



Jillian Lessner

Chief Financial and Administrative Officer

July 19, 2024

Mr. Andy Sharp
Vice President, Chief Financial Officer
North American Electric Reliability Corporation
3353 Peachtree Road, N.E. Suite 600—North Tower
Atlanta, GA 30326

RE: WECC Q2 2024 Statutory Statement of Activities and Variance Report

Dear Andy,

Attached is WECC's second-quarter Statutory Statement of Activities and Variance Report. WECC's 2024 unaudited, net year-to-date results are \$1,172,739 under budget, excluding the impact of Generally Accepted Accounting Principles (GAAP) treatment of penalty revenue recognition. Explanations and drivers are noted below.

If you have questions or need more information, please contact me.

Regards,

Jillian Lessner
Chief Financial and Administrative Officer

Enclosures

Cc: Melanie Frye, President and Chief Executive Officer
WECC Finance and Audit Committee



Statutory Statement of Activities (Unaudited)

As of June 30, 2024

Variance Report

Year-to-date variances greater than \$10,000 and 10% are explained below. The explanations pertain to all statutory activities.

Funding

- Workshops & Miscellaneous: \$33,000 under budget

Workshops & Miscellaneous funding is under budget primarily due to lower-than-budgeted workshop attendance for the March Reliability and Security Workshop.

- Interest: \$494,000 over budget

Interest is over budget due to higher-than-budgeted interest rates and investment income.

Expenses

- Employee Benefits: \$183,000 under budget

Employee Benefits are under budget primarily due to budgeted benefits enrollment level assumptions compared to actual and the timing of Health Reimbursement Account (HRA) use.

- Meetings & Conference Calls: \$88,000 under budget

Meetings & Conference Calls are under budget primarily due to the conversion of some in-person meetings to a virtual format.

- Travel: \$76,000 under budget

Travel is under budget primarily due to canceled and lower-than budgeted travel activity and the conversion of some in-person meetings to a virtual format.

- Consultants & Contracts: \$119,000 over budget

Consultants & Contracts are over budget primarily due to unbudgeted Board Director search fees.

- Indirect Expenses: \$61,000 under budget

Indirect Expenses are under budget due to the underrun in expenses allocated from the statutory to non-statutory activities.

Statutory Statement of Activities and Variance Explanations (July 19, 2024)

Fixed Assets

- Fixed Assets: \$61,000 under budget

Fixed Assets are under budget primarily due to the timing of server and equipment upgrades and replacements compared to budget.



Statutory Statement of Activities and Variance Explanations (July 19, 2024)



Western Electricity Coordinating Council Statutory Statement of Activities From 1/1/2024 to 6/30/2024 (Unaudited)

(In Whole Dollars)

