



# 2024 Business Plan and Budget Overview

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# 2024 Budget Drivers

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- 8 Statutory FTE additions
  - CMEP: 5
  - RAPA: 3
- One additional in-person Reliability and Security Workshop
- Increased travel volume and cost
- Increased software licensing
- Completion of consulting projects

# Budget Development Process

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Jan

- ✓ Kick-off
- ✓ Development of first draft



Feb

- ✓ MAC Budget Subcommittee review begins
- ✓ Meetings through May



Mar

- ✓ Initial review by FAC



May

- ✓ Posted for public comment
- ✓ Two stakeholder overview webinars



# Budget Development Considerations

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- Consider complexity and pace of change
- Ensure adequate resources
- Maintain adequate working capital reserves
- Honor assessment stabilization commitments
- Consider the residual impact of, and due to, the lessons learned during the pandemic
- Support the ERO Enterprise Long-Term Strategy
- Enables us to deliver on delegated responsibilities and our mission

# 2024 Statutory Budget and Assessment

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- Statutory Budget increase—\$3.6 million (11.3%)
  - Budget total—\$35.4 million
- Assessments increase—\$5.2 million (26.6%)
  - Assessments total—\$25.0 million
  - Addition to Reserves—\$808K
- Penalties collected and released—\$10.1 million

# 2024 Budget by Category

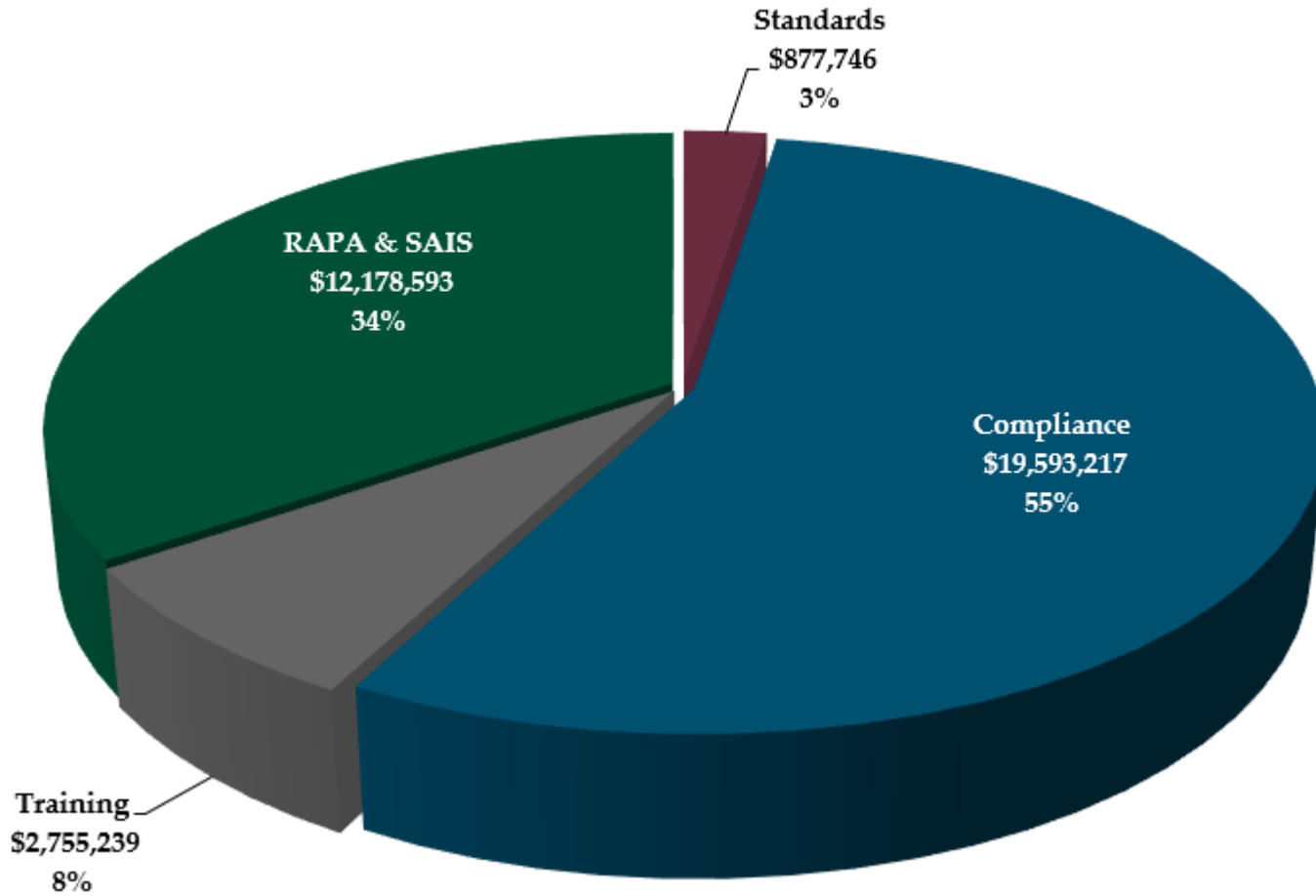
- Personnel Expenses—\$28.9 million (11.9% increase)
  - 8.0 FTE, 3% merit pool, recruiting and retention initiatives
- Meeting Expenses—\$1.4 million (42.9% increase)
  - Increased travel, increased airfare and hotel rates, additional R&S Workshop
- Operating Expenses—\$6.0 million (3.0% increase)
  - Software licensing, security tools
- Indirect Allocation—\$981K (16.3% increase)
  - 2.0 FTE added to the non-statutory program
- Fixed Assets—\$127K (131.5% increase)
  - Server refreshes, security upgrades to corporate Wi-Fi

