	0.00%
Bank Expense	10,000	10,000	6,000	(4,000)	-40.00%
Interest	0	0	-	-	
Insurance Expense	42,000	42,000	45,000	3,000	7.14%
Internet	19,242	19,242	25,922	6,680	34.71%
Office Supplies	24,835	24,835	28,033	3,198	12.88%
Publications & Subscriptions	5,736	5,736	5,430	(306)	-5.33%
Departmental Functional Training	35,950	35,950	46,490	10,540	29.32%
Dues	5,768	5,768	6,835	1,067	18.50%
Postage	4,200	4,200	3,000	(1,200)	-28.57%
Other			2,400	2,400	
<b>Total Office Costs</b>	<b>\$ 215,771</b>	<b>\$ 215,771</b>	<b>\$ 313,870</b>	<b>\$ 98,099</b>	<b>45.46%</b>

Table B-8

Professional Services	Budget 2008	Projection 2008	Budget 2009	Year Over Year Budget Variance	Variance %
Outside Legal	\$ 100,000	\$ 100,000	\$ 102,400	\$ 2,400	2.40%
Accounting & Auditing Fees <sup>1</sup>			30,000	\$ 30,000	
Actuarial Fees <sup>1</sup>			22,530	\$ 22,530	
<b>Total Services</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 154,930</b>	<b>\$ 54,930</b>	<b>54.93%</b>

<sup>1</sup>2008 Budget dollars were in "consultants".

Table B-9

Computer	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Purchase and Lease	87,450	87,450	166,000	78,550	89.82%
Software	87,450	87,450	53,000	(34,450)	-39.39%
Copier Rental	14,946	14,946		(14,946)	-100.00%
Office Equipment & Maintenance <sup>1</sup>	3,180	3,180		(3,180)	-100.00%
Telephone (Vericenter/SunGuard Server)	44,860	44,860	32,400	(12,460)	-27.78%
Computer Supplies and Maintenance			6,000	6,000	
CIP Infrastructure (MRO Systems)	-	-	60,000	60,000	
Waste Mangement <sup>2</sup>	-	-		-	
Depreciation Expense	82,550	82,550		(82,550)	-100.00%
<b>Total Computer</b>	<b>\$ 320,436</b>	<b>\$ 320,436</b>	<b>\$ 317,400</b>	<b>\$ (3,036)</b>	<b>-0.95%</b>

<sup>1</sup>Moved to "Furniture and Fixtures" in 2009 Budget.

<sup>2</sup>Moved to "Office Costs" in 2009 Budget.

Table B-10

Furniture & Equipment	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Furniture	\$ -	\$ -	\$ 15,000	\$ 15,000	
Equipment	-	-	17,600	17,600	
Leasehold Improvements	-	-	10,000	10,000	
Copier Rental <sup>1</sup>			15,000	15,000	
<b>Total Furniture &amp; Fixtures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,600</b>	<b>\$ 57,600</b>	

<sup>1</sup>Moved from 2008 Budget "Office Costs" to "Furniture & Equipment" in 2009 Budget.

Table B-11

Other Non-Operating Expenses	Budget 2008	Projection 2008	Budget 2009	Variance	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	
Office Relocation	-	-	-	-	
Cash Reserve Requirement					
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**IV. Section C — 2009 MRO Non-Statutory Business Plan and Budget**

(in whole dollars)			
	2008 Budget	2008 Projection	2009 Budget
Total FTEs	.60	.25	0.00
Total Direct Funding	N/A	N/A	N/A
Total Indirect Funding	N/A	N/A	N/A
Total Funding	\$491,308	\$342,308	\$0

**1. Background**

In 2008, MRO provides IT related services to a third party. At the end of 2008, the contract shall be terminated. In addition, to be compliant with the "April 1, 2008 True-up Compliance Filing" the contract for compliance software that MRO shares with others was declared statutory by NERC and MRO staff. The result has no impact on the 2008 budget.

For 2009, MRO will have no non-statutory activities.

**a. Membership and Governance**

Not applicable.

**b. Non-Statutory Functional Scope**

For 2009 none.

**c. Planning Cycle**

Not applicable.

**d. 2009 Primary Objectives**

Not applicable.

## e. Major 2009 Cost Impacts

Not applicable.