	2024 YTD Actual	2024 YTD Budget	2024 YTD Variance	%	2024 Projection	2024 Annual Budget	2024 Projected Variance	%
Funding								
Assessments	25,000,000	25,000,000	-	0.0%	25,000,000	25,000,000	-	0.0%
Penalties Released ¹	10,137,948	10,137,948	-	0.0%	10,137,948	10,137,948	-	0.0%
Services & Software	-	-	-	-	-	-	-	-
Workshops & Miscellaneous	193,390	226,500	(33,110)	-14.6%	564,569	475,250	89,319	18.8%
Interest	793,579	300,000	493,579	164.5%	1,506,671	600,000	906,671	151.1%
Total Funding	36,124,917	35,664,448	460,469	1.3%	37,209,188	36,213,198	995,990	2.8%
Expenses								
Personnel Expenses								
Salaries	10,062,776	10,311,828	(249,052)	-2.4%	22,974,887	22,648,808	326,079	1.4%
Payroll Taxes	752,115	712,464	39,651	5.6%	1,600,892	1,436,739	164,153	11.4%
Employee Benefits	1,185,293	1,367,939	(182,646)	-13.4%	2,489,721	2,770,166	(280,445)	-10.1%
Retirement Costs	854,757	932,646	(77,889)	-8.4%	1,961,166	2,040,273	(79,107)	-3.9%
Total Personnel Expenses	12,854,941	13,324,877	(469,936)	-3.5%	29,026,666	28,895,986	130,680	0.5%
Meeting Expenses								
Meetings & Conference Calls	203,263	290,998	(87,735)	-30.1%	510,679	604,764	(94,085)	-15.6%
Travel	355,154	431,625	(76,471)	-17.7%	700,714	749,170	(48,456)	-6.5%
Total Meeting Expenses	558,417	722,623	(164,206)	-22.7%	1,211,393	1,353,934	(142,541)	-10.5%
Operating Expenses, excluding Depreciation								
Consultants & Contracts	441,544	322,367	119,177	37.0%	1,836,580	728,900	1,107,680	152.0%
Office Rent	629,207	668,281	(39,074)	-5.8%	1,284,234	1,327,202	(42,968)	-3.2%
Office Costs	1,284,180	1,404,210	(120,030)	-8.5%	2,564,147	2,691,307	(127,160)	-4.7%
Professional Services	603,386	642,106	(38,720)	-6.0%	1,218,947	1,261,211	(42,264)	-3.4%
Miscellaneous	-	-	-	-	-	-	-	-
Total Operating Expenses	2,958,317	3,036,964	(78,647)	-2.6%	6,903,908	6,008,620	895,288	14.9%
Total Direct Expenses	16,371,675	17,084,464	(712,789)	-4.2%	37,141,967	36,258,540	883,427	2.4%
Indirect Expenses	(429,028)	(490,395)	61,367	-12.5%	(919,418)	(980,785)	61,367	-6.3%
Other Non-Operating Expenses	-	-	-	-	-	-	-	-
Total Expenses	15,942,647	16,594,069	(651,422)	-3.9%	36,222,549	35,277,755	944,794	2.7%
Change in Net Assets	20,182,270	19,070,379	1,111,891	5.8%	986,639	935,443	51,196	5.5%
Fixed Asset Additions, excluding Right of Use Assets	17,152	78,000	(60,848)	-78.0%	71,152	127,040	(55,888)	-44.0%
Total Expenditures	15,959,799	16,672,069	(712,270)	-4.3%	36,293,701	35,404,795	888,906	2.5%
Change in Working Capital (Total Funding less Total Budget)	20,165,118	18,992,379	1,172,739		915,487	808,403	107,084	
FTEs	151.66	168.00	(16.34)		158.66	168.00	(9.34)	
Headcount	151.00	168.00	(17.00)		165.00	168.00	(3.00)	
Working Capital at 1/1/2024	12,062,711	10,664,692	1,398,019		12,062,711	10,664,692	1,398,019	
Peak Reliability Donation Expenditures	19,725	-			19,725	595,000	(575,275)	
Change to WC - 2024	20,165,118	18,992,379	1,172,739		915,487	808,403	107,084	
Working Capital at 6/30/2024	32,247,554	29,657,071	2,570,758		12,997,923	12,068,095	929,828	

¹ Penalties released in the current year reflects the designated amount of funds released to offset U.S. assessments as approved by the WECC Board of Directors and FERC. Actual penalties invoiced in the current reporting year will be reported as income on the audited financial statements in accordance with GAAP.

² See Working Capital and Reserve Analysis table for additional details.



Working Capital and Reserve Analysis (July 19, 2024)

Working Capital and Reserve Analysis

Working Capital and Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
Beginning Reserve, January 1, 2024	25,658,711	\$ 12,062,711	\$ 10,137,948	3,458,052
Plus: Total Funding	36,129,317	36,124,917	4,400	-
Penalties Release	(10,137,948)	-	(10,137,948)	-
Less: Expenditures	(15,959,799)	(15,940,074)	-	(19,725)
Plus: Non-Statutory Fund Adjustment	-	-	-	-
Reserve, June 30, 2024	<u>\$ 35,690,281</u>	<u>\$ 32,247,554</u>	<u>\$ 4,400</u>	<u>\$ 3,438,327</u>

