

SERC Funding

Exhibit E to the Amended and Restated Regional Entity Delegation Agreement between

**North American Electric Reliability Corporation
and
SERC Reliability Corporation**



Exhibit E — Funding

1. Scope of activities funded through the ERO funding mechanism

SERC shall include in its annual budget submission to NERC amounts for costs it will incur in support of delegated activities and activities that are in furtherance of NERC's responsibilities as the ERO under the Act, as specified in the NERC Rules. These activities shall include:

- Reliability Standard Development (Section 300)
- Compliance Enforcement (Section 400)
- Organization Registration and Certification (Section 500)
- Reliability Readiness Evaluation and Improvement (Section 700)
- Reliability Assessment and Performance Analysis (Section 800) (including necessary data gathering activities)
- Training and Education (Section 900)
- Situational Awareness and Infrastructure Security (Section 1000)

2. Allocation of Costs

SERC shall allocate its dues, fees, and other charges for its activities pursuant to the delegation agreement among all load-serving entities on the basis of net-energy-for load, unless a different method(s) of allocating and calculating such dues, fees and charges has been submitted to and approved by NERC and the Commission in accordance with Section 8(b) of the delegation agreement. SERC shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities within its geographic boundaries and their proportionate net energy for load, and such other data and information as is necessary to allocate and calculate SERC dues, fees and charges under any such different method(s) of allocation and calculation that will be used.

3. Collection of Funding

(a) NERC shall submit invoices to the load-serving entities identified by SERC covering the NERC and SERC budgets approved for collection.

NERC shall pursue any non-payments and shall request assistance from applicable governmental authorities as necessary to secure collection.

(b) Upon approval of the annual funding requirements by applicable governmental authorities, NERC shall fund SERC's costs identified in Section 1 of this Exhibit E in four equal quarterly payments.

4. Application of Penalties

All penalty monies received by SERC, other than penalty monies received from an operational function or division or affiliated entity of SERC, shall be applied as a general offset to the entity's budget requirements for U.S.-related activities under this Agreement for the subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity. Any penalty monies received from an operational function or division or affiliated entity of SERC shall be transmitted to or retained by NERC and shall be used by NERC as a general offset to NERC's budget for its activities as the ERO under the Act for the following year.

5. Budget and Funding for SERC's Non-Statutory Activities

In addition to its delegated activities and activities that are in furtherance of NERC's responsibilities as the ERO under the Act, as specified in Section 1 of this **Exhibit E** (such functions and activities being referred to in this Section 5 as "statutory activities"), SERC performs the following other functions and activities (such other functions and activities being referred to in this Section 5 as "non-statutory activities"): None.

SERC shall employ the following methods and procedures to (i) keep its funding mechanisms for its statutory activities separate from its funding mechanisms for its non-statutory activities, and (ii) record the costs it incurs in the performance of its non-statutory functions separately from the costs it incurs in the performance of its statutory functions: Not Applicable.

SERC shall provide its budget for such non-statutory activities to NERC at the same time that SERC submits its annual budget request to NERC pursuant to Section 1. SERC's budget for non-statutory activities that is provided to NERC shall contain a detailed list of SERC's non-statutory activities and a description of the funding sources for the non-statutory activities. SERC agrees that no costs of non-statutory activities are to be included in the calculation of SERC's dues, fees, and other charges for its statutory activities.