# 2024 Budget by Category

	2023 Budget	2024 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
<b>Funding</b>					
Assessments	\$ 19,750,537	\$ 25,000,000	\$ 5,249,463	26.6%	Penalties offset assessments
Penalties	11,218,646	10,137,948	(1,080,698)	-9.6%	Released from penalties collected
Other Income	248,100	1,075,250	827,150	333.4%	Additional R&S Workshop; higher interest rates
<b>Total Funding</b>	<b>\$ 31,217,283</b>	<b>\$ 36,213,198</b>	<b>\$ 4,995,915</b>	<b>16.0%</b>	
<b>Expenses</b>					
Personnel Expenses	\$ 25,820,126	\$ 28,895,986	\$ 3,075,860	11.9%	8 FTE, recruiting and retention initiatives, 3% merit pool, refined tax/benefit rates
Meeting Expenses	947,289	1,353,934	406,645	42.9%	Increased travel activity and rates; Additional R&S Workshop
Operating Expenses	5,833,037	6,008,620	175,583	3.0%	Software licensing and security tools
Indirect Expenses	(843,037)	(980,785)	(137,748)	16.3%	Increased WREGIS FTE and Statutory budget
<b>Total Expenses</b>	<b>\$ 31,757,415</b>	<b>\$ 35,277,755</b>	<b>\$ 3,520,340</b>	<b>11.1%</b>	
<b>Fixed Assets</b>	<b>\$ 54,868</b>	<b>\$ 127,040</b>	<b>\$ 72,172</b>	<b>131.5%</b>	Server refreshes and security upgrades to corporate WiFi
<b>Total Budget</b>	<b>\$ 31,812,283</b>	<b>\$ 35,404,795</b>	<b>\$ 3,592,512</b>	<b>11.3%</b>	
<b>Change in Working Capital</b>	<b>\$ (595,000)</b>	<b>\$ 808,403</b>	<b>\$ 1,403,403</b>		
<b>FTEs</b>	<b>160.0</b>	<b>168.0</b>	<b>8.0</b>	<b>5.0%</b>	

<sup>1</sup> Depreciation excluded from these values

# 2024 Budget by Program Area





# Reserve Overview

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- Policy is a range of one to three months of operating expenses
  - Working capital will be used to stabilize assessments in future budget years
- Three categories
  - Working capital
  - Unreleased penalties
  - Peak Reliability donation

# Projected Reserve Balances

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- Projected 2023 EOY balance—\$23.7 million
  - Working capital—\$10.7 million
  - Unreleased penalties—\$10.1 million
  - Peak Reliability donation—\$2.9 million
- Projected 2024 EOY balance—\$14.3 million
  - Working capital—\$11.7 million
  - Unreleased penalties—\$0
  - Peak Reliability donation—\$2.6 million

# Preliminary 2025 and 2026 Projections

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- 2025
  - Budget—\$36.9 million (4.1% increase)
  - Assessment—\$30.0 million (20.0% increase)
- 2026
  - Budget—\$38.7 million (5.1% increase)
  - Assessment—\$30.0 million (0% increase)



Electric Reliability and Security for the West

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