## 2. 2009 MRO Budget Non-Statutory

## a. 2008 Budget and Projection and 2009 Budget Comparisons Non-Statutory

Table 1

Statement of Activities					
2008 Budget & Projection, and 2009 Budget					
NON-STATUTORY					
	2008 Budget	2008 Projection	2008 Projection Variance to 2008 Budget Over(Under)	2009 Budget	2009 Budget Variance to 2008 Projection Over(Under)
<b>Funding</b>					
ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues/Non-Stat Assessments			-		-
Testing Fees			-		-
Services & Software	491,308	342,308	(149,000)		(342,308)
Workshops			-		-
Interest			-		-
Miscellaneous			-		-
<b>Total Funding</b>	<b>\$ 491,308</b>	<b>\$ 342,308</b>	<b>\$ (149,000)</b>	<b>\$ -</b>	<b>\$ (342,308)</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 62,636	\$ 51,325	\$ (11,311)		\$ (51,325)
Payroll Taxes			-		-
Benefits	28,389	23,265	(5,124)		(23,265)
Retirement Costs			-		-
<b>Total Personnel Expenses</b>	<b>\$ 91,025</b>	<b>\$ 74,590</b>	<b>\$ (16,435)</b>	<b>\$ -</b>	<b>\$ (74,590)</b>
<b>Meeting Expenses</b>					
Meetings			\$ -		\$ -
Travel			-		-
Conference Calls			-		-
<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses</b>					
Consultants	\$ 400,283	\$ 267,718	\$ (132,565)		\$ (267,718)
Contracts			-		-
Office Rent			-		-
Office Costs			-		-
Professional Services			-		-
Computer Purchase & Maintenance			-		-
Furniture & Equipment			-		-
Miscellaneous			-		-
Contingency			-		-
<b>Total Operating Expenses</b>	<b>\$ 400,283</b>	<b>\$ 267,718</b>	<b>\$ (132,565)</b>	<b>\$ -</b>	<b>\$ (267,718)</b>
<b>Other Non-Operating Expenses</b>			<b>\$ -</b>		<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 491,308</b>	<b>\$ 342,308</b>	<b>\$ (149,000)</b>	<b>\$ -</b>	<b>\$ (342,308)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

