



2024 Business Plan and Budget Overview

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2024 Budget Drivers

- 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



Budget Development Considerations

- 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

- Statutory Budget increase—\$3.6 million (11.3%)
 - Budget total—\$35.4 million
- Assessments increase—\$4.2 million (21.5%)
 - Assessments total—\$24.0 million
 - Use of Reserves—\$742K
- Penalties collected and released—\$9.6 million

2024 Budget by Category

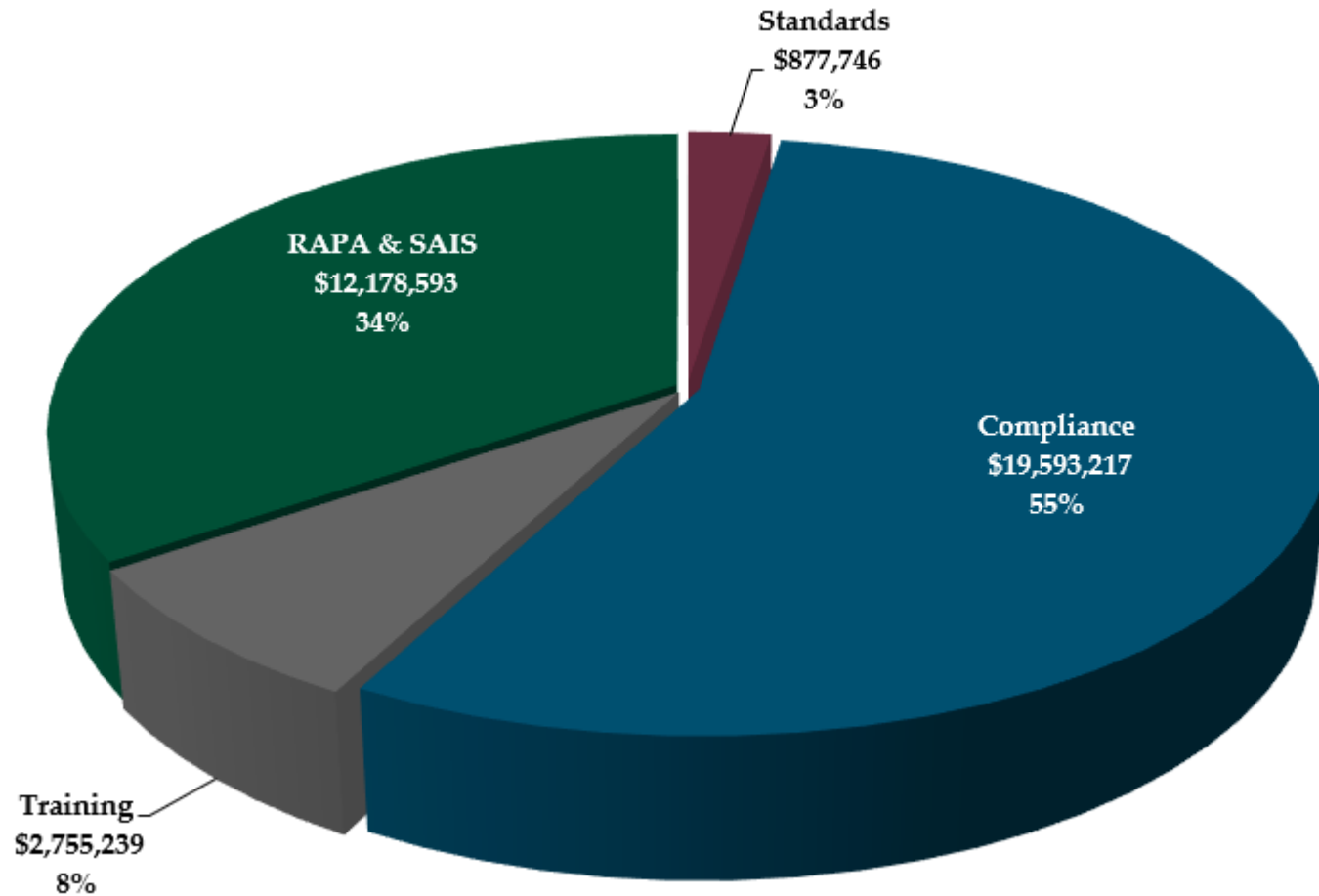
- Personnel Expenses—\$28.9 million (11.9% increase)
 - 8.0 FTE, 3% merit pool, recruiting and retention initiatives
- Meeting Expenses—\$1.4 million (42.9% increase)
 - Increased travel, increased airfare and hotel rates, additional R&S Workshop
- Operating Expenses—\$6.0 million (3.0% increase)
 - 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
Funding					
Assessments	\$ 19,750,537	\$ 24,000,000	\$ 4,249,463	21.5%	Penalties offset assessments
Penalties	11,218,646	9,587,948	(1,630,698)	-14.5%	Released from penalties collected
Other Income	248,100	1,075,250	827,150	333.4%	Additional R&S Workshop; higher interest rates
Total Funding	\$ 31,217,283	\$ 34,663,198	\$ 3,445,915	11.0%	
Expenses					
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
Total Expenses	\$ 31,757,415	\$ 35,277,755	\$ 3,520,340	11.1%	
Fixed Assets	\$ 54,868	\$ 127,040	\$ 72,172	131.5%	Server refreshes and security upgrades to corporate WiFi
Total Budget	\$ 31,812,283	\$ 35,404,795	\$ 3,592,512	11.3%	
Change in Working Capital	\$ (595,000)	\$ (741,597)	\$ (146,597)		
FTEs	160.0	168.0	8.0	5.0%	

¹ Depreciation excluded from these values

2024 Budget by Program Area



Reserve Overview

- 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

- Projected 2023 EOY balance—\$23.1 million
 - Working capital—\$10.6 million
 - Unreleased penalties—\$9.6 million
 - Peak Reliability donation—\$2.9 million
- Projected 2024 EOY balance—\$12.8 million
 - Working capital—\$10.2 million
 - Unreleased penalties—\$0
 - Peak Reliability donation—\$2.6 million

Preliminary 2025 and 2026 Projections

- 2025
 - Budget—\$36.9 million (4.1% increase)
 - Assessment—\$30.0 million (25.0% 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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