



2025 Business Plan and Budget Overview

June 10, 2024

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Budget Development Process



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
- ✓ WIRAB May meeting



Jun

- ✓ Final review by FAC
- ✓ Board approval
- ✓ Approved BP&B submitted to NERC & FERC

Budget Development Considerations

- Recognize growing complexity and pace of change
- Ensure adequate resources to support increasing workload
- Maintain working capital reserves
- Consider inflationary and distributed workforce impacts on meetings and travel

Budget Drivers

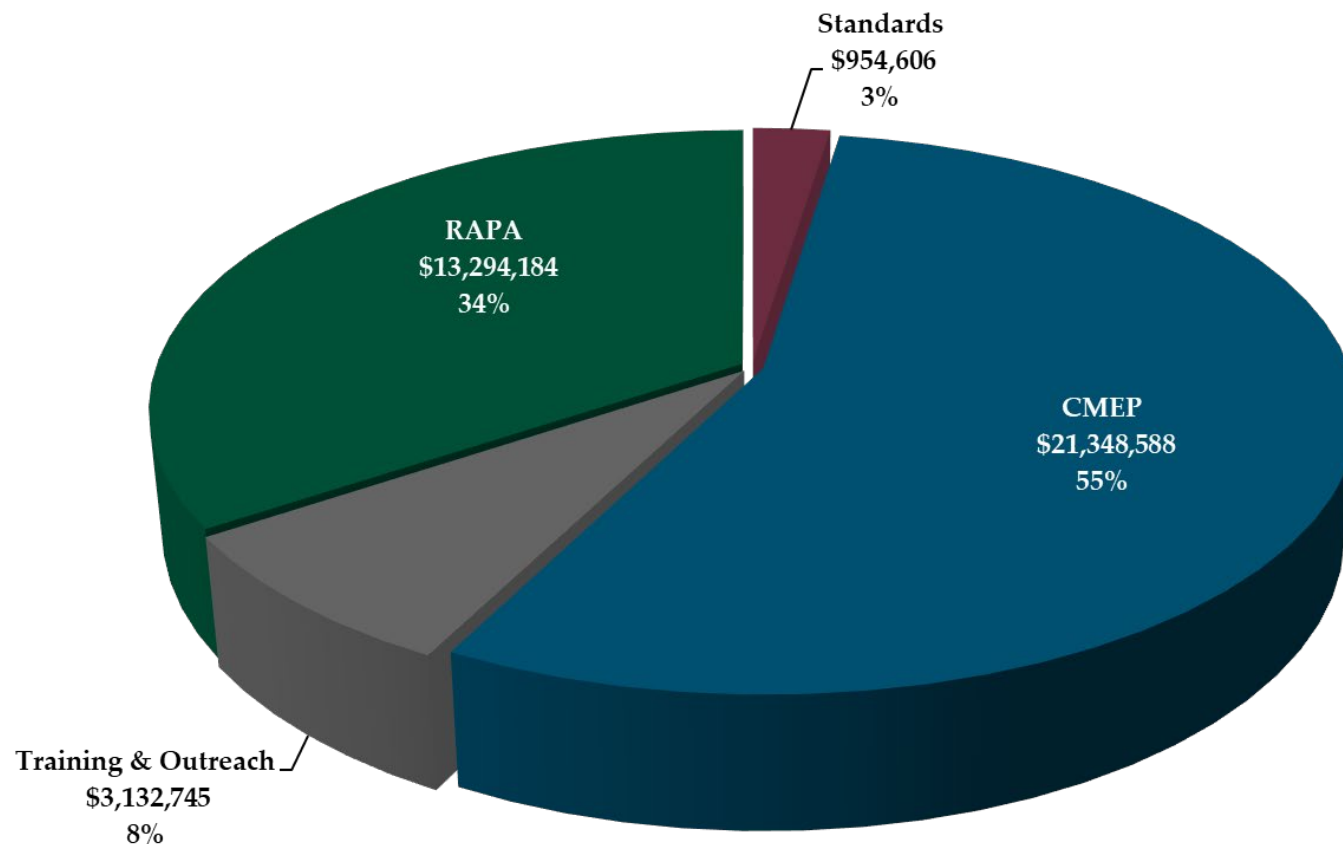
- Merit and Equity Pool
- 7 Statutory FTE additions
 - CMEP: 4
 - RAPA: 1
 - T&O: 1
 - G&A: 1
- WestTEC transmission planning project
- Increased travel costs and activity

Year-Over-Year Budgets by Category

	2024 Budget	2025 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
Funding					
Assessments	\$ 25,000,000	\$ 34,000,000	\$ 9,000,000	36.0%	Increase in budget, decrease in penalties
Penalties	10,137,948	4,400	(10,133,548)	-100.0%	Minimal penalties collected
Other Income	1,075,250	1,703,541	628,291	58.4%	Higher interest rates, sublease income
Total Funding	\$ 36,213,198	\$ 35,707,941	\$ (505,257)	-1.4%	
Expenses					
Personnel Expenses	\$ 28,895,986	\$ 31,121,337	\$ 2,225,351	7.7%	7 FTE, 3% merit/1% equity pools, labor float adj, refined tax/benefit rates
Meeting Expenses	1,353,934	1,697,461	343,527	25.4%	Additional travel, inflationary impacts, increases in FTE, and on-site requirements for oversight activities
Operating Expenses	6,008,620	7,502,719	1,494,099	24.9%	Peak donation project with WPP
Indirect Expenses	(980,785)	(1,146,873)	(166,088)	16.9%	
Total Expenses	\$ 35,277,755	\$ 39,174,644	\$ 3,896,889	11.0%	
Fixed Assets	\$ 127,040	\$ 150,713	\$ 23,673	18.6%	Server, storage, and data center upgrades
Total Budget	\$ 35,404,795	\$ 39,325,357	\$ 3,920,562	11.1%	
Change in Working Capital	\$ 808,403	\$ (3,617,416)	\$ (4,425,819)		
FTEs	168.0	175.0	7.0	4.2%	

¹ Depreciation excluded from these values

Budget by Program Area



Reserve Overview

- Policy is a range of one to three months of operating expenses
 - Working capital reserves used to stabilize assessments
- Three categories
 - Working capital
 - Unreleased penalties
 - Peak Reliability donation

Projected Reserve Balances

- Projected 2024 EOY balance—\$15.6 million
 - Working capital—\$12.8 million
 - Unreleased penalties—\$4.4 thousand
 - Peak Reliability donation—\$2.7 million
- Projected 2025 EOY balance—\$11.9 million
 - Working capital—\$10.7 million
 - Unreleased penalties—\$0
 - Peak Reliability donation—\$1.2 million

Preliminary 2026 and 2027 Projections

- 2026
 - Budget—\$40.7 million (3.6% increase)
 - Assessment—\$36.7 million (8.0% increase)
 - FTE—180 (+5)

- 2027
 - Budget—\$42.1 million (3.4% increase)
 - Assessment—\$39.7 million (8.0% increase)
 - FTE—184 (+4)



Electric Reliability and Security for the West

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