



**TEXAS RE**  
Ensuring electric reliability for Texans

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# **2024 Business Plan and Budget**

**Donna Bjornson**  
**Vice President and CFO**

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# 2024 Budget Drivers

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- Increasing the FTE count from 67 to 70 (CMEP, RAPA, and IT Cybersecurity).
- The average available salary adjustment is 5.0%.
- Health plan expense is projected to increase 10%.
- Assessments are reduced by releasing penalties.

# 2024 Budget Development Process

- **April 19**                      **Board of Directors Conference Call to Review Budget**
- **May 1**                              **MRC Conference Call to Review Budget**
  - » The MRC voted to recommend that the Texas RE Board approve the proposed 2024 Business Plan and Budget.
- **May 3 – May 10**              **2024 Business Plan and Budget posted for member comments**
  - » There were no comments submitted from the members
- **May 17**                              **Texas RE Board of Directors voted to approve the 2024 Business Plan and Budget**

**All statutory activity in the 2024 Business Plan and Budget aligns with the ERO Enterprise Long-Term Strategy.**

# 2024 Statutory Budget & Assessment Overview

- **Total 2024 budget \$19,157,925**
  - 8.0% increase from 2023
- **Total 2024 Assessment \$18,781,013**
  - 9.5% increase from 2023
  - \$326,912 Penalties applied to reduce assessment
- **70 Total FTEs**
  - Increase of 3 FTE's from 2023
- **2024 Business Plan and Budget approved by Board of Directors May 17, 2023**

# 2024 Budget by Category

## **Personnel \$14,790,877 – 12.3% increase over 2023**

- Includes 3 additional FTE's and full benefits, one each in CMEP, RAPA, and IT departments.
- The average available salary adjustment is 5.0%.
- Total Benefits expense is increasing 18.6%. Health plan expense did not increase as projected in 2023; however, health plan expense is projected to increase 10% for 2024 over actual 2023 cost, which is lower than the 2023 budgeted cost. Benefits include employee training and education, relocation if needed for new employees, and Diversity and Inclusion training for all employees.

## **Meeting and Travel Expense \$467,050 – 7.7% increase over 2023**

- Meetings include an annual meeting with Board of Directors and stakeholders, one outside workshop, one virtual workshop, and enhanced outreach.
- Travel is increasing 1.2% over 2023 to allow for travel for the additional FTE's.

## **Operating Expenses \$3,849,998 – 4.5% decrease over 2023**

- Contract and Consultants expense is decreasing. 2023 Budget allowed for three comp studies and a salary structure study. 2024 budget includes only two comp studies.
- Rent and office maintenance will decrease and will be in line with actual costs experienced in our first year in the new office space.