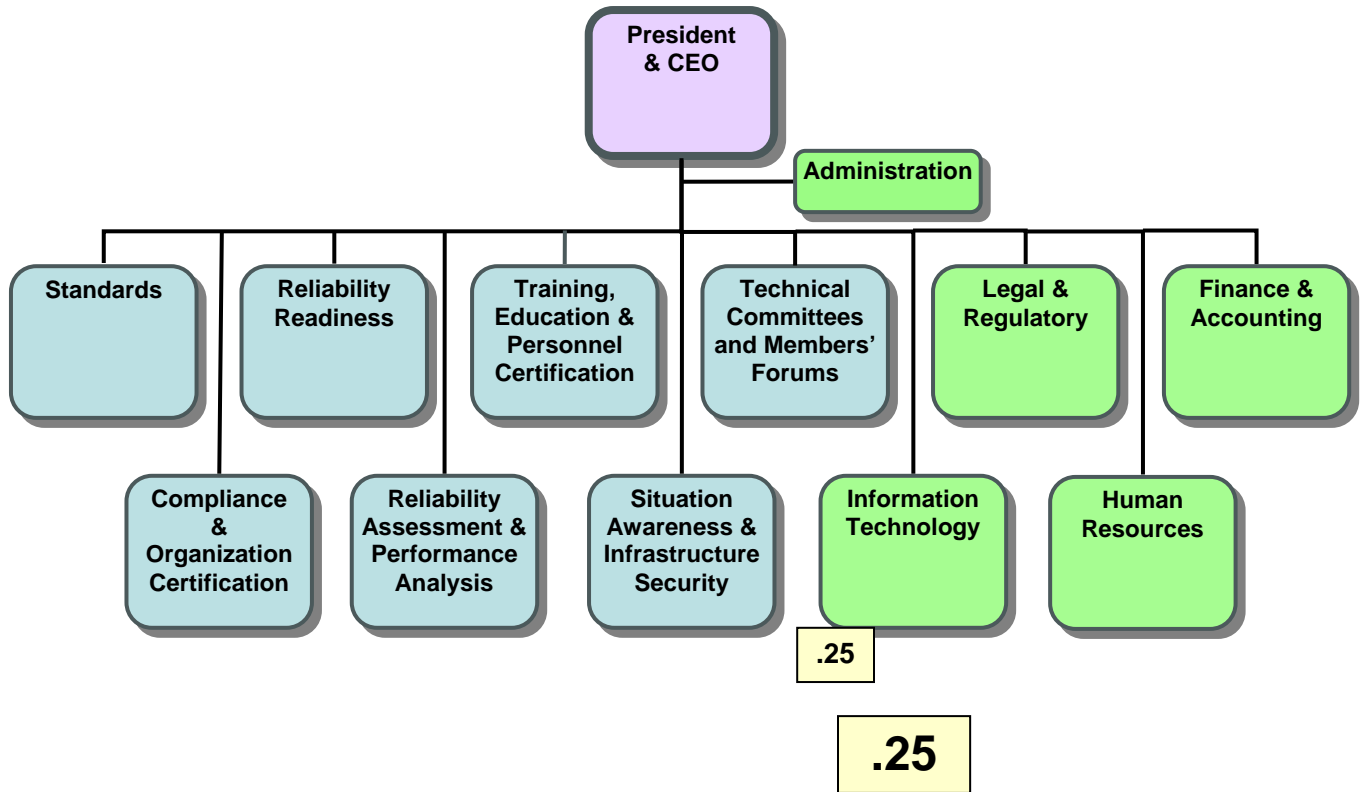


b. Personnel Analysis

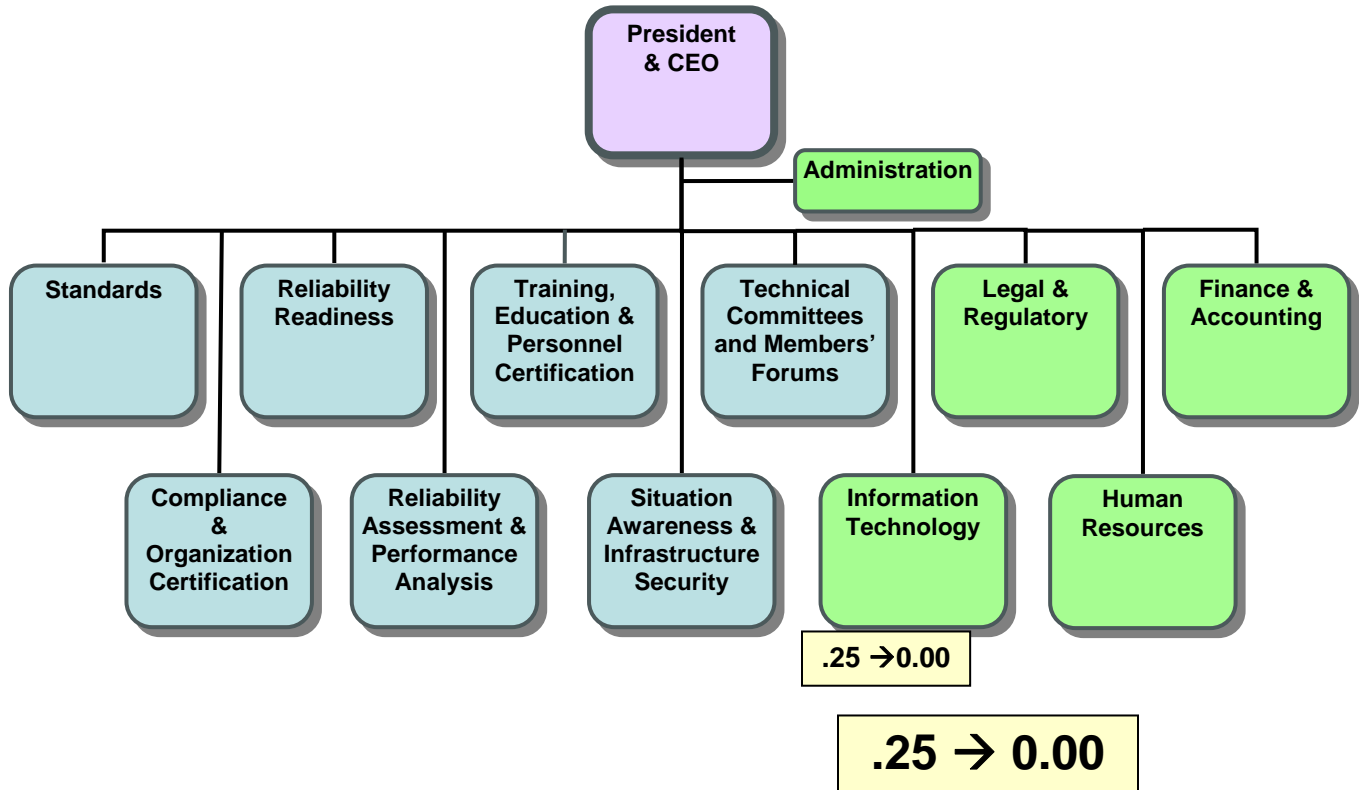
Table 2

Total FTE's by Program Area	Budget 2008	Projection 2008	Budget 2009	Change from Projection
<b>Non-Statutory</b>				
<b>Operational Programs</b>				
Reliability Standards	0.10	0.00	0.00	0.00
				0.0
				0.0
				0.0
				0.0
				0.0
<b>Total FTEs Operational Programs</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Administrative Programs</b>				
Information Technology	0.50	0.25	0.00	-0.25
				0.0
				0.0
				0.0
				0.0
				0.0
<b>Total FTEs Administrative Programs</b>	<b>0.5</b>	<b>0.25</b>	<b>0.00</b>	<b>-0.25</b>
<b>Total FTEs</b>	<b>0.6</b>	<b>0.25</b>	<b>0.00</b>	<b>-0.25</b>

c. Projection 2008 Organizational Chart (Non-Statutory)



d. 2009 Organizational Chart (Non-Statutory)



