



2023 Business Plan and Budget Overview

Wynne Schweitzer
Manager, Finance and
Accounting

2023 Budget Drivers

Reconciliation of 2022 to 2023 DRAFT Statutory Budget - Major Drivers

	in 000s
2022 Approved Budget	29,747
+ 7.5 FTE, 3% merit, labor float adj., changes in position levels, refinement of taxes/benefits	1,922
+ Consulting for 2023 Peak Reliability donation projects	595
- Consulting for 2022 Peak Reliability donation projects	(400)
+ Increase in computer licensing due to subscription-based services/tools, new security tools	293
+ CMEP consulting for tools and protection and controls standards	50
- Decrease in travel and meeting costs due to changes in audit logistics and virtual meetings	(283)
- Non-statutory overhead allocation	(269)
- Refreshes of storage array equipment completed in 2022	(57)
+ Other net changes	93
2023 DRAFT Budget	31,691
	6.5% increase

Budget Development Process

- 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

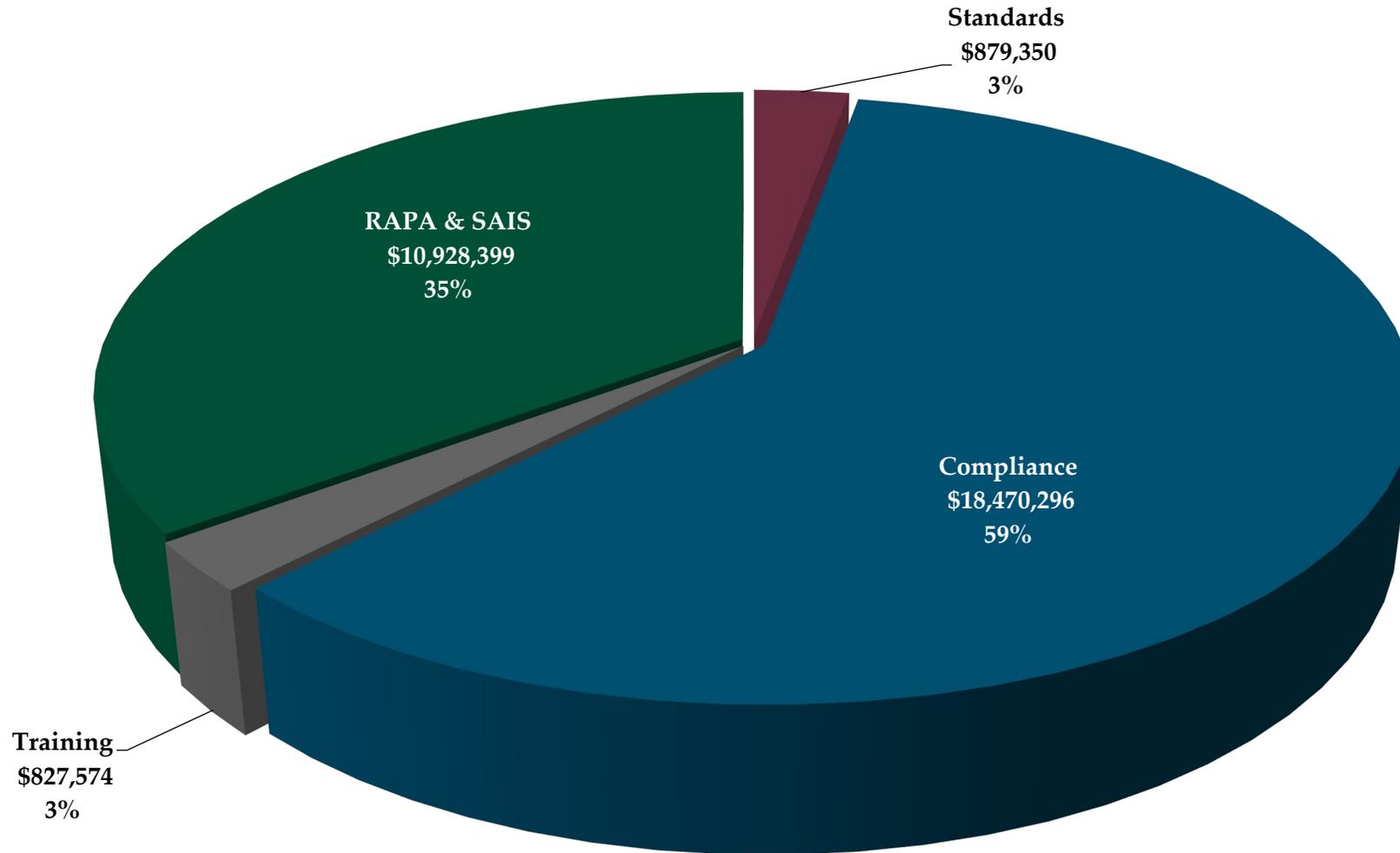
2023 Statutory Budget and Assessment

- Budget—\$31,691,000 (6.5% increase)
- Assessment—\$20,708,000 (17.2% decrease)
 - Penalties to be released—\$10,140,000
 - Use of reserves—\$595,000
- 160 FTEs (7.5 increase)

2023 Budget by Category

- Personnel Expenses—\$25,820,000 (8.0% increase)
 - 7.5 FTEs, 3% merit pool, labor float adjustments
- Meeting Expenses—\$947,000 (22.9% decrease)
 - Audit logistics, virtual meetings
- Operating Expenses—\$5,834,000 (12.2% increase)
 - Computer licensing, enterprise security tools, CMEP consulting
- Indirect Allocation—\$965,000 (38.8% increase)
 - 2.0 FTEs added to non-statutory program
- Fixed Assets—\$55,000 (50.9% decrease)
 - Storage array equipment refresh completed in 2022

2023 Budget by Program Area



2023 Assessment Details

- Assessment—\$20,708,000 (17.2% decrease)
 - Penalties to be released—\$10,140,000
 - Use of reserves—\$595,000

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 2022 EOY balance—\$32,813,000
 - Working capital—\$10,546,000
 - Unreleased penalties—\$18,840,000
 - Peak Reliability donation—\$3,427,000
- Projected 2023 EOY balance—\$22,078,000
 - Working capital—\$10,546,000
 - Unreleased penalties—\$8,700,000
 - Peak Reliability donation—\$2,832,000

Preliminary 2024 and 2025 Projections

- 2024
 - Budget—\$31,916,000 (0.7% increase)
 - Assessment—\$23,137,000 (11.7% increase)
- 2025
 - Budget—\$32,773,000 (2.7% increase)
 - Assessment—\$26,000,000 (12.4% increase)



Contact:

Wynne Schweitzer

Manager, Finance and Accounting

wschweitzer@wecc.org