



Updated Assessment Stabilization Analysis

April 1, 2024

Jillian Lessner

Chief Financial and Administrative Officer

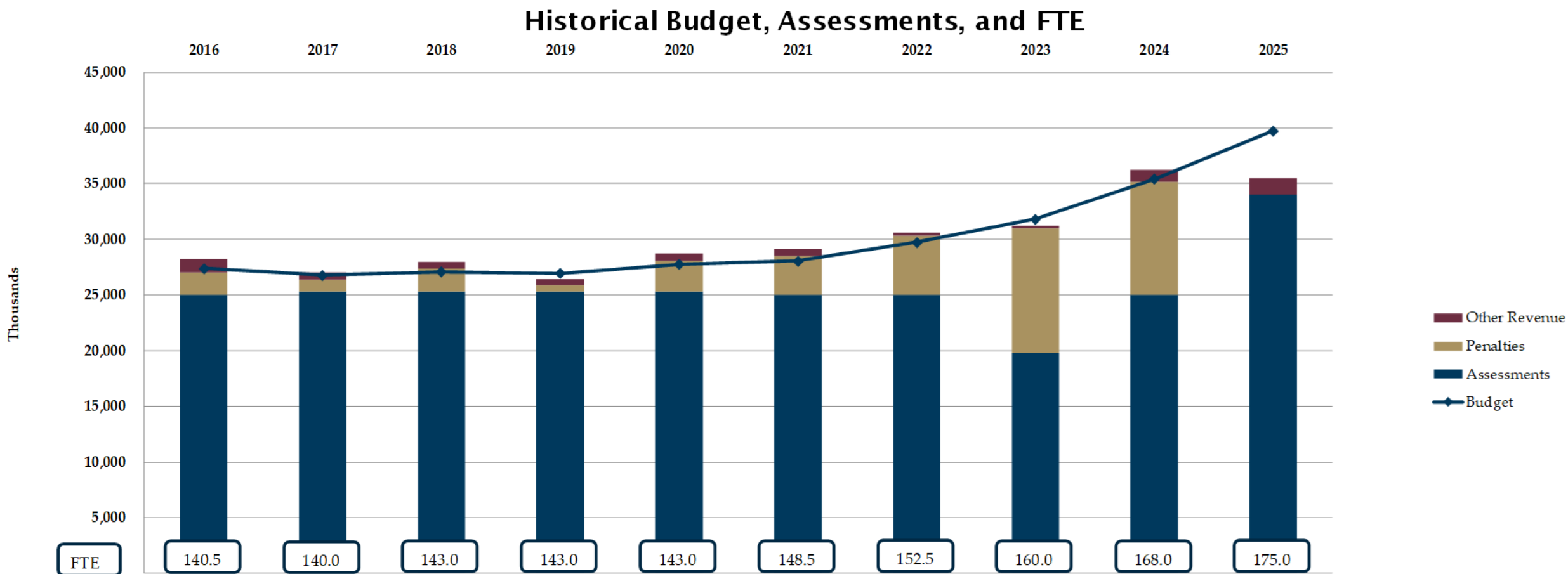
Joshuah Martinez

Controller

Background

- 2015 Section 4.9 Review recommendation
- Two goals:
 - Predictable assessments while minimizing volatility of increases over time
 - Reserve levels remain within policy range
- Assists with LSE financial planning and budgeting
- Not intended to artificially cap or constrain WECC's budget
- Prior tranches: 2017-2019 and 2020-2022

Historical Budget and Assessments



Analysis

- 2025 draft budget used
- Three budget scenarios developed for 2026 and 2027
 - Low
 - Mid
 - High
- For the Mid scenario, budget managers developed forecasts for their 2026 and 2027 budgets
- For the Low and High scenarios, accounting reduced and added percentages of manager's budgets to perform a sensitivity analysis to determine impact of scenarios on assessments and reserves

Major Assumptions—Low

- All expenses and revenue in 2025 from draft 2025 BP&B
- Penalties: \$4M in 2026-2027
- Income and expenses at 98% of the Mid scenario for 2026 and 2027
- FTEs increase by 2 in 2026 and 2027
- Total budget: \$39.8M, \$40.1M, and \$41.5M for 2025-2027
 - Total budget increases of 12.3%, 0.9%, and 3.4%