MIDWEST RELIABILITY ORGANIZATION 2009 STATEMENT OF ACTIVITIES

Statement of Activities 2009 Budget	Total	Statutory Total	Non-Statutory Total	Functions in Delegation Agreement											Non-Statutory Total		
				Statutory Total	Reliability Standards (Section 300)	Compliance and Organization Registration and Certification (Section 400 & 500)	Reliability Readiness Evaluations and Improvement (Section 700)	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situational Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology		Human Resources	Accounting and Finance
<b>Funding</b>																	
ERO Assessments	6,376,474	6,376,474	-	6,376,474	422,708	2,071,510	194,907	982,029	78,999	57,549	184,900	421,753	638,654	725,649	-	-	297,817
Membership Dues/Non-Statutory Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	29,250	29,250	-	29,250	-	-	-	-	29,250	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>6,405,724</b>	<b>6,405,724</b>	<b>-</b>	<b>6,405,724</b>	<b>422,708</b>	<b>2,071,510</b>	<b>194,907</b>	<b>982,029</b>	<b>108,249</b>	<b>57,549</b>	<b>184,900</b>	<b>421,753</b>	<b>638,654</b>	<b>725,649</b>	<b>-</b>	<b>-</b>	<b>597,817</b>
<b>Expenses</b>																	
<b>Personnel Expenses</b>																	
Salaries	2,994,799	2,994,799	-	2,994,799	222,752	1,211,481	68,650	483,461	50,985	38,415	87,958	212,514	311,503	149,274	-	-	157,808
Payroll Taxes	509,116	509,116	-	509,116	37,868	205,952	11,671	82,188	8,667	6,531	14,953	36,127	52,955	25,377	-	-	26,827
Benefits	239,584	239,584	-	239,584	17,820	96,918	5,492	38,677	4,079	3,073	7,037	17,001	24,920	11,942	-	-	12,625
Retirement Costs	509,116	509,116	-	509,116	37,868	205,952	11,671	82,188	8,667	6,531	14,953	36,127	52,955	25,377	-	-	26,827
<b>Total Personnel Expenses</b>	<b>4,252,614</b>	<b>4,252,614</b>	<b>-</b>	<b>4,252,614</b>	<b>316,308</b>	<b>1,720,303</b>	<b>97,483</b>	<b>686,514</b>	<b>72,399</b>	<b>54,549</b>	<b>124,900</b>	<b>301,769</b>	<b>442,334</b>	<b>211,969</b>	<b>-</b>	<b>-</b>	<b>224,087</b>
<b>Meeting Expenses</b>																	
Meetings	119,390	119,390	-	119,390	7,500	18,000	1,440	40,000	29,850	600	-	22,000	-	-	-	-	-
Travel	305,120	305,120	-	305,120	10,000	100,000	45,000	50,000	2,400	2,400	60,000	22,000	4,320	6,000	-	-	3,000
WebEx/Conference Calls	50,440	50,440	-	50,440	15,000	10,000	1,440	18,000	1,200	-	-	4,800	4,800	-	-	-	-
<b>Total Meeting Expenses</b>	<b>474,950</b>	<b>474,950</b>	<b>-</b>	<b>474,950</b>	<b>32,500</b>	<b>128,000</b>	<b>47,880</b>	<b>108,000</b>	<b>33,450</b>	<b>3,000</b>	<b>60,000</b>	<b>44,000</b>	<b>9,120</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>3,000</b>
<b>Operating Expenses</b>																	
Consultants	554,860	554,860	-	554,860	30,000	110,600	48,000	155,860	2,400	-	-	15,000	80,000	75,000	-	-	38,000
Contracts	109,500	109,500	-	109,500	30,000	35,000	-	18,000	-	-	-	-	-	26,500	-	-	-
Office Rent	170,000	170,000	-	170,000	-	-	-	-	-	-	-	-	-	-	-	-	170,000
Office Costs	313,870	313,870	-	313,870	13,900	17,607	1,544	13,655	-	-	-	60,984	4,800	91,180	-	-	110,200
Professional Services	154,930	154,930	-	154,930	-	-	-	-	-	-	-	-	102,400	-	-	-	52,530
Computer Purchase & Maint.	317,400	317,400	-	317,400	-	60,000	-	-	-	-	-	-	-	257,400	-	-	-
Furniture and Equipment	57,600	57,600	-	57,600	-	-	-	-	-	-	-	-	-	57,600	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,678,160</b>	<b>1,678,160</b>	<b>-</b>	<b>1,678,160</b>	<b>73,900</b>	<b>223,207</b>	<b>49,544</b>	<b>187,515</b>	<b>2,400</b>	<b>-</b>	<b>-</b>	<b>75,984</b>	<b>187,200</b>	<b>507,680</b>	<b>-</b>	<b>-</b>	<b>370,730</b>
<b>Other Non-Operating Expenses</b>																	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>6,405,724</b>	<b>6,405,724</b>	<b>-</b>	<b>6,405,724</b>	<b>422,708</b>	<b>2,071,510</b>	<b>194,907</b>	<b>982,029</b>	<b>108,249</b>	<b>57,549</b>	<b>184,900</b>	<b>421,753</b>	<b>638,654</b>	<b>725,649</b>	<b>-</b>	<b>-</b>	<b>597,817</b>
<b>Change in Assets</b>																	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Allocation of Overhead</b>																	
<b>Direct Costs</b>	<b>3,836,951</b>	<b>3,836,951</b>	<b>-</b>	<b>3,836,951</b>	<b>422,708</b>	<b>2,071,510</b>	<b>194,907</b>	<b>982,029</b>	<b>108,249</b>	<b>57,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Indirect Costs Allocation</b>	<b>2,568,773</b>	<b>2,568,773</b>	<b>-</b>	<b>2,568,773</b>	<b>347,131</b>	<b>1,388,525</b>	<b>69,426</b>	<b>659,549</b>	<b>69,426</b>	<b>34,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Allocation</b>	<b>6,405,724</b>	<b>6,405,724</b>	<b>-</b>	<b>6,405,724</b>	<b>769,839</b>	<b>3,460,035</b>	<b>264,333</b>	<b>1,641,578</b>	<b>177,675</b>	<b>92,263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FTE's</b>	<b>26.50</b>	<b>26.50</b>	<b>-</b>	<b>26.50</b>	<b>2.50</b>	<b>10.00</b>	<b>0.50</b>	<b>4.75</b>	<b>0.50</b>	<b>0.25</b>	<b>0.75</b>	<b>1.50</b>	<b>1.50</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>2.25</b>