# 2024 Budget by Category

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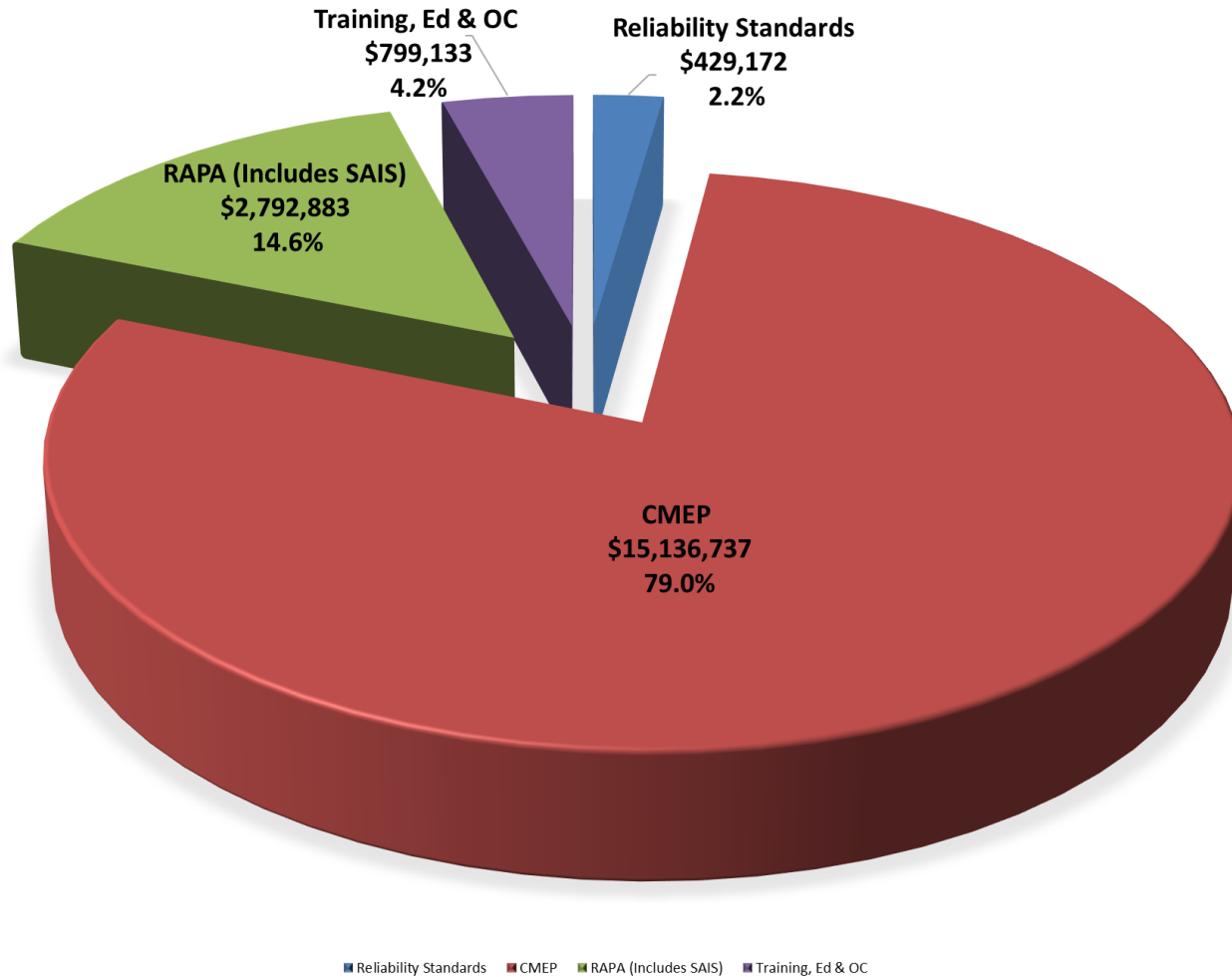
## Other Non-Operating Expense

- No cost for 2024.

## Fixed Assets \$50,000

- Fixed Asset cost is decreasing 50%.
- Much of our equipment was replaced in 2023, so not as much expense is needed in 2024.

# 2024 Budget by Program Area



# Texas RE 2024 Assessments

- **Total 2024 Assessments \$18,781,013**
  - 9.5% change from 2023
- **Factors impacting assessment change**
  - Increase in 2024 Personnel expense budget 12.3%
  - \$326,912 penalty revenue to reduce 2024 assessments



# Reserve Overview

- **The purpose of the Board-approved Operating Reserve policy for Texas RE is to ensure the stability of the ongoing operations of the organization.**
- **The \$2,000,000 Operating Reserve is a contingency reserve intended to provide funds for contested Enforcement matters or sudden unanticipated expenses. Any use of the Operating Reserve must be approved by the Board of Directors.**
- **\$2,000,000 Operating Reserve balance at year end 2024.**

# Projected Reserve Balances

- **Total Operating Reserve at end of 2023**
  - \$2,000,000 Operating Reserve Balance
- **Total Operating Reserve at the of 2024**
  - \$2,000,000 Operating Reserve Balance
- **Total Assessment Stabilization and Contingency Funds at end of 2023**
  - \$223,093
- **Total Assessment Stabilization and Contingency Funds at end of 2024**
  - \$223,093

**Any budget under-runs will be used for Assessment Stabilization.**

**Texas RE does not hold Penalty monies in the reserve accounts. To date, all penalty money received is released to appropriate budget year based on the FERC requirements.**

# Preliminary 2025 and 2026 Projections

- **2025 Projections**

- Budget 5.7% increase over 2024
  - Addition of 2 FTE's
  - Includes 1% increase for Rent and Utilities
  - All other categories 4.0% increase
- Assessments 7.5% increase over 2024 budget, which included reduction for fines and penalties

- **2026 Projections**

- Budget 6.5% increase over 2025
  - Addition of 3 FTE's
  - Includes 1% increase in Rent and Utilities
  - Includes 2% increase in Meetings
  - All other categories 4.0% increase
- Assessments 6.5% increase over 2025 does not include any fine and penalty revenue

**Assessment projections are based on expense budget with no consideration for fines and penalties. If penalty money becomes available it will be used to reduce the assessment.**

**Any budget under-runs will be added to Assessment Stabilization.**

# Questions?

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