Major Assumptions—Mid

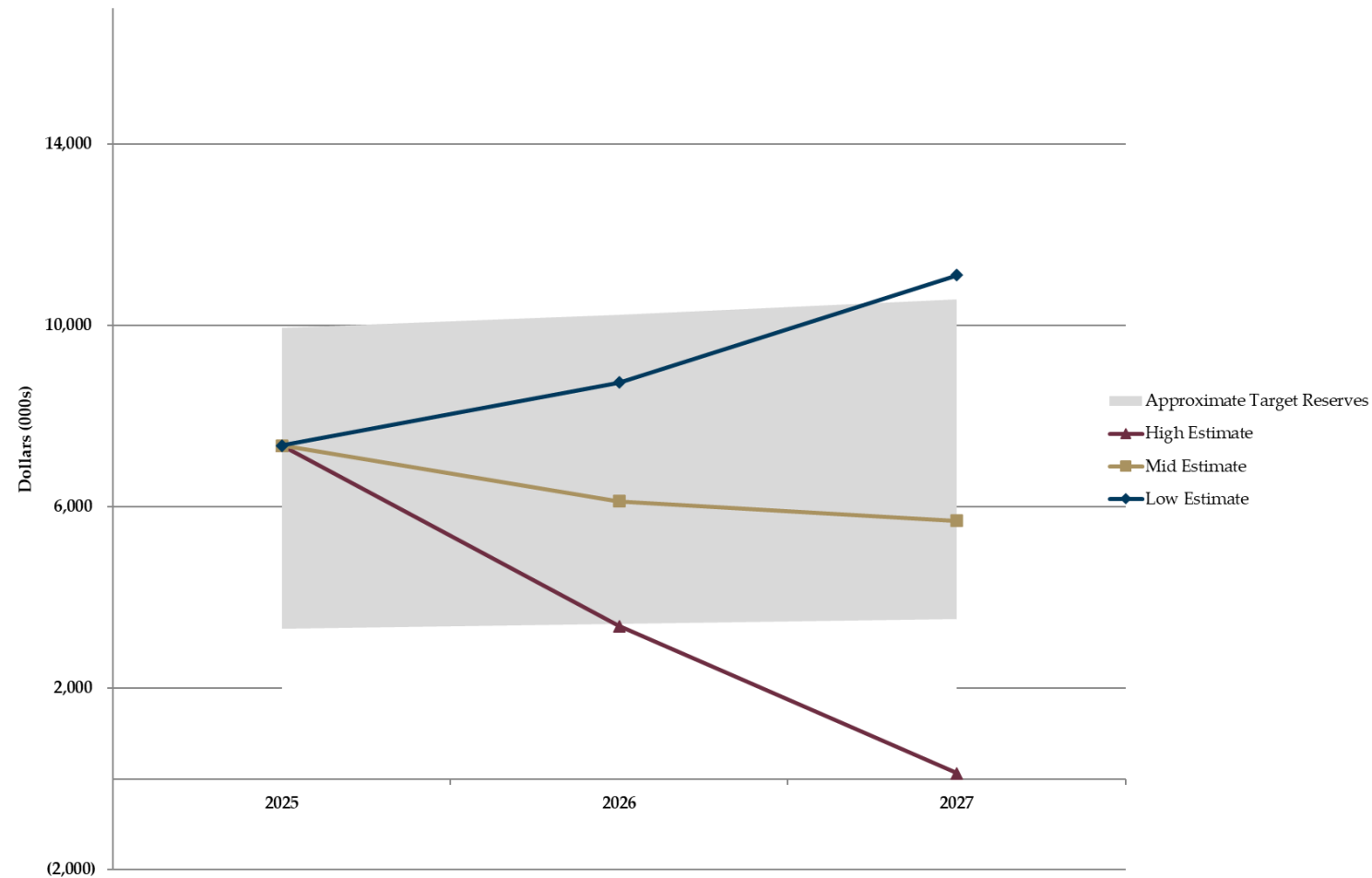
- All expenses and revenue in 2025 from draft 2025 BP&B
- Penalties: \$2.18M in 2026-2027
- Other income: decrease 3.8% for 2026, and increase 2.2% for 2027
 - Reduction of interest rates and addition of sublease income in 2026
- Personnel: increase 5.8%, and 3.9% in 2026 and 2027
 - FTEs increase by 5 and 4 for 2026 and 2027
- Meeting: increase 4.0%, and 3.4% for 2026 and 2027
 - Assumed inflation/increases in FTE
- Operating: decrease 12.3% for 2026 and increase 0.9% for 2027
 - \$1.3 differential in WestTEC project budget
- Total budget: \$39.9M, \$40.9M, and \$42.5M for 2025-2027
 - Total budget increases of 12.3%, 2.9%, and 3.4%

Major Assumptions—High

- All expenses and revenue in 2025 from draft 2025 BP&B
- Penalties: \$1M in 2026-2027
- Income and expenses at 104% of the Mid scenario for 2026 and 2027
- FTEs increase by 8 in 2026 and 5 in 2027
- Total budget: \$39.8M, \$42.6M, and \$44.0M for 2025-2027
 - Total budget increases of 12.3%, 7.0%, and 3.4%

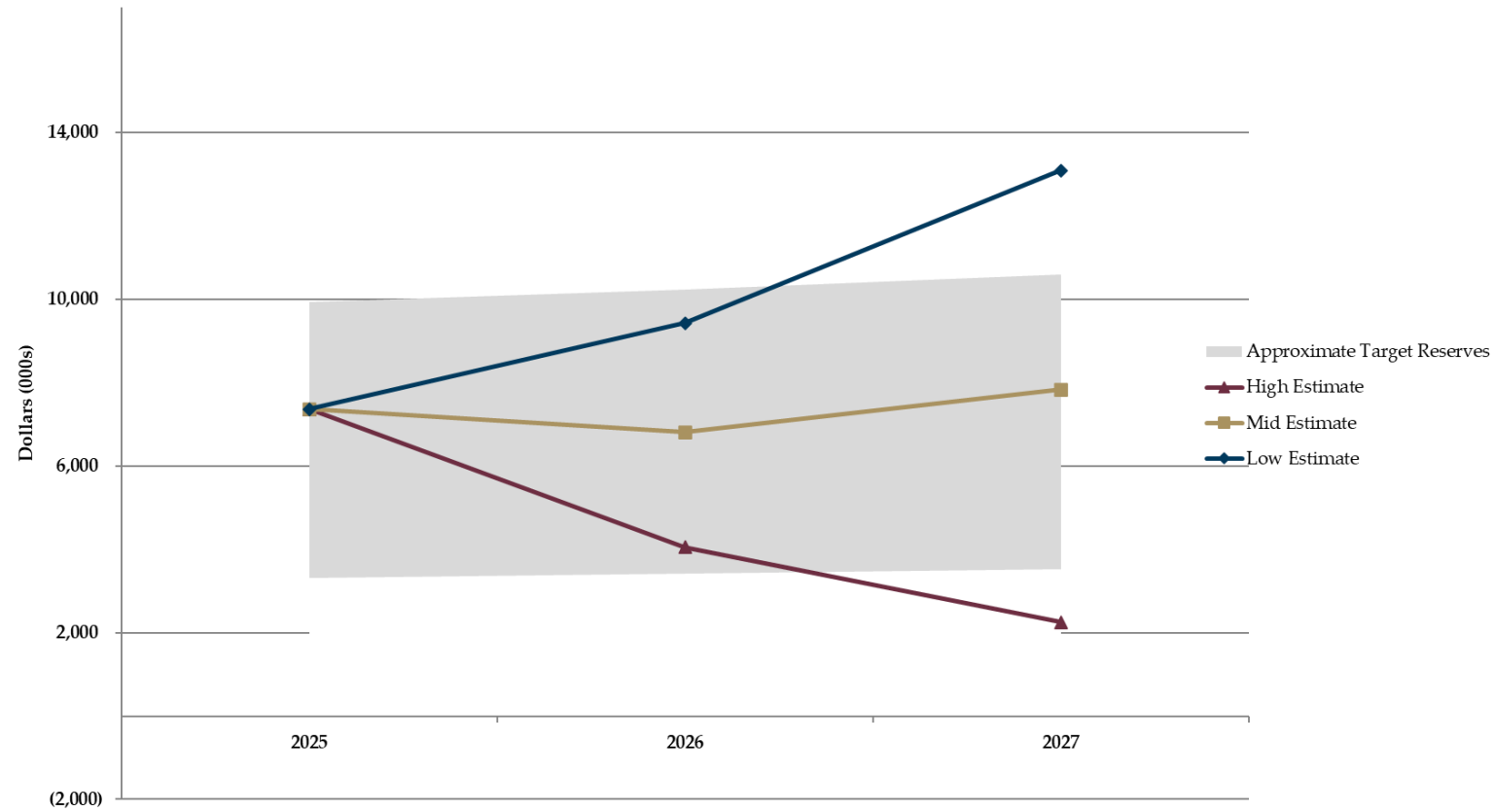
Sensitivity Analysis—6% Assessment Increase

Sensitivity Analysis on Reserves 2025-2027
Annual Assessments Increase 6%

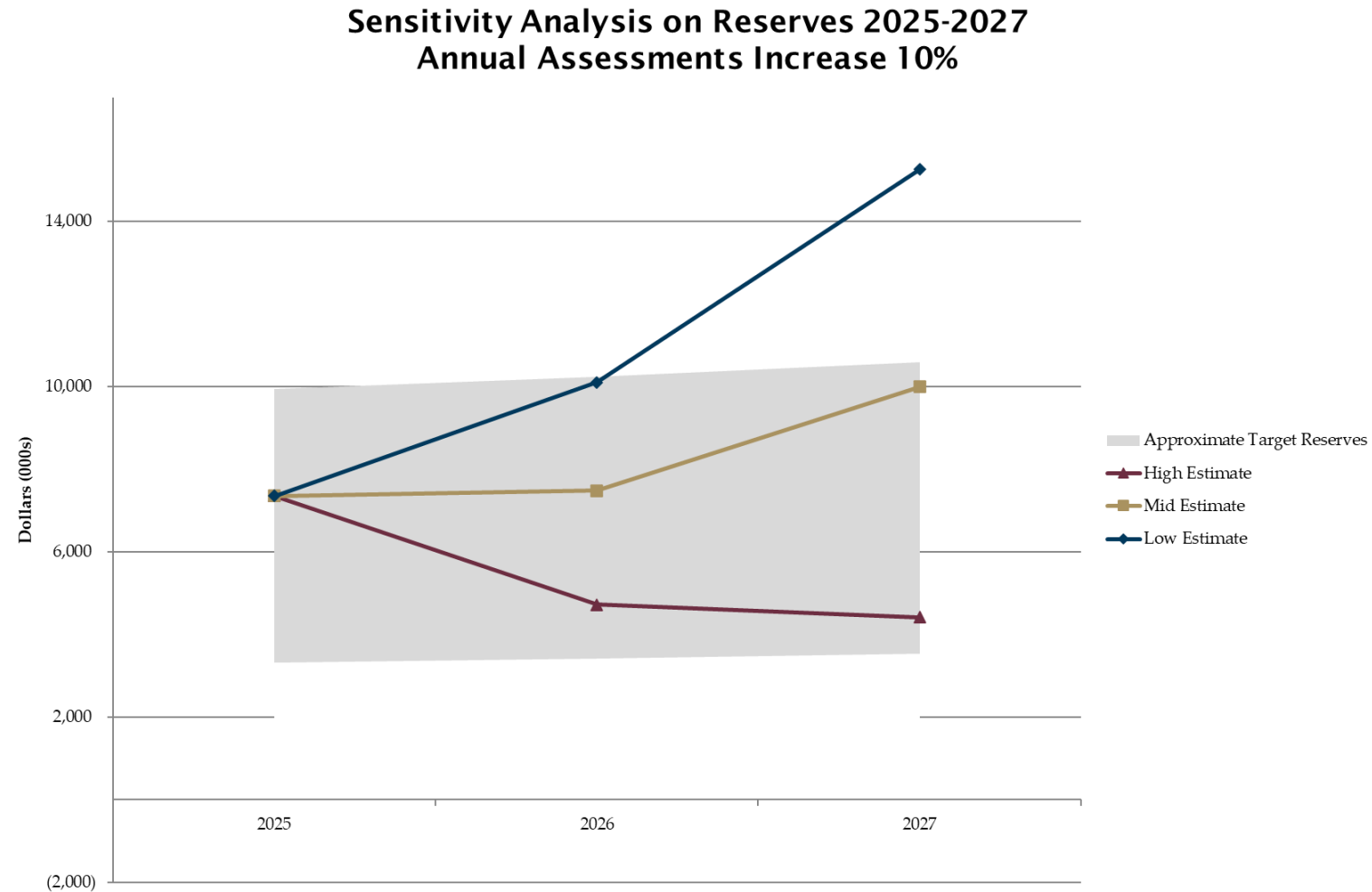


Sensitivity Analysis—8% Assessment Increase

Sensitivity Analysis on Reserves 2025-2027
Annual Assessments Increase 8%



Sensitivity Analysis—10% Assessment Increase



Next Steps

- Update analysis if 2025 budget changes
- Discuss analysis with MBS and present to stakeholders in overview meetings
- Preliminary thought is that 8-10% is where 2026-2027 assessment increase may be
- Provide a final recommendation in June



Electric Reliability and Security for the West

www.wecc.org